

**CORCORAN CITY COUNCIL,
JOINT POWERS FINANCE AUTHORITY,
SUCCESSOR AGENCY FOR CORCORAN RDA,
& HOUSING AUTHORITY
AGENDA**

City Council Chambers
1015 Chittenden Avenue
Corcoran, CA 93212

*Tuesday, July 12, 2016
5:30 P.M.*

Public Inspection: A detailed City Council packet is available for review at the City Clerk's Office, located at Corcoran City Hall, 832 Whitley Avenue.

Notice of ADA Compliance: In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the City Clerks Office at (559) 992-2151 ext. 235.

Public Comment: Members of the audience may address the Council on non-agenda items; however, in accordance with government code section 54954.2, the Council may not (except in very specific instances) take action on an item not appearing on the posted agenda.

This is the time for members of the public to comment on any matter within the jurisdiction of the Corcoran City Council. This is also the public's opportunity to request that a Consent Calendar item be removed from that section and made a regular agenda item. The councilmembers ask that you keep your comments brief and positive. Creative criticism, presented with appropriate courtesy, is welcome.

After receiving recognition from the chair, speakers shall walk to the rostrum, state their name and address and proceed with comments. Each speaker will be limited to five (5) minutes.

Consent Calendar: All items listed under the consent calendar are considered to be routine and will be enacted by one motion. If anyone desires discussion of any item on the consent calendar, the item can be removed at the request of any member of the City Council and made a part of the regular agenda.

ROLL CALL

| | |
|-----------------|------------------------|
| Mayor: | Jerry Robertson |
| Vice Mayor: | Mark Cartwright |
| Council Member: | Jim Wadsworth |
| Council Member: | Raymond Lerma |
| Council Member: | Sidonio "Sid" Palmerin |

INVOCATION
FLAG SALUTE

PUBLIC DISCUSSION

2. **CONSENT CALENDAR (VV)**

2-A. Approval of minutes of the City Council meeting of June 28, 2016.

2-B. Authorization to read ordinances and resolutions by title only.

3. **APPROPRIATIONS (VV)**

Approval of Warrant Register dated July 12, 2016. *(Meik) (VV)*

4. **PRESENTATIONS** – None

5. **PUBLIC HEARINGS**

5-A. Public hearing to obtain comments on intent to levy and collect assessments on Assessment District 07-01, Subdivision Salyer Estates #3, Tract Map 853; and intent to levy and collect Assessments on Assessment District 07-02, Subdivision Pheasant Ridge (previously known as Sequoias Phase 1), Tract Map 857; and intent to levy and collect Assessments on Assessment District 08-01, Subdivision Sunrise Villas, Tract Map 856; and intent to levy and collect Assessments on Assessment District 08-02, Subdivision Patterson Avenue, Tract Map 785. Approval of Resolution No. 2851 – Resolution No. 2858. *(Faulkner) (VV)*

A. Open Public hearing

B. Staff Report

C. Accept written testimony

D. Accept oral testimony

E. Close hearing

F. Council discussion

G. By motion, approve/approve with changes/deny recommendation

5-B. Public hearing to obtain comments on the submittal of an application in response to the 2016 State Community Development Block Grant (CDBG) Notice of Funding Availability (NOFA) and to solicit citizen input. Approval of Resolution No. 2862. *(Tromborg) (VV)*

A. Open Public hearing

B. Staff Report

C. Accept written testimony

D. Accept oral testimony

E. Close hearing

F. Council discussion

G. By motion, approve/approve with changes/deny recommendation

6. **WRITTEN COMMUNICATIONS** – None

7. **STAFF REPORTS**

7-A. Consider Resolution No. 2861 and corresponding documents relating to the Series 2016A Water Revenue Refunding Bonds. *(Meik) (VV)*

7-B. Presentation of water rate analysis and report conducted by IGService and authorization to issue Prop 218 notice and corresponding rate table. *(Meik) (VV)*

7-C. Approve Resolution No. 2859 authorizing the continuation of the Abandoned Vehicle Abatement Program. *(Tromborg) (VV)*

7-D. Review and adopt Resolution No. 2860 including the implementation of Water Conservation Stage 1 and a three-day outdoor watering schedule. *(Meik/Faulkner) (VV)*

7-E. Authorize expenditures for the Waste Water Treatment Plant (WWTP) primary digester cleaning project. *(Faulkner) (VV)*

- 7-F. Discussion on FY 2016-2017 budget. Provide direction on final budget preparation. *(Meik)*
- 7-G. Approve the county-wide transactions and use tax memorandum of understanding (MOU) between the City of Corcoran and the County of Kings, the City of Avenal, the City of Hanford, and the City of Lemoore. *(Meik) (VV)*
- 7-H. Consider cancelation of July 26, 2016 council meeting. *(Meik) (VV)*

8. **MATTERS FOR MAYOR AND COUNCIL**

- 8-A. Information Items
- 8-B. Staff Referral Items - *Items of Interest (Non-action items the Council may wish to discuss)*
- 8-C. Committee Reports

9. **CLOSED SESSION**

9-A. **CONFERENCE WITH REAL PROPERTY NEGOTIATOR(S)** (Government Code § 54956.8). It is the intent of this governing body to meet in closed-session to confer with its real property negotiator concerning the purchase, sale, exchange, or lease of real property by or for this local agency as follows:
Property Description (Specify street address, or if no street address, the parcel number or other unique reference): 1020 Chittenden
Our Negotiator: Kindon Meik Parties with whom negotiating: _____
Instructions to negotiator concerning: Price Terms of payment.

9-B. **CONFERENCE WITH REAL PROPERTY NEGOTIATOR(S)** (Government Code § 54956.8). It is the intent of this governing body to meet in closed-session to confer with its real property negotiator concerning the purchase, sale, exchange, or lease of real property by or for this local agency as follows:
Property Description (Specify street address, or if no street address, the parcel number or other unique reference):
APN's 034-030-007, 034-014-012, and 034-014-015
Our Negotiator: Kindon Meik Parties with whom negotiating: _____
Instructions to negotiator concerning: Price Terms of payment.

10. **ADJOURNMENT**

I certify that I caused this Agenda of the Corcoran City Council meeting to be posted at the City Council Chambers, 1015 Chittenden Avenue on July 8, 2016.



Marlene Lopez, City Clerk

**MINUTES
CORCORAN CITY COUNCIL,
JOINT POWERS FINANCE AUTHORITY,
SUCCESSOR AGENCY FOR CORCORAN RDA
& HOUSING AUTHORITY
REGULAR MEETING
Tuesday, June 28, 2016**

The regular session of the Corcoran City Council was called to order by Mayor Robertson, in the City Council Chambers, 1015 Chittenden Avenue, Corcoran, CA at 5:28 P.M.

ROLL CALL

Councilmembers present: Mark Cartwright, Raymond Lerma, Sidonio Palmerin, Jerry Robertson and Jim Wadsworth

Councilmembers absent:

Staff present: Jennie Barkinskaya, Joseph Faulkner, Rick Joyner, Marlene Lopez, Kindon Meik, Soledad Ruiz-Nuñez, Reuben Shortnacy, and Kevin Tromborg

Press present: Jeanette Todd, "The Corcoran Journal"

INVOCATION Invocation was presented by Meik.

FLAG SALUTE The flag salute was led by Palmerin.

1. **PUBLIC DISCUSSION** – None

2. **CONSENT CALENDAR**

Following Council discussion a **motion** was made by Lerma and seconded by Cartwright to approve Consent Calendar. Motion carried by the following vote:

AYES: Mark Cartwright, Raymond Lerma, Sidonio Palmerin, Jerry Robertson and Jim Wadsworth

NOES:

ABSENT:

Item 4 was moved to this point of the agenda.

4. **PRESENTATIONS**

4-A. Presentation of proclamation honoring Kenneth Lange.

3. **APPROPRIATIONS**

Following Council discussion a **motion** was made by Palmerin and seconded by Lerma to approve the Warrant Register dated June 14, 2016. Motion carried by the following vote:

AYES: Mark Cartwright, Raymond Lerma, Sidonio Palmerin, Jerry Robertson and Jim Wadsworth

NOES:

ABSENT:

5. PUBLIC HEARINGS – None

6. WRITTEN COMMUNICATIONS –

6-A. Following Council discussion a **motion** was made by Lerma and seconded by Wadsworth to accept the resignation of Planning Commissioner Albert Kessler Jr. with direction to prepare a proclamation honoring Mr. Kessler for his work in the community.

AYES: Mark Cartwright, Raymond Lerma, Sidonio Palmerin, Jerry Robertson and Jim Wadsworth

NOES:

ABSENT:

7. STAFF REPORTS

7-A. Staff reported that based on the direction provided at the June 14, 2016 meeting, the General Fund deficit had been reduced from \$412,000 to \$241,000. Staff noted that one of the ongoing challenges is the requirement to pay the PERS unfunded liability. For the General Fund alone that represents more than \$300,000 for FY 2016-2017. The City Manager and the Finance Director noted that some cities are treating the PERS unfunded liability as long-term debt and are refinancing that debt for an extended term at a lower interest rate.

In regards to other cost cutting efforts, Meik discussed the current contract with the three bargaining groups that was approved by the Council in 2015 and continues until June 30, 2017. With that contract in place, no changes can be made to employee salaries and benefits. Any changes must be presented to the bargaining groups and discussed as part of the next round of negotiations.

The consensus by the Council was to avoid draconian cuts that would affect essential services. Council emphasized the importance of maintaining a strong public safety presence in the community. Council directed Staff to once again look at non-essential services and activities that are paid for out of the General Fund and continue the discussion at the next council meeting.

7-B. Council discussed the renewed effort to implement a county-wide ¼ cent sales tax dedicated to public safety. Council expressed initial support for a collaborative sales tax and will consider the proposed memorandum of understanding at a future meeting.

The Council also discussed a local transaction and use tax. A **motion** was made by Cartwright and seconded by Lerma for Staff to issue a notice of a public hearing to discuss a local transaction and use tax and have the City Attorney prepare the

necessary documents should the Council take action. Motion carried by the following vote:

AYES: Mark Cartwright, Raymond Lerma, Sidonio Palmerin, Jerry Robertson and Jim Wadsworth

NOES:

ABSENT:

7-C. Following Council discussion a **motion** was made by Wadsworth and seconded by Cartwright to approve Resolution No.2849 adopting a temporary 60 day operating budget for FY 2016-2017. Motion carried by the following vote:

AYES: Mark Cartwright, Raymond Lerma, Sidonio Palmerin, Jerry Robertson and Jim Wadsworth

NOES:

ABSENT:

7-D. Following Council discussion a **motion** was made by Cartwright and seconded by Palmerin to consider Resolution No. 2850 adopting a compensation and benefit plan for FY 2016-2017. It was noted that the unrepresented management group voluntarily chose to forego the 2% COLA that was to be implemented on July 1, 2016. Motion carried by the following vote:

AYES: Mark Cartwright, Raymond Lerma, Sidonio Palmerin, Jerry Robertson and Jim Wadsworth

NOES:

ABSENT:

8. MATTERS FOR MAYOR AND COUNCIL

8-A. Council received information items.

8-B. Staff received referral items.

8-C. Committee reports.

9. CLOSED SESSION

At 7:06 p.m. Council recessed to closed session pursuant to:

9-A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR(S) (Government Code § 54956.8). It is the intent of this governing body to meet in closed-session to confer with its real property negotiator concerning the purchase, sale, exchange, or lease of real property by or for this local agency as follows:

Property Description (Specify street address, or if no street address, the parcel number or other unique reference): 1020 Chittenden

Our Negotiator: Kindon Meik Parties with whom negotiating: _____

Instructions to negotiator concerning: Price Terms of payment.

9-B PERSONNEL (Government Code § 54957(b)). It is the intention of this governing body to meet in closed-session to:

- Consider the discipline, dismissal or release of a public employee.
- Hear complaints or charges against a public employee.
- Consider public employee appointment/employment for the position of:

Consider public employee performance evaluation for the position of:
_____ general review _____

9-C. PENDING LITIGATION (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:
Conference with legal counsel – Deciding whether or not basis exists for closed-session for anticipated litigation (Government Code § 54956.9(d)(3)).

9-D. PENDING LITIGATION (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:
Conference with legal counsel – ANTICIPATED LITIGATION (Government Code § 54956.9(d)).

Significant exposure to litigation (Government Code § 54956.9(d)(2)).

Number of potential cases is: 1 .

Facts and circumstances clearly known to potential plaintiff (if any) that might result in litigation (Government Code § 54956.9(e)(2)) :

The regular meeting was reconvened at 7.40 p.m. The Mayor reported that no action was taken on Item 9-A, 9-B, and 9-C. Direction was provided on Item 9-D.

ADJOURNMENT

 7:42 P.M.

Jerry Robertson, Mayor

Marlene Lopez, City Clerk

APPROVED DATE: _____

#1

Accounts Payable

Blanket Voucher Approval Document



User: spineda
 Printed: 06/27/2016 - 1:04PM
 Warrant Request Date: 06/27/2016
 DAC Fund:

Batch: 00514.06.2016 - 06/27/2016 Warrant Regist FY16

| Line | Claimant | Voucher No. | Amount |
|--------------|----------------------------------|-------------|------------|
| 1 | Kings Waste & Recycling | 000060923 | 789.60 |
| 2 | Principal, PLIC-SBD Grand Island | 000060924 | 5,197.92 |
| 3 | The Gas Company | 000060925 | 8.02 |
| Page Total: | | | \$5,995.54 |
| Grand Total: | | | \$5,995.54 |

Accounts Payable Voucher Approval List



User: spineda
 Printed: 06/27/2016 - 1:06PM
 Batch: 00514.06.2016 - 06/27/2016 Warrant Register-Manual Batch FY16

| Voucher No. | Warrant Date | Vendor | Description | Account Number | Amount |
|-----------------------|--------------|---------------------------------|-----------------------------------------------------|-----------------|-----------------|
| 60923 | 6/27/2016 | Kings Waste & Recycling | Green Waste/.82 Units-Tons/June 2016 Statement | 112-436-300-192 | 37.60 |
| 60923 | 6/27/2016 | Kings Waste & Recycling | Misc Commodity/24.90 Units-Tons/June 2016 Statement | 112-436-300-192 | 752.00 |
| Warrant Total: | | | | | 789.60 |
| 60924 | 6/27/2016 | PLIC-SBD Grand Island Principal | June 2016 Statement-Reissued | 104-000-202-011 | 3,378.30 |
| 60924 | 6/27/2016 | PLIC-SBD Grand Island Principal | June 2016 Statement-Reissued | 105-000-202-011 | 406.25 |
| 60924 | 6/27/2016 | PLIC-SBD Grand Island Principal | June 2016 Statement-Reissued | 109-000-202-011 | 130.11 |
| 60924 | 6/27/2016 | PLIC-SBD Grand Island Principal | June 2016 Statement-Reissued | 112-000-202-011 | 130.11 |
| 60924 | 6/27/2016 | PLIC-SBD Grand Island Principal | June 2016 Statement-Reissued | 120-000-202-011 | 432.09 |
| 60924 | 6/27/2016 | PLIC-SBD Grand Island Principal | June 2016 Statement-Reissued | 121-000-202-011 | 48.01 |
| 60924 | 6/27/2016 | PLIC-SBD Grand Island Principal | June 2016 Statement-Reissued | 145-000-202-011 | 673.05 |
| Warrant Total: | | | | | 5,197.92 |
| 60925 | 6/27/2016 | The Gas Company | Utilities/2410 Bell/Acct#17151733304 | 301-430-300-316 | 8.02 |
| Warrant Total: | | | | | 8.02 |

Accounts Payable

Blanket Voucher Approval Document



User: spineda
 Printed: 07/06/2016 - 4:04PM
 Warrant Request Date: 07/12/2016
 DAC Fund:

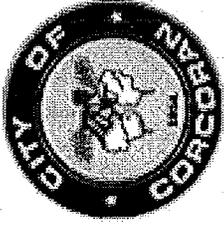
Batch: 00515.06.2016 - 06/30/2016 Wrnt RegstrFY 16

| Line | Claimant | Voucher No. | Amount |
|------|-----------------------------------|-------------|------------|
| 1 | ASI Administrative Solutions, Inc | 000060926 | 79.80 |
| 2 | Auto Zone, Inc. | 000060927 | 355.62 |
| 3 | Best Deal Food Co Inc. | 000060928 | 31.06 |
| 4 | Bogie's Pump Systems | 000060929 | 11,936.00 |
| 5 | C. A. Reding Company, Inc | 000060930 | 38.38 |
| 6 | Chemical Waste Management Inc | 000060931 | 372.00 |
| 7 | City of Corcoran | 000060932 | 233.58 |
| 8 | Corcoran Hardware | 000060933 | 139.19 |
| 9 | Data Ticket Inc | 000060934 | 200.00 |
| 10 | De Lage Landen | 000060935 | 230.59 |
| 11 | Evident Crime Scene Products | 000060936 | 101.00 |
| 12 | Farley Law Firm | 000060937 | 14,164.22 |
| 13 | Ferguson Enterprises, Inc | 000060938 | 2,196.41 |
| 14 | High Desert Wireless Broadband | 000060939 | 1,092.50 |
| 15 | Jorgensen & Company | 000060940 | 197.03 |
| 16 | Kings County Glass | 000060941 | 450.21 |
| 17 | Kings Rehabilitation Center | 000060942 | 7,193.00 |
| 18 | Manuel Zapata Tree Service | 000060943 | 8,250.00 |
| 19 | Medallion Supply | 000060944 | 121.19 |
| 20 | Mid Valley Trees | 000060945 | 356.40 |
| 21 | Mitsubishi UFJ Securities USA | 000060946 | 10,184.66 |
| 22 | PG&E | 000060947 | 141,271.18 |
| 23 | Pitney Bowes Inc | 000060948 | 884.94 |
| 24 | Proclean Supply | 000060949 | 604.12 |
| 25 | ProForce Law Enforcement | 000060950 | 772.23 |
| 26 | Quad Knopf, Inc. | 000060951 | 54,648.68 |
| 27 | Radius Tire Co. | 000060952 | 77.12 |
| 28 | Raymond Lerma | 000060953 | 613.96 |
| 29 | Res-Com | 000060954 | 429.00 |
| 30 | S & R Specialty Equipment | 000060955 | 161.49 |
| 31 | Sawtelle Rosprim Machine Shop | 000060956 | 529.94 |
| 32 | SECO Controls, LLC | 000060957 | 2,881.00 |
| 33 | Shell Fleet Plus | 000060958 | 6,770.83 |
| 34 | Sidonio Palmerin | 000060959 | 22.25 |
| 35 | SJVAPCD | 000060960 | 252.00 |
| 36 | State Water Res Control Board | 000060961 | 150.00 |
| 37 | Superior Electric Works Inc. | 000060962 | 1,460.75 |
| 38 | Terminix | 000060963 | 42.00 |
| 39 | TF Tire & Service | 000060964 | 1,621.79 |
| 40 | The Lawnmower Man | 000060965 | 464.78 |
| 41 | The Printer | 000060966 | 4,282.63 |
| 42 | Tip's Towing #2 | 000060967 | 200.00 |
| 43 | Tulare-Kings Veterinary ER Svc | 000060968 | 283.00 |
| 44 | Tule Trash Company | 000060969 | 105,004.38 |
| 45 | Univar USA Inc | 000060970 | 4,126.05 |
| 46 | unWired Broadband | 000060971 | 199.95 |

Page Total: \$385,676.91

| Line | Claimant | Voucher No. | Amount |
|--------------|------------------------------------|-------------|--------------|
| 47 | USA Blue Book | 000060972 | 120.70 |
| 48 | Valley Industrial & Family Med Grp | 000060973 | 60.00 |
| 49 | Verizon Wireless | 000060974 | 1,078.64 |
| 50 | Walter Bros Circus | 000060975 | 500.00 |
| 51 | Wright's Electric | 000060976 | 167.39 |
| 52 | Zoom Imaging Solutions Inc | 000060977 | 41.80 |
| Page Total: | | | \$1,968.53 |
| Grand Total: | | | \$387,645.44 |

Accounts Payable Voucher Approval List



User: spineda
 Printed: 07/06/2016 - 4:05PM
 Batch: 00515.06.2016 - 06/30/2016 Wmt RegstrFY16

| Voucher No. | Warrant Date | Vendor | Description | Account Number | Amount |
|-----------------------|--------------|-----------------------------------|--------------------------------------|-----------------|------------------|
| 60926 | 7/12/2016 | ASI Administrative Solutions, Inc | Cobra, May 2016 Admin | 104-402-300-200 | 79.80 |
| Warrant Total: | | | | | 79.80 |
| 60927 | 7/12/2016 | Auto Zone, Inc. | Dept Veh Maint. Supplies | 104-421-300-260 | 28.70 |
| 60927 | 7/12/2016 | Auto Zone, Inc. | Brake Pads | 145-410-300-260 | 37.42 |
| 60927 | 7/12/2016 | Auto Zone, Inc. | Brake Pads-Unit#146 | 104-412-300-260 | 30.09 |
| 60927 | 7/12/2016 | Auto Zone, Inc. | A/C Compressor Unit#149 | 109-434-300-260 | 259.41 |
| Warrant Total: | | | | | 355.62 |
| 60928 | 7/12/2016 | Best Deal Food Co Inc. | Dept Supplies | 105-437-300-210 | 17.82 |
| 60928 | 7/12/2016 | Best Deal Food Co Inc. | Dept Supplies | 104-432-300-210 | 13.24 |
| Warrant Total: | | | | | 31.06 |
| 60929 | 7/12/2016 | Bogie's Pump Systems | Digester Recirc. Pump | 120-435-500-540 | 11,936.00 |
| Warrant Total: | | | | | 11,936.00 |
| 60930 | 7/12/2016 | C. A. Reding Company, Inc | Copier-Lease-Depot | 145-410-300-180 | 38.38 |
| Warrant Total: | | | | | 38.38 |
| 60931 | 7/12/2016 | Chemical Waste Management Inc | Bin Rental | 105-437-300-193 | 372.00 |
| Warrant Total: | | | | | 372.00 |
| 60932 | 7/12/2016 | City of Corcoran | City Svc 2410 Bell Ave. June 2016 | 301-430-300-316 | 94.23 |
| 60932 | 7/12/2016 | City of Corcoran | City Svc 1116 Sherman Ave. June 2016 | 301-430-300-316 | 139.35 |
| Warrant Total: | | | | | 233.58 |
| 60933 | 7/12/2016 | Corcoran Hardware | Extension Cords | 104-407-300-197 | 32.22 |
| 60933 | 7/12/2016 | Corcoran Hardware | Dept Supplies | 104-421-300-210 | 61.36 |
| 60933 | 7/12/2016 | Corcoran Hardware | Jail Cleaning Supplies | 104-421-300-148 | 31.15 |
| 60933 | 7/12/2016 | Corcoran Hardware | A/C Supplies | 104-421-300-203 | 6.43 |
| 60933 | 7/12/2016 | Corcoran Hardware | Parrs for Bus Wash | 145-410-300-210 | 1.06 |

| Voucher No. | Warrant Date | Vendor | Description | Account Number | Amount |
|-------------|--------------|--------------------------------|---------------------------------------------|-----------------------|------------------|
| 60933 | 7/12/2016 | Corcoran Hardware | Parts for Bus Wash | 145-410-300-210 | 6.97 |
| | | | | Warrant Total: | 139.19 |
| 60934 | 7/12/2016 | Data Ticket Inc | Code Enforcement Citation Processing | 104-407-300-200 | 200.00 |
| | | | | Warrant Total: | 200.00 |
| 60935 | 7/12/2016 | De Lage Landen | Copier Contract/ Sharp MX4101N * 6/15-30/16 | 104-432-300-180 | 230.59 |
| | | | | Warrant Total: | 230.59 |
| 60936 | 7/12/2016 | Evident Crime Scene Products | Evidence Supplies Gun Boxes | 104-421-300-210 | 101.00 |
| | | | | Warrant Total: | 101.00 |
| 60937 | 7/12/2016 | Farley Law Firm | Legal Expenses | 104-403-300-200 | 14,164.22 |
| | | | | Warrant Total: | 14,164.22 |
| 60938 | 7/12/2016 | Ferguson Enterprises, Inc | Gear Box | 105-437-300-210 | 673.66 |
| 60938 | 7/12/2016 | Ferguson Enterprises, Inc | Supply Stock | 105-437-300-210 | 1,417.92 |
| 60938 | 7/12/2016 | Ferguson Enterprises, Inc | Supply Stock | 105-437-300-210 | 104.83 |
| | | | | Warrant Total: | 2,196.41 |
| 60939 | 7/12/2016 | High Desert Wireless Broadband | Labor For Unit 199/Install Getac | 104-421-300-181 | 1,092.50 |
| | | | | Warrant Total: | 1,092.50 |
| 60940 | 7/12/2016 | Jorgensen & Company | Annual Inspection- Vets Hall | 104-432-300-200 | 197.03 |
| | | | | Warrant Total: | 197.03 |
| 60941 | 7/12/2016 | Kings County Glass | Unit#191 PD Unit/Back Window Replaced | 104-421-300-260 | 450.21 |
| | | | | Warrant Total: | 450.21 |
| 60942 | 7/12/2016 | Kings Rehabilitation Center | Janitorial Svces | 136-415-300-200 | 3,022.21 |
| 60942 | 7/12/2016 | Kings Rehabilitation Center | Janitorial Svces | 104-432-300-200 | 3,770.79 |
| 60942 | 7/12/2016 | Kings Rehabilitation Center | Janitorial Svces | 145-410-300-200 | 400.00 |
| | | | | Warrant Total: | 7,193.00 |
| 60943 | 7/12/2016 | Manuel Zapata Tree Service | PO#24339-Tree Removal/Trimming | 104-412-300-200 | 8,250.00 |
| | | | | Warrant Total: | 8,250.00 |
| 60944 | 7/12/2016 | Medallion Supply | Volt Tester | 120-435-300-210 | 121.19 |

| Voucher No. | Warrant Date | Vendor | Description | Account Number | Amount |
|-----------------------|--------------|-------------------------------|----------------------------------------------|-----------------|-------------------|
| 60945 | 7/12/2016 | Mid Valley Trees | Parks-Replacement Trees | 104-412-300-210 | 121.19 |
| Warrant Total: | | | | | 356.40 |
| 60946 | 7/12/2016 | Mitsubishi UFJ Securities USA | Remarking Water 08 Bonds 1/1/16-6/30/16 | 105-437-300-200 | 10,184.66 |
| Warrant Total: | | | | | 10,184.66 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 111-601-300-240 | 10.51 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 145-410-300-240 | 1,224.73 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 104-411-300-240 | 4,142.09 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 104-412-300-240 | 1,015.23 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 104-432-300-240 | 9,090.74 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 104-432-320-240 | 194.03 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 109-434-300-240 | 344.28 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 120-435-300-240 | 24,297.59 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 121-439-300-240 | 588.88 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#99497000756-9 | 105-437-300-240 | 100,343.40 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#8465964727-9 | 301-430-300-316 | 9.85 |
| 60947 | 7/12/2016 | PG&E | Utilities/Acct#9417235641-5 | 301-430-300-316 | 9.85 |
| Warrant Total: | | | | | 141,271.18 |
| 60948 | 7/12/2016 | Pinney Bowes Inc | Folding Machine @ City Hall lease#2806273002 | 104-432-300-180 | 423.80 |
| 60948 | 7/12/2016 | Pinney Bowes Inc | Copy Machine @ City Hall lease#2806273002 | 104-432-300-180 | 461.14 |
| Warrant Total: | | | | | 884.94 |
| 60949 | 7/12/2016 | Proclean Supply | Janitorial Supplies | 104-432-300-210 | 604.12 |
| Warrant Total: | | | | | 604.12 |
| 60950 | 7/12/2016 | ProForce Law Enforcement | Taser Cart (20) PD Equip | 104-421-300-210 | 772.23 |
| Warrant Total: | | | | | 772.23 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | WTP Eval/Corona | 105-437-300-200 | 34,719.98 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | Landscaping/Lighting Dist-Eng Services | 111-601-300-200 | 86.49 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | Landscaping/Lighting Dist-Eng Services | 111-602-300-200 | 86.49 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | Landscaping/Lighting Dist-Eng Services | 111-603-300-200 | 86.49 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | Landscaping/Lighting Dist-Eng Services | 111-604-300-200 | 86.49 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | Well Eval/Corona | 105-437-300-200 | 9,823.76 |

| Voucher No. | Warrant Date | Vendor | Description | Account Number | Amount |
|-----------------------|--------------|-------------------------------|----------------------------------------------------|-----------------|------------------|
| 60951 | 7/12/2016 | Quad Knopf, Inc. | Urban Wtr Mgmt Plan (UWMP) Update | 105-437-300-200 | 2,400.84 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | Proj. Mgmt/Design-Lift Sta. 14 | 120-435-300-200 | 6,493.95 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | PD Study | 315-421-300-200 | 633.42 |
| 60951 | 7/12/2016 | Quad Knopf, Inc. | Web Based GIS Annual Srvr Hosting | 104-431-300-200 | 230.77 |
| Warrant Total: | | | | | 54,648.68 |
| 60952 | 7/12/2016 | Radius Tire Co. | Tube-Dismount/Mount Unit#86 | 109-434-300-140 | 77.12 |
| Warrant Total: | | | | | 77.12 |
| 60953 | 7/12/2016 | Raymond Lerma | 2016 Mayors & Council Members Exec Forum6/21-23/16 | 104-401-300-270 | 613.96 |
| Warrant Total: | | | | | 613.96 |
| 60954 | 7/12/2016 | Res-Com | Pest Control-Depot | 145-410-300-200 | 33.00 |
| 60954 | 7/12/2016 | Res-Com | Pest Control-Pool Bldg | 104-411-300-200 | 33.00 |
| 60954 | 7/12/2016 | Res-Com | Pest Control RAO' | 136-415-300-200 | 33.00 |
| 60954 | 7/12/2016 | Res-Com | Pest Control-City Hall/PD/CC | 104-432-300-200 | 99.00 |
| 60954 | 7/12/2016 | Res-Com | Pest Control-New City Hall | 104-432-300-200 | 33.00 |
| 60954 | 7/12/2016 | Res-Com | Pest Control-PW | 104-432-300-200 | 99.00 |
| 60954 | 7/12/2016 | Res-Com | Pest Control-Yeas | 104-432-300-200 | 33.00 |
| 60954 | 7/12/2016 | Res-Com | Pest Control-WWTP | 120-435-300-200 | 33.00 |
| 60954 | 7/12/2016 | Res-Com | Pest Control-WTP | 105-437-300-200 | 33.00 |
| Warrant Total: | | | | | 429.00 |
| 60955 | 7/12/2016 | S & R Specialty Equipment | Shipping-ABB TRial Analyzer | 105-437-300-200 | 74.51 |
| 60955 | 7/12/2016 | S & R Specialty Equipment | Repair Parts-Unit#25 Sprayer | 104-433-300-210 | 86.98 |
| Warrant Total: | | | | | 161.49 |
| 60956 | 7/12/2016 | Sawtelle Rosprim Machine Shop | Replace Chrome Wear/Skid Plates Unit#134 | 112-438-300-140 | 292.50 |
| 60956 | 7/12/2016 | Sawtelle Rosprim Machine Shop | Chrome Strips Unit#134 | 112-438-300-140 | 215.08 |
| 60956 | 7/12/2016 | Sawtelle Rosprim Machine Shop | 2" Sch 10 Galvanized Pipe 8' long (x2) | 105-437-300-210 | 22.36 |
| Warrant Total: | | | | | 529.94 |
| 60957 | 7/12/2016 | SECO Controls, LLC | Factory Start-Up * On Site-Iron Analyzer | 105-437-300-200 | 2,881.00 |
| Warrant Total: | | | | | 2,881.00 |
| 60958 | 7/12/2016 | Shell Fleet Plus | June 2016 Statement-Depot | 145-410-300-250 | 2,214.82 |
| 60958 | 7/12/2016 | Shell Fleet Plus | June 2016 Statement-Parks | 104-412-300-250 | 325.89 |
| 60958 | 7/12/2016 | Shell Fleet Plus | June 2016 Statement-PD | 104-421-300-250 | 2,079.83 |

| Voucher No. | Warrant Date | Vendor | Description | Account Number | Amount |
|-------------|--------------|-------------------------------|---------------------------------------------------------------|-----------------|-----------------|
| 60958 | 7/12/2016 | Shell Fleet Plus | June 2016 Statement-Streets | 109-434-300-250 | 423.57 |
| 60958 | 7/12/2016 | Shell Fleet Plus | June 2016 Statement-WW | 120-435-300-250 | 500.70 |
| 60958 | 7/12/2016 | Shell Fleet Plus | June 2016 Statement-Wier | 105-437-300-250 | 1,226.02 |
| | | | Warrant Total: | | 6,770.83 |
| 60959 | 7/12/2016 | Sidonio Palmerin | KC Abandoned Veh AbtrmtSvc Authior/Assoc of Gov-6/22/16/Miles | 104-401-300-270 | 22.25 |
| | | | Warrant Total: | | 22.25 |
| 60960 | 7/12/2016 | SJVAPCD | Permit Fees-PD Generator | 104-432-300-142 | 252.00 |
| | | | Warrant Total: | | 252.00 |
| 60961 | 7/12/2016 | State Water Res Control Board | T-2 Cert. D. Zable | 105-437-300-160 | 60.00 |
| 60961 | 7/12/2016 | State Water Res Control Board | T-2 Cert. J. Pacheco | 105-437-300-160 | 90.00 |
| | | | Warrant Total: | | 150.00 |
| 60962 | 7/12/2016 | Superior Electric Works Inc. | Wells 2&4-Troubleshoot & Repair | 105-437-300-200 | 250.00 |
| 60962 | 7/12/2016 | Superior Electric Works Inc. | WTP-Electrical Projects | 105-437-300-200 | 1,210.75 |
| | | | Warrant Total: | | 1,460.75 |
| 60963 | 7/12/2016 | Terminix | 2410 Bell Ave./Svc Date 6/23/16 | 301-430-300-316 | 42.00 |
| | | | Warrant Total: | | 42.00 |
| 60964 | 7/12/2016 | TF Tire & Service | Tires-169 Needed 4 New Tires | 145-410-300-260 | 1,570.79 |
| 60964 | 7/12/2016 | TF Tire & Service | Flat Repair-Unit#203 | 104-412-300-260 | 29.00 |
| 60964 | 7/12/2016 | TF Tire & Service | Flat Repair-Unit#151 | 105-437-300-260 | 22.00 |
| | | | Warrant Total: | | 1,621.79 |
| 60965 | 7/12/2016 | The Lawnmower Man | Misc Parts-Mower, Weedeater, Chainsaw | 104-412-300-140 | 464.78 |
| | | | Warrant Total: | | 464.78 |
| 60966 | 7/12/2016 | The Printer | Business Cards-J Faulkner | 105-437-300-200 | 65.98 |
| 60966 | 7/12/2016 | The Printer | Search Warrant/Printing Svcs | 104-421-300-155 | 159.93 |
| 60966 | 7/12/2016 | The Printer | 2015 Water Report (5161 Mailed) | 105-437-300-200 | 3,464.94 |
| 60966 | 7/12/2016 | The Printer | Request for Service Forms | 105-437-300-210 | 317.59 |
| 60966 | 7/12/2016 | The Printer | Service Shut off Notice | 105-437-300-210 | 274.19 |
| | | | Warrant Total: | | 4,282.63 |
| 60967 | 7/12/2016 | Tip's Towing #2 | Vehicle Tow-Unit#153 | 105-437-300-260 | 200.00 |

| Voucher No. | Warrant Date | Vendor | Description | Account Number | Amount |
|-------------|--------------|------------------------------------|---------------------------------------------|-----------------------|-------------------|
| | | | | Warrant Total: | 200.00 |
| 60968 | 7/12/2016 | Tulare-Kings Veterinary ER Svc | AC/Vet Services Case#C1601202 | 104-421-300-203 | 141.00 |
| 60968 | 7/12/2016 | Tulare-Kings Veterinary ER Svc | AC/Vet Services Case#C1601182 | 104-421-300-203 | 142.00 |
| | | | | Warrant Total: | 283.00 |
| 60969 | 7/12/2016 | Tule Trash Company | Contract | 112-436-300-200 | 115,664.19 |
| 60969 | 7/12/2016 | Tule Trash Company | Franchise Fees 7.5% | 112-436-316-023 | -8,674.81 |
| 60969 | 7/12/2016 | Tule Trash Company | Franchise Fees /Roll-Offs/June 2016 | 112-436-316-023 | -1,985.00 |
| | | | | Warrant Total: | 105,004.38 |
| 60970 | 7/12/2016 | Univar USA Inc | Sod Hypo | 105-437-300-219 | 4,126.05 |
| | | | | Warrant Total: | 4,126.05 |
| 60971 | 7/12/2016 | unWired Broadband | Internet Services-WTP | 105-437-300-220 | 199.95 |
| | | | | Warrant Total: | 199.95 |
| 60972 | 7/12/2016 | USA Blue Book | OSHA Notice-Use Handrail (x6) | 120-435-300-210 | 120.70 |
| | | | | Warrant Total: | 120.70 |
| 60973 | 7/12/2016 | Valley Industrial & Family Med Grp | Drug & Alcohol Testing | 145-410-300-200 | 60.00 |
| | | | | Warrant Total: | 60.00 |
| 60974 | 7/12/2016 | Verizon Wireless | Cellular Svc May-June 2016/Acct#68321-00001 | 104-421-300-221 | 1,078.64 |
| | | | | Warrant Total: | 1,078.64 |
| 60975 | 7/12/2016 | Walter Bros Circus | Deposit Refund-Walter Bros. Circus | 104-000-362-085 | 500.00 |
| | | | | Warrant Total: | 500.00 |
| 60976 | 7/12/2016 | Wright's Electric | Light Bulbs/Tubes | 104-432-300-210 | 167.39 |
| | | | | Warrant Total: | 167.39 |
| 60977 | 7/12/2016 | Zoom Imaging Solutions Inc | Maint. Repair | 104-421-300-140 | 41.80 |
| | | | | Warrant Total: | 41.80 |

Accounts Payable

Blanket Voucher Approval Document



User: spineda
 Printed: 07/06/2016 - 4:17PM
 Warrant Request Date: 07/12/2016
 DAC Fund:

Batch: 00501.07.2016 - 07/12/2016 Wmnt Regstr FY 17

| Line | Claimant | Voucher No. | Amount |
|--------------|------------------------------------|-------------|------------|
| 1 | Amtrak | 000060978 | 4,430.00 |
| 2 | California Rural Water Association | 000060979 | 989.00 |
| 3 | De Lage Landen | 000060980 | 230.59 |
| 4 | Kings County Area Public Transit | 000060981 | 1,380.00 |
| 5 | Kings County Environmental | 000060982 | 965.00 |
| 6 | Liebert Cassidy Whitmore | 000060983 | 1,450.00 |
| Page Total: | | | \$9,444.59 |
| Grand Total: | | | \$9,444.59 |

Accounts Payable Voucher Approval List

User: spineda
 Printed: 07/06/2016 - 4:17PM
 Batch: 00501.07.2016 - 07/12/2016 Wmnt Regstr FY17



| Voucher No. | Warrant Date | Vendor | Description | Account Number | Amount |
|-----------------------|--------------|------------------------------------|----------------------------------------------|-----------------|-----------------|
| 60978 | 7/12/2016 | Amtrak | Tickets/125 Corcoran to Hanford | 145-410-300-292 | 812.50 |
| 60978 | 7/12/2016 | Amtrak | Tickets/125 Hanford to Corcoran | 145-410-300-292 | 812.50 |
| 60978 | 7/12/2016 | Amtrak | Tickets/125 Corcoran to Hanford | 145-410-300-292 | 812.50 |
| 60978 | 7/12/2016 | Amtrak | Tickets/125 Hanford to Corcoran | 145-410-300-292 | 812.50 |
| 60978 | 7/12/2016 | Amtrak | Tickets/ Ten 10-Ride Passes | 145-410-300-292 | 590.00 |
| 60978 | 7/12/2016 | Amtrak | Tickets/ Ten 10-Ride Passes | 145-410-300-292 | 590.00 |
| Warrant Total: | | | | | 4,430.00 |
| 60979 | 7/12/2016 | California Rural Water Association | Membership Dues 2016-2017 | 105-437-300-160 | 494.50 |
| 60979 | 7/12/2016 | California Rural Water Association | Membership Dues 2016-2017 | 120-435-300-160 | 494.50 |
| Warrant Total: | | | | | 989.00 |
| 60980 | 7/12/2016 | De Lage Landen | Copier Contract Sharp MX 4101 7/1/16-7/14/16 | 104-432-300-180 | 230.59 |
| Warrant Total: | | | | | 230.59 |
| 60981 | 7/12/2016 | Kings County Area Public Transit | KART Passes-\$3 Cash Card X60 | 145-410-300-293 | 180.00 |
| 60981 | 7/12/2016 | Kings County Area Public Transit | KART Passes-\$6 Cash Card X20 | 145-410-300-293 | 200.00 |
| 60981 | 7/12/2016 | Kings County Area Public Transit | KART Passes-30 Day Pass (\$50) x20 | 145-410-300-293 | 1,000.00 |
| Warrant Total: | | | | | 1,380.00 |
| 60982 | 7/12/2016 | Kings County Environmental | Public Swimming Pool/ Slide Fees | 104-411-300-160 | 700.00 |
| 60982 | 7/12/2016 | Kings County Environmental | Haz Waste Generator Fees | 105-437-300-160 | 265.00 |
| Warrant Total: | | | | | 965.00 |
| 60983 | 7/12/2016 | Liebert Cassidy Whitmore | ERC Membership | 104-403-300-200 | 1,450.00 |
| Warrant Total: | | | | | 1,450.00 |

**PUBLIC HEARING
ITEM #: 5-A**

MEMO

TO: Corcoran City Council

FROM: Joe Faulkner, Public Works Superintendent

DATE: July 1, 2016

MEETING DATE: July 12, 2016

SUBJECT: Public Hearing to obtain comments to intent to levy and collect assessments on Assessment District 07-01, Subdivision Salyer Estates #3, Tract Map 853; intent to levy and collect assessments on Assessment District 07-02, Subdivision the Pheasant Ridge (previously known as Sequoias Phase 1), Tract Map 857; intent to levy and collect assessments on Assessment District 08-01, Subdivision Sunrise Villas, Tract Map 856; and intent to levy and collect assessments on Assessment District 08-02, Subdivision Patterson Avenue, Tract Map 785 and approval of Resolution No. 2851 – Resolution No. 2858.

Recommendation: (VV)

Following the noticed public hearing, it is recommended that the City Council approve

- 1) Resolution No. 2851, approving Engineer's report and confirming Assessment on Assessment District No. 07-01, Subdivision Salyer Estates No. 3, Tract Map 853.
- 2) Resolution No. 2852, certifying to County of Kings the validity of the legal process used to place certain special assessments on the tax roll. (Salyer Estates No. 3, Assessment District)
- 3) Resolution No. 2853, approving Engineer's report and confirming Assessment on Assessment District No. 07-02, Subdivision Pheasant Ridge (previously known as Sequoias Phase 1), Tract Map 857.
- 4) Resolution No. 2854, certifying to County of Kings the validity of the legal process used to place certain special assessments on the tax roll. (Pheasant Ridge ((previously known as Sequoias Phase I)), Assessment District)
- 5) Resolution No. 2855, approving Engineer's report and confirming Assessment on Assessment District No. 08-01, Subdivision Sunrise Villas, Tract Map 856.
- 6) Resolution No. 2856, certifying to County of Kings the validity of the legal process used to place certain special assessments on the tax roll. (Sunrise Villas, Assessment District)

City Offices:

- 7) Resolution No. 2857, approving Engineer's report and confirming Assessment on Assessment District No. 08-02, Subdivision Patterson Tract Map 785.
- 8) Resolution No. 2858, certifying to County of Kings the validity of the legal process used to place certain special assessments on the tax roll. (Patterson Avenue, Assessment District)

Discussion:

On an annual basis, the City Engineer is required to provide an Engineer's Report for each landscaping and lighting assessment district outlining the maintenance and incidental costs associated with the district. A public hearing notice was published to allow public comment at tonight's meeting. Following the public hearing, it is recommended the attached resolutions are approved.

Budget Impact:

The assessments will pay for all costs relating to the maintenance of the district.

Attachment:

City Engineer Reports – Landscape Assessment Districts

Resolution No. 2851

Resolution No. 2852

Resolution No. 2853

Resolution No. 2854

Resolution No. 2855

Resolution No. 2856

Resolution No. 2857

Resolution No. 2858

RESOLUTION NO. 2851

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN APPROVING ENGINEER'S REPORT AND CONFIRMING ASSESSMENT ON ASSESSMENT DISTRICT NO. 07-01, SALYER ESTATES UNIT NO. 3

WHEREAS, the City of Corcoran formed an assessment district pursuant to the Landscaping and Lighting Act of 1972 (Section 22500 and following, Streets & Highways Code); and,

WHEREAS, the Engineer for the proceedings filed an Engineer's report with the City Clerk in accordance with Article 4 of Chapter 1 of the Landscaping & Lighting Act of 1972; and,

WHEREAS, the City Council did conduct a public hearing on July 12, 2016, to consider its intent to levy and collect assessments on said assessment district.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Corcoran:

1. The City Council of the City of Corcoran hereby confirms the diagram and assessment contained in the Engineer's Report and levies the assessment for the Fiscal Year 2016/17;
2. The City Council of the City of Corcoran hereby forwards the following attachments to Kings County Recorder's Office for recordation:

City Clerk's Certification to County Auditor
Engineer's Report

Exhibit A Recording History
Exhibit B Recapitalization of Assessments
Exhibit C Estimated Assessments
Exhibit D Assessment Roll
Exhibit E Diagram Showing All Parcels of Real Property Within the Assessment District

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 07-01**

FISCAL YEAR 2016-2017

**TRACT NO. 853
SALYER ESTATES
UNIT NO. 3**

Joel R. Joyner, City Engineer for the City of Corcoran, County of Kings, California, and Engineer of Work for Assessment District No. 07-01, makes this report, as directed by the City Council, pursuant to the Streets and Highways Code (Landscaping and Lighting Act of 1972).

The improvements which are the subject of this report are briefly described as follows:

- Maintenance of turf areas, shrubs, trees and irrigation systems and walls; and street lighting.

This report consists of five exhibits, as follows:

| | |
|-----------|-----------------------------------------------------------------------------|
| EXHIBIT A | Recording History |
| EXHIBIT B | Recapitalization of Assessments |
| EXHIBIT C | Estimated Assessments |
| EXHIBIT D | Assessment Roll |
| EXHIBIT E | Diagram Showing All Parcels of Real Property Within the Assessment District |

Respectfully submitted,



Joel R. Joyner, City Engineer



**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 07-01
FISCAL YEAR 2016-2017**

**EXHIBIT A
RECORDING HISTORY**

**TRACT NO. 853
SALYER ESTATES
UNIT NO. 3**

| | |
|------------------------------------------|--------------|
| FIRST RECORDING | July, 2007 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |
| SECOND RECORDING | July, 2008 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |
| THIRD RECORDING | July, 2009 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |
| FOURTH RECORDING | July, 2010 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |
| FIFTH RECORDING | July, 2011 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |
| SIXTH RECORDING | August, 2012 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |
| SEVENTH RECORDING | July, 2013 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |
| EIGHTH RECORDING | July, 2014 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |
| NINTH RECORDING | July, 2015 |
| Subdivision included: | |
| TRACT NO. 853, SALYER ESTATES UNIT NO. 3 | |

TENTH RECORDING

July, 2016

Subdivision included:

TRACT NO. 853, SALYER ESTATES UNIT NO. 3

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 07-01
FISCAL YEAR 2016-2017**

**EXHIBIT B
RECAPITALIZATION OF ASSESSMENT**

**TRACT NO. 853
SALYER ESTATES UNIT NO. 3**

ACTUAL COST 2015-2016

| | | |
|---------------------------------------------------------|-------------------------------------------------------------------|---------------------|
| 1. | MAINTENANCE COSTS | |
| | A. Contractor | \$3,200.00 |
| | B. Water | 564.00 |
| | C. Electricity | 189.79 |
| | D. Plantings | N/A |
| | E. Street Lighting | <u>861.69</u> |
| | | \$4,815.48 |
| 2. | INCIDENTAL COSTS | |
| | A. Public Works (Contracting and Supervision) | \$75.00 |
| | B. City Clerk/Finance (Budgeting, Accounting, Annual Resolutions) | 75.00 |
| | C. Engineering (Annual Report) | 170.10 |
| | D. City Administrator's Report | 75.00 |
| | E. County Processing Fee (26 x \$1.00) | <u>26.00</u> |
| | | \$421.10 |
| TOTAL COST: | | <u>\$5,236.58</u> |
| TOTAL ASSESSMENT RECEIVED 2015-2016 | | <u>\$(5,415.80)</u> |
| PRIOR YEAR (2014-2015) ADJUSTMENT (SURPLUS) | | \$(12,164.30) |
| ADJUSTMENT TO 2016-2017 (SURPLUS TO BE CARRIED FORWARD) | | \$(12,343.52) |

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 07-01
FISCAL YEAR 2016-2017**

**EXHIBIT C
ESTIMATED ASSESSMENTS**

**TRACT NO. 853
SALYER ESTATES
UNIT NO. 3**

| | | |
|------|-------------------------------------------------------------------|---------------------|
| 1. | MAINTENANCE COSTS | |
| | A. Contractor | \$4,000.00 |
| | B. Water | 600.00 |
| | C. Electricity | 250.00 |
| | D. Plantings | 800.00 |
| | E. Street Lighting | <u>900.00</u> |
| | | \$6,550.00 |
| | | |
| 2. | INCIDENTAL COSTS | |
| | A. Public Works (Contracting and Supervision) | \$75.00 |
| | B. City Clerk/Finance (Budgeting, Accounting, Annual Resolutions) | 75.00 |
| | C. Engineering (Annual Report) | 600.00 |
| | D. City Administrator's Report | 75.00 |
| | E. County Processing Fee (26 x \$1.00) | <u>26.00</u> |
| | | \$851.00 |
| | | |
| | TOTAL ESTIMATED COST | \$7,401.00 |
| | | |
| | PRIOR YEAR ADJUSTMENT – (SURPLUS) | \$(12,343.52) |
| | (See Exhibit B) | |
| | | |
| | SUBDIVISION ASSESSMENT AMOUNT | <u>\$(4,942.52)</u> |

Each of the twenty-six (26) equivalent units will be assessed \$214.55

NOTE: Assessment of \$214.55 is an increase of 3% from 2015-2016 assessment of \$208.30.
This will result in a projected surplus of \$10,520.79 [(4,942.52) – (214.55 x 26)] for
2016-2017.

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPE AND LIGHTING
ASSESSMENT DISTRICT NO. 07-01
FISCAL YEAR 2016-2017**

**EXHIBIT D
ASSESSMENT ROLL**

**TRACT NO. 853
SALYER ESTATES
UNIT NO. 3**

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|------------------|------------------|-----------------------------------------------------------------------------|--------------------------|-------------------|------------------------------|
| 030-320-061 | \$214.55 | EDGARDO & DOLORES P. NAGUIAT 400 Nimitz Avenue Corcoran, CA 93212 | 853026 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-062 | \$214.55 | DOMINGO, TRINIDAD R. 406 Nimitz Avenue Corcoran, CA 93212 | 853025 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-063 | \$214.55 | RIPPEY, LLOYD A. & MARCIA D. 410 Nimitz Avenue Corcoran, CA 93212 | 853024 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-064 | \$214.55 | QUEZADA, DAVID L. 414 Nimitz Avenue Corcoran, CA 93212 | 853023 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-065 | \$214.55 | ELLIOT, STAN C. & DORIS L. 418 Nimitz Avenue Corcoran, CA 93212 | 853022 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-066 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853021 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-067 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853020 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-068 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853019 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-069 | \$214.55 | PRINS, BERNARD H. & PEARL A. 434 Nimitz Avenue Corcoran, CA 93212 | 853018 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-070 | \$214.55 | SINGH, RAJ & SUNITA KAUR 438 Nimitz Avenue Corcoran, CA 93212 | 853017 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-071 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853016 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-072 | \$214.55 | URBAN, BRENT L. & ALAN B. 442 Nimitz Avenue Corcoran, CA 93274 | 853015 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-073 | \$214.55 | HERNANDEZ, MAURICIO & CAMILLE 445 Nimitz Avenue Corcoran, CA 93212 | 853014 | TRACT 853 | Salyer Estates Unit No. 3 |

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|----------------------|-------------------|------------------------------------------------------------------------|-------------------|------------|------------------------------|
| 030-320-074 | \$214.55 | GAMEZ, VICTOR JR. & DIANE 441 Nimitz Avenue Corcoran, CA 93212 | 853013 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-075 | \$214.55 | RAMOS, MICHAEL 435 Nimitz Avenue Corcoran, CA 93212 | 853012 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-076 | \$214.55 | FAULKNER, JOSEPH S. 429 Nimitz Avenue Corcoran, CA 93212 | 853011 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-077 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853010 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-078 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853009 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-079 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853008 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-080 | \$214.55 | MONTEIRO, JOHN G. AND MARY 413 Nimitz Avenue Corcoran, CA 93212 | 853007 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-081 | \$214.55 | CASTILLO, MIGUEL A. 409 Nimitz Avenue Corcoran, CA 93212 | 853006 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-082 | \$214.55 | GONZALES, JR., PEDRO J. 405 Nimitz Avenue Corcoran, CA 93212 | 853005 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-083 | \$214.55 | FRANCO, THOMAS F. & BARBARA 401 Nimitz Avenue Corcoran, CA 93212 | 853004 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-084 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853003 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-085 | \$214.55 | GOMEZ, LENOR 2425 Orange Avenue Corcoran, CA 93212 | 853002 | TRACT 853 | Salyer Estates Unit No. 3 |
| 030-320-086 | \$214.55 | DALEY ENTERPRISES INC 1356 E. Tulare Avenue Tulare, CA 93274 | 853001 | TRACT 853 | Salyer Estates Unit No. 3 |
| TOTAL 26 LOTS | \$5,578.30 | | | | |

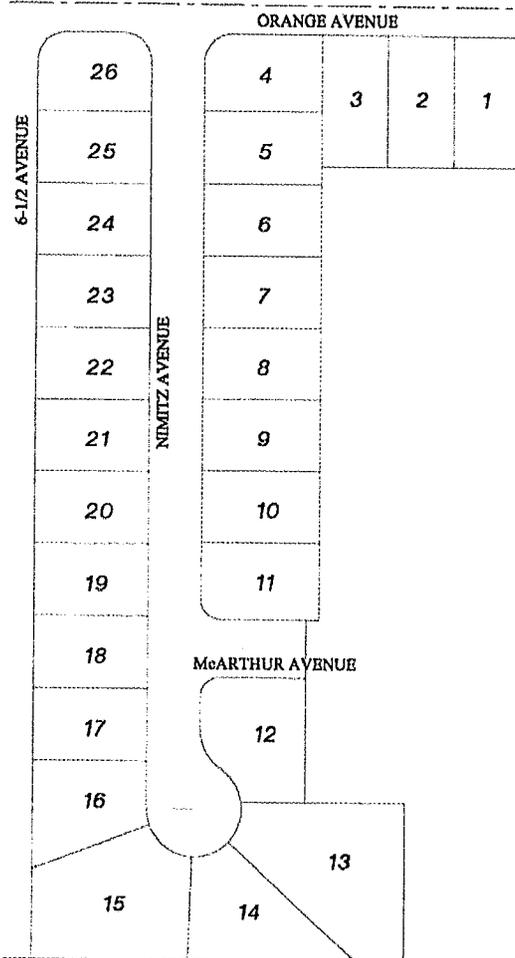
NOTE: Descriptions of the parcels being assessed in this landscaping and lighting assessment district are contained in the County of Kings Assessment Roll, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF CITY OF CORCORAN
 LANDSCAPING AND LIGHTING
 ASSESSMENT DISTRICT NO. 07-01
 FISCAL YEAR 2016-2017**

EXHIBIT E

**DIAGRAM SHOWING ALL PARCELS OF
 REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT**

**TRACT NO. 853
 SALYER ESTATES
 UNIT NO. 3**



NOTE: Descriptions of the parcels being assessed in this landscaping and lighting assessment district are contained in the County of Kings Assessment Roll, which is incorporated in this Report by reference.

RESOLUTION NO. 2852

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN
CERTIFYING TO COUNTY OF KINGS THE VALIDITY OF THE LEGAL PROCESS USED
TO PLACE CERTAIN SPECIAL ASSESSMENTS ON THE TAX ROLL

WHEREAS, the City of Corcoran desires to place certain special assessments on the Kings County secured tax roll for collection; and,

WHEREAS, the City has complied with all laws pertaining to the levy of the special assessments to be collected; and,

WHEREAS, the special assessments have been levied in accordance with a particular benefit to each parcel to be assessed without regard to its assessed valuation; and,

WHEREAS, the Salyer Estates Unit No. 3, Assessment District special assessment is for the purpose of maintenance of turf areas, shrubs, trees and irrigation systems and walls; and street lighting.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Corcoran that the following special assessments shall be placed on the Kings County secured tax roll for collection.

1. Salyer Estates Unit No. 3, Assessment District.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

RESOLUTION NO. 2853

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN APPROVING ENGINEER'S REPORT AND CONFIRMING ASSESSMENT ON ASSESSMENT DISTRICT NO. 07-02, PHEASANT RIDGE (PREVIOUSLY KNOWN AS SEQUOIAS PHASE 1)

WHEREAS, the City of Corcoran formed an assessment district pursuant to the Landscaping and Lighting Act of 1972 (Section 22500 and following, Streets & Highways Code); and,

WHEREAS, the Engineer for the proceedings filed an Engineer's report with the City Clerk in accordance with Article 4 of Chapter 1 of the Landscaping & Lighting Act of 1972; and,

WHEREAS, the City Council did conduct a public hearing on July 12, 2016, to consider its intent to levy and collect assessments on said assessment district.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Corcoran:

1. The City Council of the City of Corcoran hereby confirms the diagram and assessment contained in the Engineer's Report and levies the assessment for the Fiscal Year 2016/17;
2. The City Council of the City of Corcoran hereby forwards the following attachments to Kings County Recorder's Office for recordation:

City Clerk's Certification to County Auditor
Engineer's Report

Exhibit A Recording History
Exhibit B Recapitalization of Assessments
Exhibit C Estimated Assessments
Exhibit D Assessment Roll
Exhibit E Diagram Showing All Parcels of Real Property Within the Assessment District

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2015, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 07-02**

FISCAL YEAR 2016-2017

**TRACT NO. 857
THE SEQUOIAS – PHASE I**

Joel R. Joyner, City Engineer for the City of Corcoran, County of Kings, California, and Engineer of Work for Assessment District No. 07-02, makes this report, as directed by the City Council, pursuant to the Streets and Highways Code (Landscaping and Lighting Act of 1972).

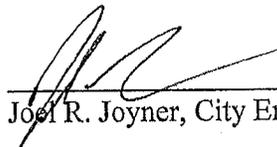
The improvements which are the subject of this report are briefly described as follows:

- Maintenance of turf areas, shrubs, trees and irrigation systems and walls; and street lighting.

This report consists of five exhibits, as follows:

| | |
|-----------|-----------------------------------------------------------------------------|
| EXHIBIT A | Recording History |
| EXHIBIT B | Recapitalization of Assessments |
| EXHIBIT C | Estimated Assessments |
| EXHIBIT D | Assessment Roll |
| EXHIBIT E | Diagram Showing All Parcels of Real Property Within the Assessment District |

Respectfully submitted,



Joel R. Joyner, City Engineer



**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 07-02
FISCAL YEAR 2016-2017**

**EXHIBIT A
RECORDING HISTORY**

**TRACT NO. 857
THE SEQUOIAS – PHASE I**

| | |
|---------------------------------------|--------------|
| FIRST RECORDING | July, 2007 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |
| SECOND RECORDING | July, 2008 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |
| THIRD RECORDING | July, 2009 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |
| FOURTH RECORDING | July, 2010 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |
| FIFTH RECORDING | July, 2011 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |
| SIXTH RECORDING | August, 2012 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |
| SEVENTH RECORDING | July, 2013 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |
| EIGHTH RECORDING | July, 2014 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |
| NINTH RECORDING | July, 2015 |
| Subdivision included: | |
| TRACT NO. 857, THE SEQUOIAS – PHASE I | |

TENTH RECORDING

July, 2016

Subdivision included:

TRACT NO. 857, THE SEQUOIAS – PHASE I

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 07-02
FISCAL YEAR 2016-2017**

**EXHIBIT B
RECAPITALIZATION OF ASSESSMENT**

**TRACT NO. 857
THE SEQUOIAS – PHASE I**

ACTUAL COST 2015-2016

| | | |
|----------------------------------------------------------------|-------------------------------------------------------------------|--------------------------|
| 1. | MAINTENANCE COSTS | |
| | A. Contractor | \$3,842.58 |
| | B. Water | \$2,108.88 |
| | C. Electricity | N/A |
| | D. Plantings | N/A |
| | E. Street Lighting | <u>N/A</u> |
| | | \$5,951.46 |
| 2. | INCIDENTAL COSTS | |
| | A. Public Works (Contracting and Supervision) | \$75.00 |
| | B. City Clerk/Finance (Budgeting, Accounting, Annual Resolutions) | 75.00 |
| | C. Engineering (Annual Report) | 170.10 |
| | D. City Administrator's Report | 75.00 |
| | E. County Processing Fee (76 x \$1.00) | <u>76.00</u> |
| | | \$471.10 |
| TOTAL COST: | | <u><u>\$6,422.56</u></u> |
| TOTAL ASSESSMENT RECEIVED 2015-2016 | | <u>\$(14,420.24)</u> |
| PRIOR YEAR (2014-2015) ADJUSTMENT (DEFICIT) | | \$3,669.26 |
| ADJUSTMENT TO 2016-2017 (SURPLUS TO BE CARRIED FORWARD) | | \$(11,666.94) |

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 07-02
FISCAL YEAR 2016-2017**

**EXHIBIT C
ESTIMATED ASSESSMENTS**

**TRACT NO. 857
THE SEQUOIAS – PHASE I**

| | | |
|------|-------------------------------------------------------------------|---------------------|
| 1. | MAINTENANCE COSTS | |
| | A. Contractor | \$4,500.00 |
| | B. Water | 2,500.00 |
| | C. Electricity | 160.00 |
| | D. Plantings | 1,000.00 |
| | E. Street Lighting | <u>250.00</u> |
| | | \$8,410.00 |
| | | |
| 2. | INCIDENTAL COSTS | |
| | A. Public Works (Contracting and Supervision) | \$75.00 |
| | B. City Clerk/Finance (Budgeting, Accounting, Annual Resolutions) | 75.00 |
| | C. Engineering (Annual Report) | 600.00 |
| | D. City Administrator's Report | 75.00 |
| | E. County Processing Fee (76 x \$1.00) | <u>76.00</u> |
| | | \$901.00 |
| | | |
| | TOTAL ESTIMATED COST | \$9,311.00 |
| | | |
| | PRIOR YEAR ADJUSTMENT – (SURPLUS) (See Exhibit B) | \$(11,666.94) |
| | | |
| | SUBDIVISION ASSESSMENT AMOUNT | <u>\$(2,355.94)</u> |

Each of the seventy-six (76) equivalent units will be assessed \$195.43.

NOTE: Assessment of \$195.43 is an increase of 3% from 2015-2016 assessment of \$189.74.
This will result in a projected surplus of \$12,496.96 [2,355.94 – (195.43 x 76)] for
2016-2017.

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPE AND LIGHTING
ASSESSMENT DISTRICT NO. 07-02
FISCAL YEAR 2016-2017**

**EXHIBIT D
ASSESSMENT ROLL**

**TRACT NO. 857
THE SEQUOIAS – PHASE I**

| AP NUMBER | S AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|-------------|----------|--------------------------------------------------------------------------------|-------------------|--------------|------------------------|
| 034-310-001 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857001 | TRACT 857 | The Sequoias – Phase I |
| 034-310-002 | \$195.43 | RODRIGUEZ, JANET 1413 Hume Lake Avenue Corcoran, CA 93212 | 857002 | TRACT 857 | The Sequoias – Phase I |
| 034-310-003 | \$195.43 | ROMERO, ERIC 1425 Hume Lake Avenue Corcoran, CA 93212 | 857003 | TRACT 857 | The Sequoias – Phase I |
| 034-310-004 | \$195.43 | LOPEZ, CONSTANCIO 1437 Hume Lake Avenue Corcoran, CA 93212 | 857004 | TRACT 857 | The Sequoias – Phase I |
| 034-310-005 | \$195.43 | CASTILLO, KATHERINE 1449 Hume Lake Avenue Corcoran, CA 93212 | 857005 | TRACT 857 | The Sequoias – Phase I |
| 034-310-006 | \$195.43 | FLORES, CHRISTOPHER 1461 Hume Lake Avenue Corcoran, CA 93212 | 857006 | TRACT 857 | The Sequoias – Phase I |
| 034-310-007 | \$195.43 | CRUZ, ANGEL 1503 Hume Lake Avenue Corcoran, CA 93212 | 857007 | TRACT 857 | The Sequoias – Phase I |
| 034-310-008 | \$195.43 | ESTRADA, ALEXANDRA 1515 Hume Lake Avenue Corcoran, CA 93212 | 857008 | TRACT 857 | The Sequoias – Phase I |
| 034-310-009 | \$195.43 | LOPEZ, ERIC C. 1527 Hume Lake Avenue Corcoran, CA 93212 | 857009 | TRACT 857 | The Sequoias – Phase I |
| 034-310-010 | \$195.43 | GARCIA, FERNANDO 1539 Hume Lake Avenue Corcoran, CA 93212 | 857010 | TRACT 857 | The Sequoias – Phase I |
| 034-310-011 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857011 | TRACT 857 | The Sequoias – Phase I |
| 034-310-012 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857012 | TRACT 857 | The Sequoias – Phase I |
| 034-310-013 | \$195.43 | MATA, FRANCISCO 1575 Hume Lake Avenue Corcoran, CA 93212 | 857013 | TRACT 857 | The Sequoias – Phase I |
| 034-310-014 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857014 | TRACT 857 | The Sequoias – Phase I |

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|-------------|-----------|--------------------------------------------------------------------------------|-------------------|--------------|------------------------|
| 034-310-015 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857015 | TRACT 857 | The Sequoias – Phase I |
| 034-310-016 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857016 | TRACT 857 | The Sequoias – Phase I |
| 034-310-017 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857017 | TRACT 857 | The Sequoias – Phase I |
| 034-310-018 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857018 | TRACT 857 | The Sequoias – Phase I |
| 034-310-019 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857019 | TRACT 857 | The Sequoias – Phase I |
| 034-310-020 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857020 | TRACT 857 | The Sequoias – Phase I |
| 034-310-021 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857021 | TRACT 857 | The Sequoias – Phase I |
| 034-310-022 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857022 | TRACT 857 | The Sequoias – Phase I |
| 034-310-023 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857023 | TRACT 857 | The Sequoias – Phase I |
| 034-310-024 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857024 | TRACT 857 | The Sequoias – Phase I |
| 034-310-025 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857025 | TRACT 857 | The Sequoias – Phase I |
| 034-310-026 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857026 | TRACT 857 | The Sequoias – Phase I |
| 034-310-027 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857027 | TRACT 857 | The Sequoias – Phase I |
| 034-310-028 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857028 | TRACT 857 | The Sequoias – Phase I |
| 034-310-029 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857029 | TRACT 857 | The Sequoias – Phase I |
| 034-310-030 | \$195.43 | ROJAS, OSCAR G 2101 Kern River Avenue Corcoran, CA 93212 | 857030 | TRACT 857 | The Sequoias – Phase I |
| 034-310-031 | \$195.43 | AMEZCUA, J REFUGIO 2113 Kern River Avenue Corcoran, CA 93212 | 857031 | TRACT 857 | The Sequoias – Phase I |
| 034-310-032 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857032 | TRACT 857 | The Sequoias – Phase I |
| 034-310-033 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857033 | TRACT 857 | The Sequoias – Phase I |

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|-------------|-----------|--------------------------------------------------------------------------------------|-------------------|--------------|------------------------|
| 034-310-034 | \$195.43 | GONZALEZ, AUGUSTIN A 2136 Kern River Avenue Corcoran, CA 93212 | 857034 | TRACT 857 | The Sequoias – Phase I |
| 034-310-035 | \$195.43 | CARRILLO, ANGEL 2124 Kern River Avenue Corcoran, CA 93212 | 857035 | TRACT 857 | The Sequoias – Phase I |
| 034-310-036 | \$195.43 | FUGATE, JACOB 2112 Kern River Avenue Corcoran, CA 93212 | 857036 | TRACT 857 | The Sequoias – Phase I |
| 034-310-037 | \$195.43 | VILLARREAL, MARCO A 2102 Kern River Avenue Corcoran, CA 93212 | 857037 | TRACT 857 | The Sequoias – Phase I |
| 034-310-038 | \$195.43 | MENDEZ, MANUEL VERA 2103 Tule River Avenue Corcoran, CA 93212 | 857038 | TRACT 857 | The Sequoias – Phase I |
| 034-310-039 | \$195.43 | VASQUEZ, MAIRA A 2115 Tule River Avenue Corcoran, CA 93212 | 857039 | TRACT 857 | The Sequoias – Phase I |
| 034-310-040 | \$195.43 | PEARCE, DORY R 2127 Tule River Avenue Corcoran, CA 93212 | 857040 | TRACT 857 | The Sequoias – Phase I |
| 034-310-041 | \$195.43 | JACKSON, ARTHUR 2139 Tule River Avenue Corcoran, CA 93212 | 857041 | TRACT 857 | The Sequoias – Phase I |
| 034-310-042 | \$195.43 | VILLAREAL, LUIS 50% 2136 Tule River Avenue Corcoran, CA 93212 | 857042 | TRACT 857 | The Sequoias – Phase I |
| 034-310-043 | \$195.43 | NEGRETE, MANUEL & MARIA 2124 Tule River Avenue Corcoran, CA 93212 | 857043 | TRACT 857 | The Sequoias – Phase I |
| 034-310-044 | \$195.43 | ROBERSON, PERRYLENE 2112 Tule River Avenue Corcoran, CA 93212 | 857044 | TRACT 857 | The Sequoias – Phase I |
| 034-310-045 | \$195.43 | SEMAS, PAIGE 50% 2100 Tule River Avenue Corcoran, CA 93212 | 857045 | TRACT 857 | The Sequoias – Phase I |
| 034-310-046 | \$195.43 | GARCIA, HERADIO & BLANCA 2101 Deer Creek Avenue Corcoran, CA 93212 | 857046 | TRACT 857 | The Sequoias – Phase I |
| 034-310-047 | \$195.43 | HERNANDEZ, MARIO & MARIA 2113 Deer Creek Avenue Corcoran, CA 93212 | 857047 | TRACT 857 | The Sequoias – Phase I |
| 034-310-048 | \$195.43 | BEACH, WAYNE W. 2125 Deer Creek Avenue Corcoran, CA 93212 | 857048 | TRACT 857 | The Sequoias – Phase I |
| 034-310-049 | \$195.43 | RODRIGUEZ, ALBERTO & JENNIFER 2137 Deer Creek Avenue Corcoran, CA 93212 | 857049 | TRACT 857 | The Sequoias – Phase I |
| 034-310-050 | \$195.43 | CISNEROS, JUVENAL & CECILIA L DE G 1400 Hume Lake Avenue Corcoran, CA 93212 | 857050 | TRACT 857 | The Sequoias – Phase I |
| 034-310-051 | \$195.43 | VALOV, TERRY J. 2790 Avenue 192 Tulare, CA 93274 | 857051 | TRACT 857 | The Sequoias – Phase I |
| 034-310-052 | \$195.43 | JUAREZ, LUIS L. 1424 Hume Lake Avenue Corcoran, CA 93212 | 857052 | TRACT 857 | The Sequoias – Phase I |

| AP NUMBER | S AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|-------------|----------|--------------------------------------------------------------------------------|-------------------|--------------|------------------------|
| 034-310-053 | \$195.43 | ALANIZ, CARLOS JR. & YESSENIAM 1436 Hume Lake Avenue Corcoran, CA 93212 | 857053 | TRACT 857 | The Sequoias – Phase I |
| 034-310-054 | \$195.43 | GAMBOA, JUAN P. & MARICEL 2112 Deer Creek Avenue Corcoran CA 93212 | 857054 | TRACT 857 | The Sequoias – Phase I |
| 034-310-055 | \$195.43 | VALENCIA, CESAR 2124 Deer Creek Avenue Corcoran CA 93212 | 857055 | TRACT 857 | The Sequoias – Phase I |
| 034-310-056 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857056 | TRACT 857 | The Sequoias – Phase I |
| 034-310-057 | \$195.43 | JIMENEZ, JOE 50% 1425 Sequoia Court Corcoran, CA 93212 | 857057 | TRACT 857 | The Sequoias – Phase I |
| 034-310-058 | \$195.43 | MUNOZ, JUAN L & KARA B 1413 Sequoia Court Corcoran, CA 93212 | 857058 | TRACT 857 | The Sequoias – Phase I |
| 034-310-059 | \$195.43 | ESTRADA, NOEL 1401 Sequoia Court Corcoran, CA 93212 | 857059 | TRACT 857 | The Sequoias – Phase I |
| 034-310-060 | \$195.43 | VILLAGOMEZ, DANNY & JANINA 1400 Sequoia Court Corcoran, CA 93212 | 857060 | TRACT 857 | The Sequoias – Phase I |
| 034-310-061 | \$195.43 | MARTINEZ, RENE 1412 Sequoia Court Corcoran, CA 93212 | 857061 | TRACT 857 | The Sequoias – Phase I |
| 034-310-062 | \$195.43 | REED, SHELBY 1424 Sequoia Court Corcoran, CA 93212 | 857062 | TRACT 857 | The Sequoias – Phase I |
| 034-310-063 | \$195.43 | BARRAGAN, LUIS A. & LISA M. 1463 Sequoia Court Corcoran, CA 93212 | 857063 | TRACT 857 | The Sequoias – Phase I |
| 034-310-064 | \$195.43 | MARCHAK, MARINA 1448 Sequoia Court Corcoran, CA 93212 | 857064 | TRACT 857 | The Sequoias – Phase I |
| 034-310-065 | \$195.43 | ABDULLAH, AMIN 1502 Sequoia Avenue Corcoran, CA 93212 | 857065 | TRACT 857 | The Sequoias – Phase I |
| 034-310-066 | \$195.43 | HORTA, EMETERIO 1514 Sequoia Avenue Corcoran, CA 93212 | 857066 | TRACT 857 | The Sequoias – Phase I |
| 034-310-067 | \$195.43 | BERBER, MARCOS E R 621 Josephine Avenue Corcoran, CA 93212 | 857067 | TRACT 857 | The Sequoias – Phase I |
| 034-310-068 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857068 | TRACT 857 | The Sequoias – Phase I |
| 034-310-069 | \$195.43 | WALKER, AUBREEANA 1550 Sequoia Avenue Corcoran, CA 93212 | 857069 | TRACT 857 | The Sequoias – Phase I |
| 034-310-070 | \$195.43 | MARTINEZ, ALEJANDRO & LIDIA 1327 Antoinette Way Woodland, CA 95776 | 857070 | TRACT 857 | The Sequoias – Phase I |
| 034-310-071 | \$195.43 | MARTINEZ, ALEJANDRO & LIDIA 1327 Antoinette Way Woodland, CA 95776 | 857071 | TRACT 857 | The Sequoias – Phase I |

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|----------------------|--------------------|------------------------------------------------------------------------------------------|-------------------|--------------|------------------------|
| 034-310-072 | \$195.43 | BECERRA, SALVADOR S & MARIA DEL C L DE S 1600 Sequoia Avenue Corcoran, CA 93212 | 857072 | TRACT 857 | The Sequoias – Phase I |
| 034-310-073 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857073 | TRACT 857 | The Sequoias – Phase I |
| 034-310-074 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857074 | TRACT 857 | The Sequoias – Phase I |
| 034-310-075 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857075 | TRACT 857 | The Sequoias – Phase I |
| 034-310-076 | \$195.43 | MERCED JJR CORCORAN LLC 222 N. Garden Street, Ste. 100 Visalia, CA 93291 | 857076 | TRACT 857 | The Sequoias – Phase I |
| TOTAL 76 LOTS | \$14,852.68 | | | | |

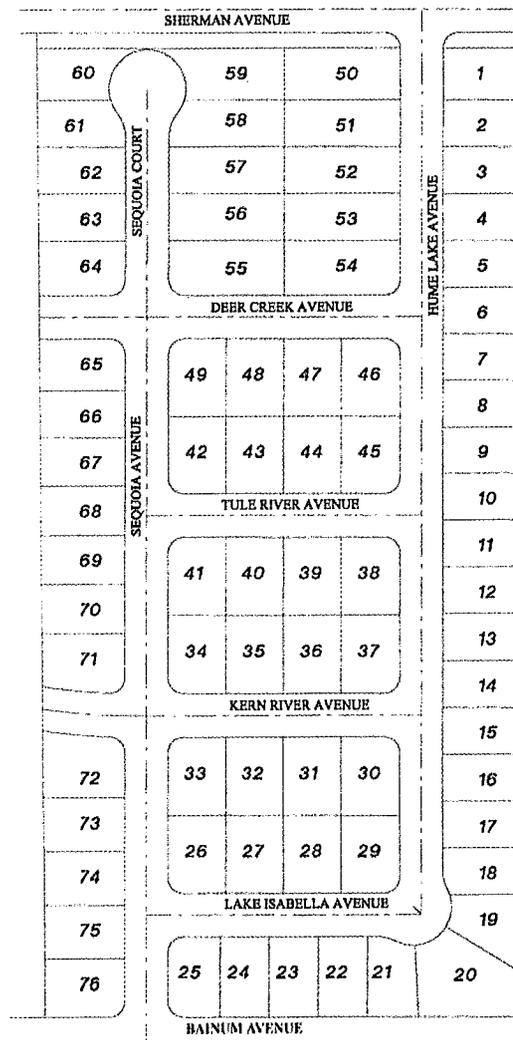
NOTE: Descriptions of the parcels being assessed in this landscaping and lighting assessment district are contained in the County of Kings Assessment Roll, which is incorporated in this Report by reference.

**ENGINEER'S REPORT OF CITY OF CORCORAN
 LANDSCAPING AND LIGHTING
 ASSESSMENT DISTRICT NO. 07-02
 FISCAL YEAR 2016-2017**

EXHIBIT E

**DIAGRAM SHOWING ALL PARCELS OF
 REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT**

**TRACT NO. 857
 THE SEQUOIAS – PHASE I**



NOTE: Descriptions of the parcels being assessed in this landscaping and lighting assessment district are contained in the County of Kings Assessment Roll, which is incorporated in this Report by reference.

RESOLUTION NO. 2854

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN
CERTIFYING TO COUNTY OF KINGS THE VALIDITY OF THE LEGAL PROCESS USED
TO PLACE CERTAIN SPECIAL ASSESSMENTS ON THE TAX ROLL

WHEREAS, the City of Corcoran desires to place certain special assessments on the Kings County secured tax roll for collection; and,

WHEREAS, the City has complied with all laws pertaining to the levy of the special assessments to be collected; and,

WHEREAS, the special assessments have been levied in accordance with a particular benefit to each parcel to be assessed without regard to its assessed valuation; and,

WHEREAS, Pheasant Ridge (previously known as Sequoias – Phase I), Assessment District special assessment is for the purpose of maintenance of turf areas, shrubs, trees and irrigation systems and walls; and street lighting.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Corcoran that the following special assessments shall be placed on the Kings County secured tax roll for collection.

1. Pheasant Ridge (previously known as Sequoias – Phase I), Assessment District.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

RESOLUTION NO. 2855

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN APPROVING
ENGINEER'S REPORT AND CONFIRMING ASSESSMENT ON ASSESSMENT DISTRICT
NO. 08-01, SUNRISE VILLAS

WHEREAS, the City of Corcoran formed an assessment district pursuant to the Landscaping and Lighting Act of 1972 (Section 22500 and following, Streets & Highways Code); and,

WHEREAS, the Engineer for the proceedings filed an Engineer's report with the City Clerk in accordance with Article 4 of Chapter 1 of the Landscaping & Lighting Act of 1972; and,

WHEREAS, the City Council did conduct a public hearing on July 12, 2016, to consider its intent to levy and collect assessments on said assessment district.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Corcoran:

1. The City Council of the City of Corcoran hereby confirms the diagram and assessment contained in the Engineer's Report and levies the assessment for the Fiscal Year 2016/17;
2. The City Council of the City of Corcoran hereby forwards the following attachments to Kings County Recorder's Office for recordation:

City Clerk's Certification to County Auditor
Engineer's Report

Exhibit A Recording History
Exhibit B Recapitalization of Assessments
Exhibit C Estimated Assessments
Exhibit D Assessment Roll
Exhibit E Diagram Showing All Parcels of Real Property Within the Assessment District

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016, by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 08-01**

FISCAL YEAR 2016-2017

**TRACT NO. 856
SUNRISE VILLAS**

Joel R. Joyner, City Engineer for the City of Corcoran, County of Kings, California, and Engineer of Work for Assessment District No. 08-01, makes this report, as directed by the City Council, pursuant to the Streets and Highways Code (Landscaping and Lighting Act of 1972).

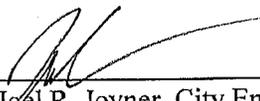
The improvements which are the subject of this report are briefly described as follows:

- Maintenance of turf areas, shrubs, trees and irrigation systems and walls; street lighting; and park/pond area.

This report consists of five exhibits, as follows:

| | |
|-----------|-----------------------------------------------------------------------------|
| EXHIBIT A | Recording History |
| EXHIBIT B | Recapitalization of Assessments |
| EXHIBIT C | Estimated Assessments |
| EXHIBIT D | Assessment Roll |
| EXHIBIT E | Diagram Showing All Parcels of Real Property Within the Assessment District |

Respectfully submitted,



Joel R. Joyner, City Engineer



**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 08-01
FISCAL YEAR 2016-2017**

**EXHIBIT A
RECORDING HISTORY**

**TRACT NO. 856
SUNRISE VILLAS**

| | |
|--------------------------------------------------------|--------------|
| FIRST RECORDING | July, 2008 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |
| SECOND RECORDING | July, 2009 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |
| THIRD RECORDING | July, 2010 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |
| FOURTH RECORDING | July, 2011 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |
| FIFTH RECORDING | August, 2012 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |
| SIXTH RECORDING | July, 2013 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |
| SEVENTH RECORDING | July, 2014 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |
| EIGHTH RECORDING | July, 2015 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |
| NINTH RECORDING | July, 2016 |
| Subdivision included: TRACT NO. 856, SUNRISE VILLAS | |

**ENGINEER'S REPORT OF CITY OF CORCORAN
 LANDSCAPING AND LIGHTING
 ASSESSMENT DISTRICT NO. 08-01
 FISCAL YEAR 2016-2017**

**EXHIBIT B
 RECAPITALIZATION OF ASSESSMENT**

**TRACT NO. 856
 SUNRISE VILLAS**

ACTUAL COST 2015-2016

| | | |
|---------------------------------------------------------|-------------------------------------------------------------------|---------------------|
| 1. | MAINTENANCE COSTS | |
| | A. Contractor | 640.00 |
| | B. Water | 2,344.92 |
| | C. Electricity | 227.06 |
| | D. Plantings | N/A |
| | E. Street Lighting | <u>837.69</u> |
| | | \$4,049.67 |
| 2. | INCIDENTAL COSTS | |
| | A. Public Works (Contracting and Supervision) | \$75.00 |
| | B. City Clerk/Finance (Budgeting, Accounting, Annual Resolutions) | 75.00 |
| | C. Engineering (Annual Report) | 170.10 |
| | D. City Administrator's Report | 75.00 |
| | E. County Processing Fee (44 x \$1.00) | <u>44.00</u> |
| | | \$439.10 |
| TOTAL COST: | | <u>\$4,488.77</u> |
| TOTAL ASSESSMENT RECEIVED 2015-2016 | | <u>\$(6,188.00)</u> |
| PRIOR YEAR (2014-2015) ADJUSTMENT (SURPLUS) | | \$(17,571.26) |
| ADJUSTMENT TO 2016-2017 (SURPLUS TO BE CARRIED FORWARD) | | \$(19,290.49) |

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 08-01
FISCAL YEAR 2016-2017**

**EXHIBIT C
ESTIMATED ASSESSMENTS**

**TRACT NO. 856
SUNRISE VILLAS**

| | | |
|------|-------------------------------------------------------------------|----------------------|
| 1. | MAINTENANCE COSTS | |
| | A. Contractor | \$1,800.00 |
| | B. Water | 2,500.00 |
| | C. Electricity | 225.00 |
| | D. Plantings | 500.00 |
| | E. Street Lighting | <u>875.00</u> |
| | | \$5,900.00 |
| | | |
| 2. | INCIDENTAL COSTS | |
| | A. Public Works (Contracting and Supervision) | \$75.00 |
| | B. City Clerk/Finance (Budgeting, Accounting, Annual Resolutions) | 75.00 |
| | C. Engineering (Annual Report) | 600.00 |
| | D. City Administrator's Report | 75.00 |
| | E. County Processing Fee (44 x \$1.00) | <u>44.00</u> |
| | | \$869.00 |
| | | |
| | TOTAL ESTIMATED COST | \$6,769.00 |
| | | |
| | PRIOR YEAR ADJUSTMENT (SURPLUS) (See Exhibit B) | \$(19,270.49) |
| | | |
| | SUBDIVISION ASSESSMENT AMOUNT | <u>\$(12,501.49)</u> |

Each of the forty-four (44) equivalent units will be assessed \$182.10*.

NOTE: Assessment of \$182.10 is an increase of 3% from 2015-2016 assessment of \$176.80. This will result in a projected surplus of \$18,875.13 [(12,501.49) – (182.10 x (44-9))] for 2016-2017.

* Except City-owned lots (9) will be assessed \$0.00.

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPE AND LIGHTING
ASSESSMENT DISTRICT NO. 08-01
FISCAL YEAR 2016-2017**

**EXHIBIT D
ASSESSMENT ROLL**

**TRACT NO. 856
SUNRISE VILLAS**

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|-------------|-----------|-----------------------------------------------------------------------|-------------------|------------|-----------------|
| 030-340-004 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85604 | TRACT 856 | Sunrise Villas |
| 030-340-005 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85605 | TRACT 856 | Sunrise Villas |
| 030-340-006 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85606 | TRACT 856 | Sunrise Villas |
| 030-340-007 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85607 | TRACT 856 | Sunrise Villas |
| 030-340-008 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85608 | TRACT 856 | Sunrise Villas |
| 030-340-009 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85609 | TRACT 856 | Sunrise Villas |
| 030-340-010 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85610 | TRACT 856 | Sunrise Villas |
| 030-340-011 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85611 | TRACT 856 | Sunrise Villas |
| 030-340-012 | \$0.00 | CITY OF CORCORAN 832 Whitley Avenue Corcoran, CA 93212 | 85612 | TRACT 856 | Sunrise Villas |
| 030-340-013 | \$182.10 | CABRALAS, LUIS M. 1830 Dairy Avenue #992 Corcoran, CA 93212 | 85613 | TRACT 856 | Sunrise Villas |
| 030-340-014 | \$182.10 | GAONA, NOE A. 5770 Plymouth Avenue Corcoran, CA 93212 | 85614 | TRACT 856 | Sunrise Villas |
| 030-340-015 | \$182.10 | CORIA, RAFAEL C. & ROSA A. 1030 Letts Avenue Corcoran, CA 93212 | 85615 | TRACT 856 | Sunrise Villas |
| 030-340-016 | \$182.10 | DE LA ROSA, ANTHONY J. 920 Norboe Avenue Corcoran, CA 93212 | 85616 | TRACT 856 | Sunrise Villas |
| 030-340-017 | \$182.10 | REYES, OMAR M. 1140 Birch Avenue Corcoran, CA 93212 | 85617 | TRACT 856 | Sunrise Villas |

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|-------------|-----------|-------------------------------------------------------------------------------------|-------------------|------------|-----------------|
| 030-340-018 | \$182.10 | CARINIO, NOAH L 950 Pueblo Avenue Corcoran, CA 93212 | 85618 | TRACT 856 | Sunrise Villas |
| 030-340-019 | \$182.10 | AGUILAR, JUAN L. & MARIA L. 919 Hall Avenue Corcoran, CA 93212 | 85619 | TRACT 856 | Sunrise Villas |
| 030-340-020 | \$182.10 | HERRERA, GRISELDA 745 Hale Avenue Corcoran, CA 93212 | 85620 | TRACT 856 | Sunrise Villas |
| 030-340-021 | \$182.10 | SHUMAN, PAUL W. & MARIA B. 2517 Garvey Avenue Corcoran, CA 93212 | 85621 | TRACT 856 | Sunrise Villas |
| 030-340-022 | \$182.10 | MARTINEZ, JAKUB D & SAMANTHA C 6434 Niles Avenue Corcoran, CA 93212 | 85622 | TRACT 856 | Sunrise Villas |
| 030-340-023 | \$182.10 | VARGAS, HORTENSIA S 1215 Branum Avenue Corcoran, CA 93212 | 85623 | TRACT 856 | Sunrise Villas |
| 030-340-024 | \$182.10 | ESTRADA, BRANDON M 2600 Olympic Avenue #14 Corcoran, CA 93212 | 85624 | TRACT 856 | Sunrise Villas |
| 030-340-025 | \$182.10 | GARZA, FILIBERTO G 536 T. Street Tulare, CA 93274 | 85625 | TRACT 856 | Sunrise Villas |
| 030-340-026 | \$182.10 | RIOS, JOSE A M & FELIPA A O 909 Keegan Avenue Corcoran, CA 93212 | 85626 | TRACT 856 | Sunrise Villas |
| 030-340-027 | \$182.10 | BACHO, JESSICA J 1913 Gable Avenue Corcoran, CA 93212 | 85627 | TRACT 856 | Sunrise Villas |
| 030-340-028 | \$182.10 | GONZALES, MASON L 1320 Bell Avenue Corcoran, CA 93212 | 85628 | TRACT 856 | Sunrise Villas |
| 030-340-029 | \$182.10 | GUTIERREZ, ROBERTO M & GUADALUPE F L 745 Gardner Avenue Corcoran, CA 93212 | 85629 | TRACT 856 | Sunrise Villas |
| 030-340-030 | \$182.10 | RAMIREZ, AMANDA N 1254 N. Burke Avenue Visalia, CA 93292 | 85630 | TRACT 856 | Sunrise Villas |
| 030-340-031 | \$182.10 | MARIN, JOAQUIN A. 1530 Aurand Court Corcoran, CA 93212 | 85631 | TRACT 856 | Sunrise Villas |
| 030-340-032 | \$182.10 | MARIBOJOC, VICTOR & SOCORRO 360 Wawona Street Corcoran, CA 93212 | 85632 | TRACT 856 | Sunrise Villas |
| 030-340-033 | \$182.10 | RIOS, VICENT & MA GUADALUPE 1522 Aurand Court Corcoran, CA 93212 | 85633 | TRACT 856 | Sunrise Villas |
| 030-340-034 | \$182.10 | AVILES, MIGUEL A. 1518 Aurand Court Corcoran, CA 93212 | 85634 | TRACT 856 | Sunrise Villas |
| 030-340-035 | \$182.10 | VALDEZ, FRANCISCO G. & AIME G. 1514 Aurand Court Corcoran, CA 93212 | 85635 | TRACT 856 | Sunrise Villas |
| 030-340-036 | \$182.10 | GONZALEZ, ALFREDO L. & MARIE E. 1512 Aurand Court Corcoran, CA 93212 | 85636 | TRACT 856 | Sunrise Villas |

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|---------------------------|-------------------|-------------------------------------------------------------------------------------|-------------------|------------|-----------------|
| 030-340-037 | \$182.10 | HUESCA, JORGE 1510 Aurand Court Corcoran, CA 93212 | 85637 | TRACT 856 | Sunrise Villas |
| 030-340-038 | \$182.10 | MADRID, EUGENE 1508 Aurand Court Corcoran, CA 93212 | 85638 | TRACT 856 | Sunrise Villas |
| 030-340-039 | \$182.10 | AUSTIN, MONA 1500 Aurand Court Corcoran, CA 93212 | 85639 | TRACT 856 | Sunrise Villas |
| 030-340-040 | \$182.10 | RIVERA, RENE C. & LORENA P. CALDERON 1501 Aurand Court Corcoran, CA 93212 | 85640 | TRACT 856 | Sunrise Villas |
| 030-340-041 | \$182.10 | SANCHEZ, CARLOS D. & MARIA DE LA 1507 Aurand Court Corcoran, CA 93212 | 85641 | TRACT 856 | Sunrise Villas |
| 030-340-042 | \$182.10 | DOMINGUEZ, JOVAN 1511 Aurand Court Corcoran, CA 93212 | 85642 | TRACT 856 | Sunrise Villas |
| 030-340-043 | \$182.10 | PROCTOR, JASON & ANNA REV TRUST 510 Wigdal Avenue Corcoran, CA 93212 | 85643 | TRACT 856 | Sunrise Villas |
| 030-340-044 | \$182.10 | ADAM, SAM A. 1519 Aurand Court Corcoran, CA 93212 | 85644 | TRACT 856 | Sunrise Villas |
| 030-340-045 | \$182.10 | HASSON, SADEQ M. 1523 Aurand Court Corcoran, CA 93212 | 85645 | TRACT 856 | Sunrise Villas |
| 030-340-046 | \$182.10 | GONZALEZ, ARMANDO L. & MARGARITA LULE 1527 Aurand Court Corcoran, CA 93212 | 85646 | TRACT 856 | Sunrise Villas |
| 030-340-047 | \$182.10 | FRAGA, ROSA 1531 Aurand Court Corcoran, CA 93212 | 85647 | TRACT 856 | Sunrise Villas |
| TOTAL 35 LOTS* | \$6,373.50 | | | | |

NOTE: Descriptions of the parcels being assessed in this landscaping and lighting assessment district are contained in the County of Kings Assessment Roll, which is incorporated in this Report by reference.

* 35 lots assessed; 9 lots City-owned (not assessed)

**ENGINEER'S REPORT OF CITY OF CORCORAN
 LANDSCAPING AND LIGHTING
 ASSESSMENT DISTRICT NO. 08-01
 FISCAL YEAR 2016-2017**

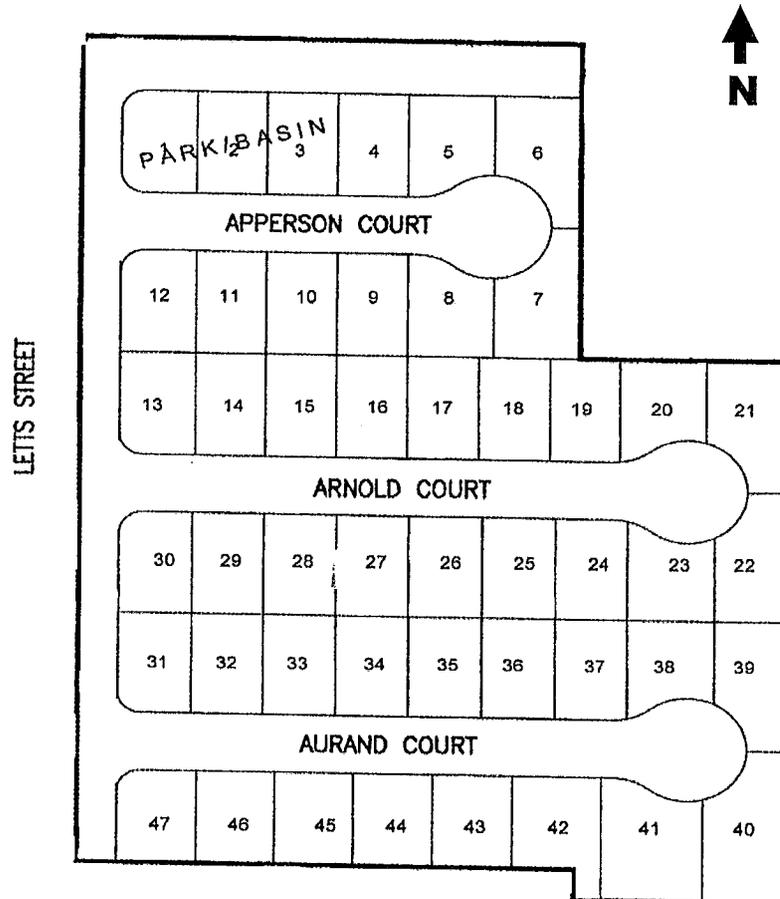
EXHIBIT E

**DIAGRAM SHOWING ALL PARCELS OF
 REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT**

**TRACT NO. 856
 SUNRISE VILLAS**

TRACT 856

ORANGE AVENUE



NOTE: Descriptions of the parcels being assessed in this landscaping and lighting assessment district are contained in the County of Kings Assessment Roll, which is incorporated in this Report by reference.

RESOLUTION NO. 2856

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN
CERTIFYING TO COUNTY OF KINGS THE VALIDITY OF THE LEGAL PROCESS USED
TO PLACE CERTAIN SPECIAL ASSESSMENTS ON THE TAX ROLL

WHEREAS, the City of Corcoran desires to place certain special assessments on the Kings County secured tax roll for collection; and,

WHEREAS, the City has complied with all laws pertaining to the levy of the special assessments to be collected; and,

WHEREAS, the special assessments have been levied in accordance with a particular benefit to each parcel to be assessed without regard to its assessed valuation; and,

WHEREAS, the Sunrise Villas, Assessment District special assessment is for the purpose of maintenance of turf areas, shrubs, trees and irrigation systems and walls; street lighting; and park/pond area.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Corcoran that the following special assessments shall be placed on the Kings County secured tax roll for collection.

1. Sunrise Villas, Assessment District.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

RESOLUTION NO. 2857

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN APPROVING
ENGINEER'S REPORT AND CONFIRMING ASSESSMENT ON ASSESSMENT DISTRICT
NO. 08-02, PATTERSON TRACT

WHEREAS, the City of Corcoran formed an assessment district pursuant to the Landscaping and Lighting Act of 1972 (Section 22500 and following, Streets & Highways Code); and,

WHEREAS, the Engineer for the proceedings filed an Engineer's report with the City Clerk in accordance with Article 4 of Chapter 1 of the Landscaping & Lighting Act of 1972; and,

WHEREAS, the City Council did conduct a public hearing on July 12, 2016, to consider its intent to levy and collect assessments on said assessment district.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Corcoran:

1. The City Council of the City of Corcoran hereby confirms the diagram and assessment contained in the Engineer's Report and levies the assessment for the Fiscal Year 2016/17;
2. The City Council of the City of Corcoran hereby forwards the following attachments to Kings County Recorder's Office for recordation:

City Clerk's Certification to County Auditor
Engineer's Report

Exhibit A Recording History
Exhibit B Recapitalization of Assessments
Exhibit C Estimated Assessments
Exhibit D Assessment Roll
Exhibit E Diagram Showing All Parcels of Real Property Within the Assessment District

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 08-02**

FISCAL YEAR 2016-2017

**TRACT NO. 785
PATTERSON TRACT**

Joel R. Joyner, City Engineer for the City of Corcoran, County of Kings, California, and Engineer of Work for Assessment District No. 08-02, makes this report, as directed by the City Council, pursuant to the Streets and Highways Code (Landscaping and Lighting Act of 1972).

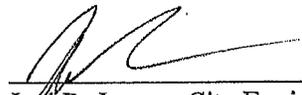
The improvements which are the subject of this report are briefly described as follows:

- Maintenance of walls; and street lighting.

This report consists of five exhibits, as follows:

| | |
|-----------|-----------------------------------------------------------------------------|
| EXHIBIT A | Recording History |
| EXHIBIT B | Recapitalization of Assessments |
| EXHIBIT C | Estimated Assessments |
| EXHIBIT D | Assessment Roll |
| EXHIBIT E | Diagram Showing All Parcels of Real Property Within the Assessment District |

Respectfully submitted,



Joel R. Joyner, City Engineer



**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 08-02
FISCAL YEAR 2016-2017**

**EXHIBIT A
RECORDING HISTORY**

**TRACT NO. 785
PATTERSON TRACT**

| | |
|--------------------------------|--------------|
| FIRST RECORDING | July, 2008 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |
| SECOND RECORDING | July, 2009 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |
| THIRD RECORDING | July, 2010 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |
| FOURTH RECORDING | July, 2011 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |
| FIFTH RECORDING | August, 2012 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |
| SIXTH RECORDING | July, 2013 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |
| SEVENTH RECORDING | July, 2014 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |
| EIGHTH RECORDING | July, 2015 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |
| NINTH RECORDING | July, 2016 |
| Subdivision included: | |
| TRACT NO. 785, PATTERSON TRACT | |

**ENGINEER'S REPORT OF CITY OF EXETER
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 08-02
FISCAL YEAR 2016-2017**

**EXHIBIT B
RECAPITALIZATION OF ASSESSMENT**

**TRACT NO. 785
PATTERSON TRACT**

ACTUAL COST 2015-2016

| | | |
|---------------------------------------------------------|-------------------------------------------------------------------|-----------------|
| 1. | MAINTENANCE COSTS | |
| | A. Contractor | N/A |
| | B. Water | N/A |
| | C. Electricity | -0- |
| | D. Walls | N/A |
| | E. Street Lighting | <u>\$94.14</u> |
| | | \$94.14 |
| 2. | INCIDENTAL COSTS | |
| | A. Public Works (Contracting and Supervision) | \$75.00 |
| | B. City Clerk/Finance (Budgeting, Accounting, Annual Resolutions) | 75.00 |
| | C. Engineering (Annual Report) | 170.10 |
| | D. City Administrator's Report | 75.00 |
| | E. County Processing Fee (18 x \$1.00) | <u>18.00</u> |
| | | \$413.10 |
| TOTAL COST: | | <u>\$507.24</u> |
| TOTAL ASSESSMENT RECEIVED 2015-2016 | | <u>(-0-)</u> |
| PRIOR YEAR (2014-2015) ADJUSTMENT (DEFICIT) | | \$4,964.07 |
| ADJUSTMENT TO 2016-2017 (DEFICIT TO BE CARRIED FORWARD) | | \$5,471.31 |

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 08-02
FISCAL YEAR 2016-2017**

**EXHIBIT C
ESTIMATED ASSESSMENTS**

**TRACT NO. 785
PATTERSON TRACT**

| | | | |
|------|-------------------------------------------------------------------|--|-------------------|
| 1. | MAINTENANCE COSTS | | |
| | A. Contractor | | N/A |
| | B. Water | | N/A |
| | C. Electricity | | N/A |
| | D. Walls | | -0- |
| | E. Street Lighting | | -0- |
| | | | <u>180.00</u> |
| | | | \$180.00 |
| | | | |
| 2. | INCIDENTAL COSTS | | |
| | A. Public Works (Contracting and Supervision) | | \$75.00 |
| | B. City Clerk/Finance (Budgeting, Accounting, Annual Resolutions) | | 75.00 |
| | C. Engineering (Annual Report) | | 600.00 |
| | D. City Administrator's Report | | 75.00 |
| | E. County Processing Fee (18 x \$1.00) | | 18.00 |
| | | | <u>843.00</u> |
| | | | \$843.00 |
| | | | |
| | TOTAL ESTIMATED COST | | \$1,023.00 |
| | | | |
| | PRIOR YEAR ADJUSTMENT – (DEFICIT) (See Exhibit B) | | \$5,471.31 |
| | | | |
| | SUBDIVISION ASSESSMENT AMOUNT | | <u>\$6,494.31</u> |

Each of the eighteen (18) equivalent units will be assessed \$190.39.

NOTE: Assessment of \$190.39 is an increase of 3% from 2015-2016 assessment of \$184.84. This will result in a projected deficit of \$3,067.38 [6,797.31 – (190.39 x 18)] for 2016-2017.

**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPE AND LIGHTING
ASSESSMENT DISTRICT NO. 08-02
FISCAL YEAR 2016-2017**

**EXHIBIT D
ASSESSMENT ROLL**

**TRACT NO. 785
PATTERSON TRACT**

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|-------------|-----------|------------------------------------------------------------------|-------------------|------------|-----------------|
| 030-350-001 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78501 | TRACT 785 | Patterson Tract |
| 030-350-002 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78502 | TRACT 785 | Patterson Tract |
| 030-350-003 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78503 | TRACT 785 | Patterson Tract |
| 030-350-004 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78504 | TRACT 785 | Patterson Tract |
| 030-350-005 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78505 | TRACT 785 | Patterson Tract |
| 030-350-006 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78506 | TRACT 785 | Patterson Tract |
| 030-350-007 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78507 | TRACT 785 | Patterson Tract |
| 030-350-008 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78508 | TRACT 785 | Patterson Tract |
| 030-350-009 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78509 | TRACT 785 | Patterson Tract |
| 030-350-010 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78510 | TRACT 785 | Patterson Tract |
| 030-350-011 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78511 | TRACT 785 | Patterson Tract |
| 030-350-012 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78512 | TRACT 785 | Patterson Tract |
| 030-350-013 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78513 | TRACT 785 | Patterson Tract |
| 030-350-014 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78514 | TRACT 785 | Patterson Tract |

| AP NUMBER | \$ AMOUNT | NAME | ASSESSMENT NUMBER | SUB NUMBER | SUB DESCRIPTION |
|----------------------|-------------------|------------------------------------------------------------------|-------------------|------------|-----------------|
| 030-350-015 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78515 | TRACT 785 | Patterson Tract |
| 030-350-016 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78516 | TRACT 785 | Patterson Tract |
| 030-350-017 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78517 | TRACT 785 | Patterson Tract |
| 030-350-018 | \$190.39 | MELENDEZ, RAYMOND C. 5846 E. Midwick Lane Fresno, CA 93727 | 78518 | TRACT 785 | Patterson Tract |
| TOTAL 18 LOTS | \$3,427.02 | | | | |

NOTE: Descriptions of the parcels being assessed in this landscaping and lighting assessment district are contained in the County of Kings Assessment Roll, which is incorporated in this Report by reference.

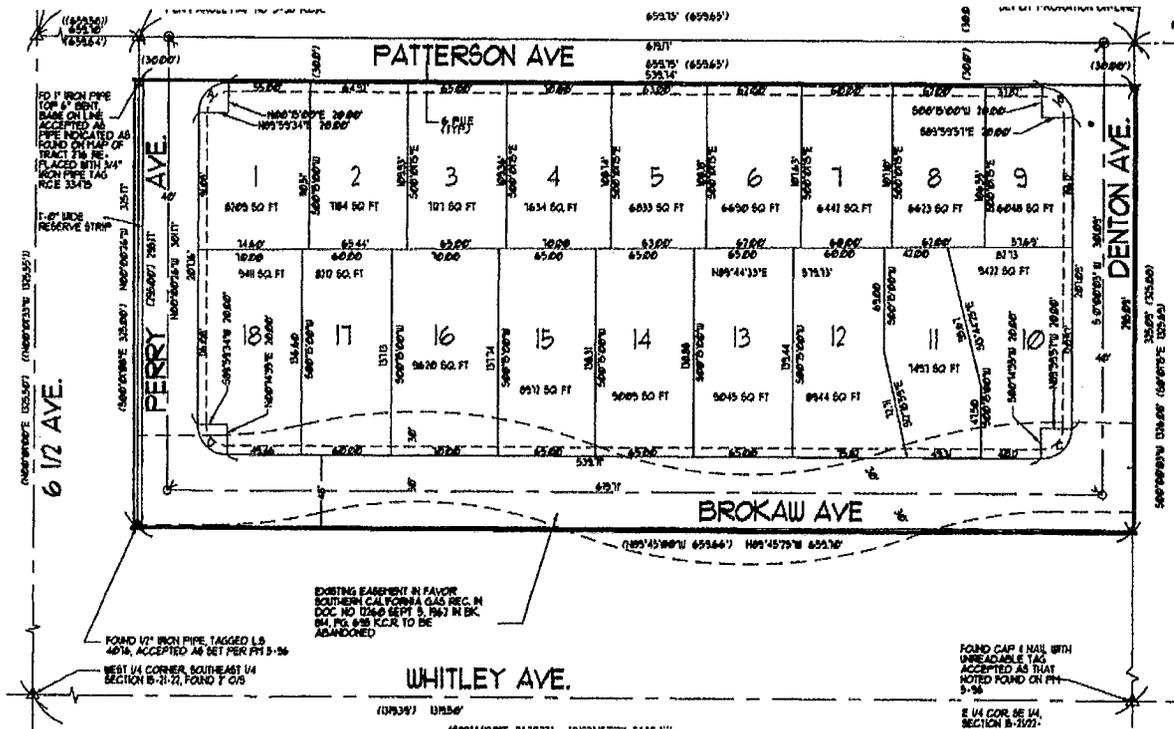
**ENGINEER'S REPORT OF CITY OF CORCORAN
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT NO. 08-02
FISCAL YEAR 2016-2017**

EXHIBIT E

**DIAGRAM SHOWING ALL PARCELS OF
REAL PROPERTY WITHIN THE ASSESSMENT DISTRICT**

**TRACT NO. 785
PATTERSON TRACT**

TRACT 785



NOTE: Descriptions of the parcels being assessed in this landscaping and lighting assessment district are contained in the County of Kings Assessment Roll, which is incorporated in this Report by reference.

RESOLUTION NO. 2858

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN
CERTIFYING TO COUNTY OF KINGS THE VALIDITY OF THE LEGAL PROCESS USED
TO PLACE CERTAIN SPECIAL ASSESSMENTS ON THE TAX ROLL

WHEREAS, the City of Corcoran desires to place certain special assessments on the Kings County secured tax roll for collection; and,

WHEREAS, the City has complied with all laws pertaining to the levy of the special assessments to be collected; and,

WHEREAS, the special assessments have been levied in accordance with a particular benefit to each parcel to be assessed without regard to its assessed valuation; and,

WHEREAS, the Patterson Avenue Tract, Assessment District special assessment is for the purpose of maintenance of walls; and street lighting.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Corcoran that the following special assessments shall be placed on the Kings County secured tax roll for collection.

1. Patterson Avenue Tract, Assessment District.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmember:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

CORCORAN

**STAFF REPORT
ITEM # 5-B**

MEMORANDUM

TO: City Council

FROM: Kevin Tromborg, Community Development Director

DATE: July 6, 2016

MEETING DATE: July 12, 2016

SUBJECT: Public hearing to discuss submittal of a 2016 Community Development Block Grant Application and approval of Resolution No. 2862.

RECOMMENDED ACTION:

1. Open the public hearing to accept comments on the City’s proposed submittal of an application in response to the 2016 State Community Development Block Grant (CDBG) Notice of Funding Availability (NOFA), and to solicit citizen input.

2. Adopt Resolution No. 2862 and thereby:

a. Review and approve an application for up to \$2,000,000 under the NOFA for the following eligible activities:

Public Improvements: Water Well \$1,500,000

Housing Combo: Housing Rehabilitation and Homeownership Assistance \$500,000

General Administration (up to 7.5% of activity funds awarded) _____

TOTAL: \$2,000,000

b. Determine that federal Citizen Participation requirements were met during the development of the application.

c. Approve the following Supplemental activities, to be funded during the expenditure period of the grant:

Public Improvements – (Curb/Gutter/Sidewalks)

d. Authorize and direct the City Manager and/or Community Development Director, or designees, to enter into and sign the grant agreement and any subsequent amendments with the State of California for the purposes of the grant.

- e. If the application is approved, authorize the City Manager and/or Community Development Director, or designees, to transfer or modify budget amounts and activities as necessary to fully expend CDBG Program funds and to execute loan documents, Funds Requests, and other required reporting forms.

BACKGROUND:

CDBG Program regulations require that the City conduct a public hearing on all CDBG-related matters to provide for and encourage citizen participation, particularly by low and moderate income persons who reside in areas in which CDBG funds are used. Therefore, when the public hearing is opened, the public will be invited to comment on the City's proposed submittal of a 2016 CDBG Grant application and to make their comments known on the proposed activities.

A public notice was published in the June 30, 2016, issue of the Corcoran Journal notifying the public of this public hearing.

On May 17, 2016, HCD released a NOFA announcing the availability of CDBG Program funds of approximately \$27 million from the 2016-2017 funding allocation. Applications are due on July 27, 2016.

Eligible activities predominantly benefit low- and moderate-income Californians and include: Homeownership Assistance and Housing Rehabilitation programs; Public Facility and Public Improvements projects (including Public Improvements in Support of New Housing Construction); Public Service programs, Planning Studies, Economic Development Business Assistance and Microenterprise activities. The City may apply for a maximum of \$2,000,000 for a maximum of three activities.

DISCUSSION:

The City proposes to apply for CDBG funds for Public Improvements for the construction of a water well and to continue its Housing Rehabilitation and Homeownership Assistance Programs. A resolution is attached for your consideration which approves submittal of a 2016 CDBG Program application for up to \$2,000,000 as follows:

| | |
|--------------------------------------------------------------------|-------------|
| Public Improvements: Water Well | \$1,500,000 |
| Housing Combo: Housing Rehabilitation and Homeownership Assistance | \$500,000 |
| General Administration (up to 7.5% of activity funds awarded) | _____ |
| TOTAL: | \$2,000,000 |

As part of the public hearing, citizens are encouraged to ask questions and/or comment on the proposed activities/application or on any aspect of the CDBG Program. Citizens are also invited to submit written comments to the City or to review information on the City's CDBG Program at

832 Whitley Avenue, Corcoran, CA 93212. Write or contact Kindon Meik, City Manager, at the same address.

BUDGET IMPACT:

The cost for preparation of the CDBG application by Self-Help Enterprises is \$6,500. Public improvements and housing program activities will be paid for with grant monies and CDBG Program Income if the City is awarded funds.

ATTACHMENT:

Resolution No. 2862

RESOLUTION NO. 2862

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN
APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A
GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2016
FUNDING YEAR OF THE STATE CDBG PROGRAM**

BE IT RESOLVED by the City Council of the City of Corcoran as follows:

SECTION 1:

The City Council has reviewed and hereby approves an application for up to \$2,000,000 for the following activities:

| | |
|--------------------------------------------------------------------|--------------------|
| Public Improvements: Water Well | \$1,500,000 |
| Housing Combo: Housing Rehabilitation and Homeownership Assistance | \$500,000 |
| General Administration (up to 7.5% of activity funds awarded) | _____ |
| TOTAL: | \$2,000,000 |

SECTION 2:

The City has determined that state and federal citizen participation requirements were met during the development of this application.

SECTION 3:

The City hereby approves the following Supplemental activities, to be funded during the expenditure period of the grant:

Public Improvements – (Curb/Gutter/Sidewalks)

SECTION 4:

The City hereby authorizes and directs the City Manager and/or Community Development Director, or designees, to sign this application and act on the City's behalf in all matters pertaining to this application.

SECTION 5:

If the application is approved, the City Manager and/or Community Development Director, or designees, is authorized to enter into and sign the grant agreement and any subsequent amendments with the State of California for the purposes of this grant.

SECTION 6:

If the application is approved, the City Manager and/or Community Development Director, or designees, is authorized to transfer or modify budget amounts and activities necessary to fully

expend CDBG Program funds and to execute loan documents, Funds Requests, and other required reporting forms.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016 by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Jerry Robertson, Mayor

ATTEST:

Marlene Lopez, City Clerk

STATE OF CALIFORNIA

City of _____

I, _____, City Clerk of the City of _____, State of California, hereby certify the above and foregoing to be a full, true and correct copy of a resolution adopted by said City Council on this ___ day of _____, 20____.

Name, City Clerk of the City of _____, State of California

By: _____
Marlene Lopez, City Clerk

City of

CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

**STAFF REPORT
ITEM #: 7-A**

MEMORANDUM

TO: City Council

FROM: Kindon Meik, City Manager

DATE: July 5, 2016

MEETING DATE: July 12, 2016

SUBJECT: Consider Resolution No. 2861 authorizing the issuance of not to exceed \$24.0 million principal amount of Water Revenue Refunding Bonds, Series 2016A; authorizing and directing execution of an Indenture of Trust, Continuing Disclosure Agreement, Escrow Instructions, and a Bond Purchase Contract; authorizing the sale of bonds; approving an official statement; and providing other matters properly relating thereto.

Recommendation:

Approve the Resolution No. 2861 and related documents authorizing the issuance of the 2016A Bonds.

Background:

The City currently has two bond issues outstanding secured by and payable from net revenues of the City's water system; the 2012A Water Revenue Refunding Bonds and the 2008 Water COPS.

\$4.835 Million 2012A Water Revenue Refunding Bonds: The 2012A Bonds were issued to refund the City's 2003 COPS. The 2012A Bonds are currently outstanding in the amount of \$4,185,000 and carry fixed interest rates between 3.00-4.00%. The 2012A Bonds mature in 2035 and annual debt service is approximately \$308,000.

\$19.9 Million 2008 Water COPS: The 2008 Water COPS were issued to pay down and refund the 2005 COPS that had been issued to finance the construction of the Arsenic Treatment Plant and related enhancements to the water system. They are currently outstanding in the amount of \$15.91 million. The 2008 COPS utilized a "synthetic-fixed-rate" structure in which the City pays a swap rate of 3.72% and utilizes a variable rate securities structure backed by a letter of credit ("LOC") from Union Bank. To date, the synthetic fixed rate structure has saved the City over \$1.0 million compared to a standard fixed rate transaction that could have been issued at that time. However, due to changes in the financial markets, Union Bank will not renew the LOC past its expiration on September 30, 2016. Given the impending expiration, the City and its

financial advisor have been evaluating the various financing alternatives available to the City over the past six months.

Discussion:

The City and its financial advisor have developed a financing plan to refinance and restructure the 2008 COPs. The City intends to take advantage of historically low interest rates and refinance (“refund”) the 2008 COPs utilizing a 30-year term that “wraps around” the existing 2012A Bond payments – thereby providing no negative impact upon water service ratepayers and the finances of the Water Fund. Given the impending expiration of the Union Bank LOC, the City and its team have evaluated all financing alternatives available for the 2008 COPs and decided that changing the transaction to fixed rate makes the most sense at this time.

Based upon this plan to restructure using a 30-year term, the City can produce annual aggregate (combined 2012A Bonds with 2016A Bonds) debt service costs below the current level (\$1.55 million), while also eliminating the future uncertainties relating to the variable rate structure and the related swap. This strategy includes securing municipal bond insurance and a reserve surety policy to maximize the efficiency of the new 2016A bond transaction.

NHA Advisors is serving as the Financial Advisor to the City. Hilltop Securities will serve as Underwriter for the Series 2016A Bonds, Nossaman LLP will serve as Bond and Disclosure Counsel and U.S. Bank National Association will remain as the trustee bank.

Financial Impact

Given that the annual debt service on the Series 2016A Bonds will wrap around the 2012A Bonds and be extended to a 30-year term, total annual aggregate debt service is expected to be reduced by over \$200,000; however, due to the extension of the payments out an additional ten years, approximately \$8 million of additional debt service will be incurred. These figures incorporate the payment / elimination of the swap termination fee of \$4.4 million, as well as all costs of issuance associated with the financing.

Estimated Schedule:

| | |
|-----------|-----------------------------------------------------|
| July 12 | Council Approval of Financing and Related Documents |
| July 27 | Pricing (set interest rates on Bonds) |
| August 11 | Closing (transfer of funds) |
| August 26 | 2008 COPs Redeemed |

Attachments:

- Resolution No. 2861 authorizing the issuance of not to exceed \$24.0 million principal amount of Water Revenue Refunding Bonds, Series 2016A; authorizing and directing execution of an Indenture of Trust, Continuing Disclosure Agreement, Escrow Instructions, and a Bond Purchase Contract; authorizing the sale of bonds; approving an official statement; and providing other matters properly relating thereto.
- Indenture of Trust
- Continuing Disclosure Agreement
- Bond Purchase Contract
- Escrow Instructions
- Preliminary Official Statement

CITY OF CORCORAN

RESOLUTION NO. 2861

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$24,000,000 PRINCIPAL AMOUNT OF WATER REVENUE REFUNDING BONDS, SERIES 2016A, AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE OF TRUST, CONTINUING DISCLOSURE AGREEMENT, ESCROW INSTRUCTIONS AND A BOND PURCHASE CONTRACT, AUTHORIZING THE SALE OF BONDS, APPROVING AN OFFICIAL STATEMENT AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the City of Corcoran (the "City") is a municipal corporation duly organized and validly existing under and by the virtue of the Constitution and laws of the State of California, and is authorized pursuant to Articles 10 and 11, Division 2, Title 5 (commencing with Section 53570) of the California Government Code, as amended (the "Refunding Law") to borrow money for the purpose of refinancing indebtedness of the City; and

WHEREAS, the City has determined that it is in the interests of the City at this time to provide for the refinancing of its obligations relating to the Variable Rate Demand 2008 Refunding Certificates of Participation (Water System Project) (the "Prior Obligations"); and

WHEREAS, in order to provide funds to refinance the Prior Obligations, the City proposes to issue its City of Corcoran Water Revenue Refunding Bonds, Series 2016A, in the aggregate principal amount of not to exceed \$24,000,000 (the "Bonds"), pursuant to an Indenture of Trust (the "Indenture"), currently dated as of August 1, 2016 between the City and U.S. Bank National Association (the "Trustee"); and

WHEREAS, the City proposes to sell the Bonds to Hilltop Securities Inc. (the "Underwriter") for offer and sale by the Underwriter to members of the general public, and in connection with the offering of the Bonds, the City has caused to be prepared an Official Statement describing, among other things, the City, the Indenture, the Net Revenues and the Bonds, a preliminary form of which is on file with the City Clerk of the City; and

WHEREAS, the Bonds will be sold pursuant to the Bond Purchase Contract (the "Purchase Contract") to be dated the date of sale, between the City and the Underwriter; and

WHEREAS, the City has duly considered such transactions, including, without limitation, the Indenture, the Bond Purchase Contract and the Official Statement, and wishes at this time to approve said transactions in the public interests of the City.

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

Section 1. Issuance of Bonds; Approval of Indenture. The findings set forth in the recitals hereof are true and correct. The City hereby authorizes the issuance of the Bonds under

and pursuant to the Refunding Law and the Indenture in the aggregate principal amount of not to exceed \$24,000,000 for the purposes hereinbefore described. The City hereby approves the Indenture in substantially the form on file with the City Clerk together with any additions thereto or changes therein deemed necessary or advisable by the Mayor, the City Manager, the Finance Director, or their authorized representatives (collectively, the "Authorized Officers"), upon consultation with the City Attorney and Nossaman LLP ("Bond Counsel"), whose execution thereof shall be conclusive evidence of the approval of any such additions and changes. Such changes and additions shall include, without limitation, designation of the Trustee, the final date of the Indenture, the final series designation of the Bonds, the insertion in the Indenture of the final annual maturities and final aggregate principal amount of the Bonds and the final annual interest rates payable with respect to the Bonds. Each of the Authorized Officers are hereby authorized and directed to execute the final form of the Indenture for and in the name and on behalf of the City. The City hereby authorizes the delivery and performance of the Indenture, provided that the true interest costs of the Bonds does not exceed four and one-half percent (4.50%), underwriter's discount (excluding original issue discount) does not exceed one percent (1.00%), the final maturity date does not exceed July 1, 2046 and the principal amount does not exceed \$24,000,000.

Section 2. Bond Purchase Contract. The City hereby authorizes the sale of the Bonds to the Underwriter pursuant to and in accordance with the Bond Purchase Contract, in substantially the form on file with the City Clerk together with any additions thereto or changes therein approved by Authorized Officers, the execution thereof to be conclusive evidence of such approval. The City hereby delegates to each of the Authorized Officers, the City to accept an offer from the Underwriter to purchase the Bonds from the City pursuant to the Bond Purchase Contract.

Section 3. Approval of Continuing Disclosure Agreement. The form of Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), between the City and the Trustee, acting as dissemination agent, as presented to this meeting is hereby approved. An Authorized Officer is hereby authorized and directed, for and on behalf of the City, to execute, acknowledge and deliver the Continuing Disclosure Agreement, in substantially the form presented to this meeting, with such changes therein as such Authorized Officer may require or approve, with the advice and approval of City Counsel and Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Approval of Escrow Instructions. The form of Escrow Instructions (the "Escrow Instructions"), from the City to the Trustee, acting as escrow agent for the Prior Obligations, as presented to this meeting is hereby approved. An Authorized Officer is hereby authorized and directed, for and on behalf of the City, to execute, acknowledge and deliver the Escrow Instructions, in substantially the form presented to this meeting, with such changes therein as such Authorized Officer may require or approve, with the advice and approval of City Counsel and Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Official Statement. The City hereby approves the preparation of, and hereby authorizes the Authorized Officers to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, a preliminary form of

Official Statement describing the Bonds. Distribution of such preliminary Official Statement to prospective purchasers of the Bonds is hereby approved. Each of the Authorized Officers are hereby authorized to execute the final form of the Official Statement, on behalf of the City, including as it may be modified by such additions thereto and changes therein as the Authorized Officers shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by the Authorized Officers shall be conclusive evidence of the approval of any such additions and changes. The City hereby authorizes the distribution of the final Official Statement by the purchaser of the Bonds.

Section 6. Appointment of Bond Counsel and Disclosure Counsel. Nossaman LLP is hereby appointed by the City Council as bond counsel and disclosure counsel to the City in connection with the issuance of the Bonds. The City Council hereby authorizes and directs staff to execute and deliver an agreement with Nossaman LLP for its services, provided that any and all compensation to Nossaman LLP shall be payable solely from the proceeds of the Bonds.

Section 7. Official Action. The officers and staff of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including purchase of bond insurance resulting in present value savings and purchase of a reserve fund surety policy and execution and delivery of any and all assignments, certificates, requisition, agreements, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds, the refinancing of the Prior Obligations and the termination of the swap agreement and reimbursement agreement related to the Prior Obligations.

Section 8. Effective Date. This Resolution shall take effect immediately upon adoption.

* * * * *

I, the undersigned City Clerk of the City of Corcoran, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the City Council of the City at a meeting thereof on the 12th day of July, 2016, by the following vote of the members thereof:

AYES:

NOES:

ABSTAINED:

ABSENT:

Jerry Robertson, Mayor

ATTESTED:

Marlene Lopez, City Clerk

CLERKS CERTIFICATE

City of Corcoran }
County of Kings } ss.
State of California }

I, Marlene Lopez, City of the City of Corcoran hereby certify that the foregoing is a full, true and correct copy of a resolution passed and adopted by the City Council of the City of Corcoran at a meeting held on the 12th day of July, 2015, by the vote as set forth therein.

DATED:

ATTEST:

Marlene Lopez, City Clerk

INDENTURE OF TRUST

between the

CITY OF CORCORAN

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

RELATING TO THE

\$ _____

CITY OF CORCORAN

WATER REVENUE REFUNDING BONDS

SERIES 2016A

Dated as of August 1, 2016

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INDENTURE OF TRUST

This INDENTURE OF TRUST (the "Indenture"), dated as of August 1, 2016, between the CITY OF CORCORAN, a municipal corporation duly organized and validly existing under and by virtue of the Constitution and 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 has previously entered into an Installment Sale Agreement, dated as of March 1, 2008, (the "2008 Installment Sale Agreement") with the Corcoran Joint Powers Finance Authority (the "Authority"). Pursuant to a Trust Agreement, dated as of March 1, 2008, (the "Prior Trust Agreement") among the City, the Authority and U.S. Bank National Association (the "Prior Trustee"), the Prior Trustee has executed and delivered the Variable Rate Demand 2008 Refunding Certificates of Participation (Water System Project) (the "Prior Obligations"), each evidencing a direct, undivided fractional interest in the certain payments made by the City pursuant to the 2008 Installment Sale Agreement; and

WHEREAS, the City is authorized pursuant to Articles 10 and 11, Division 2, Title 5 (commencing with Section 53570) of the California Government Code, as amended, to issue revenue bonds to provide funds to refund its outstanding indebtedness which is payable from Net Revenues (as defined herein); and

WHEREAS, in order to prepay the Prior Obligations, the City has decided to issue its Water Revenue Refunding Bonds, Series 2016A in an aggregate principal amount of \$_____, secured by Net Revenues as provided herein; and

WHEREAS, the City hereby certifies that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture by such party does exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof, and of any amendment hereof or supplement hereto, of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Authority” means the Corcoran Joint Powers Finance Authority, a joint powers authority, operating and acting pursuant to the laws of the State of California duly organized and existing under and by virtue of the Constitution and laws of the State of California, and its successors and assigns.

“Authorized Officer” means, with respect to the City, its Mayor, the City Manager, or the Finance Director or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by its Mayor, City Manager, or Finance Director and filed with the Trustee.

“Bond Year” means the period from the Closing Date through July 1, 2017, and thereafter the twelve-month period commencing on July 2 of each year through and including July 1 of the following year.

“Bonds” means the \$_____ principal amount of Water Revenue Refunding Bonds, Series 2016A authorized hereby and at any time Outstanding hereunder that are issued by the City under and pursuant to Article II of this Indenture.

“Bond Counsel” means Nossaman LLP or any other attorney or firm of attorneys appointed by and acceptable to the City, of nationally-recognized experience in the execution and delivery of obligations the interest in which is excludable from gross income for federal income tax purposes under the Code.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on which banks are authorized to be closed for business in California or on which the Trust Office is authorized to be closed.

“Certificate of the City” means an instrument in writing signed by an Authorized Officer.

“City” means the City of Corcoran, California, a municipal corporation duly organized and existing under the Constitution and laws of the State of California, and its successors and assigns.

“Closing Date” means the date on which the Bonds are delivered to the original purchasers thereof, which date is August ___, 2016.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

“Continuing Disclosure Agreement” shall mean the agreement by that name, dated as of August 1, 2016, between the City and the dissemination agent named therein.

“Debt Service” means, during any period of computation, the amount obtained for such period by totaling the following amount--

(a) The principal amount of all Outstanding serial Bonds and Parity Obligations coming due and payable by their terms in such period (except to the extent that such principal has been fully capitalized and is invested in Federal Securities which mature at times and in such amounts as are necessary to pay the principal to which such amounts are pledged);

(b) The minimum principal amount of all Outstanding term Bonds and Parity Obligations scheduled to be redeemed by operation of mandatory sinking fund deposits in such period, together with any premium thereon (except to the extent that such principal has been fully capitalized and is invested in Federal Securities which mature at times and in such amounts as are necessary to pay the principal to which such amounts are pledged);

(c) The interest which would be due during such period on the aggregate principal amount of Bonds and Parity Obligations which would be Outstanding in such period if the Bonds or Parity Obligations are retired as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities which mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), but deducting and excluding from such aggregate amount the amount of Bonds and Parity Obligations no longer Outstanding; provided that, whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Obligation is not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Obligation has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Obligation is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published The Bond Buyer Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus fifty (50) basis points; and

(d) amounts required to increase the Reserve Fund to the Reserve Requirement required to be paid hereunder during such period of computation.

“Debt Service Account” means the account of that name established by the Trustee pursuant to Section 3.04 hereof.

“Debt Service Payments” mean the payments of Debt Service on the Bonds due hereunder.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the City relating to the refunding of the Prior Obligations, including but not limited to filing costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee and its counsel, financing discounts, legal fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of Bonds and charges and fees in connection with the foregoing.

“Delivery Costs Fund” means the fund of that name established by Section 3.02 hereof.

“Depository” means (a) initially, DTC, and (b) any other qualified securities depository acting as Depository pursuant to Section 2.11 hereof.

“Depository System Participant” means any participant in the Depository’s book entry system.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Due Date” means the fifteenth day of the month prior to each Interest Payment Date.

“Escrow Fund” means the fund established by the Escrow Instructions.

“Escrow Instructions” means the escrow instructions from the City to the Prior Trustee, dated as of August 1, 2016.

“Event of Default” means an event of default described in Section 6.01 hereof.

“Federal Securities” mean (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America, (b) obligations fully and unconditionally guaranteed as to timely payment of the interest and principal by the United States of America, (c) obligations of any agency or instrumentality of the United States of America as to which the timely payment of the interest on and the principal of such obligations is 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.

“Fiscal Year” means the twelve calendar month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

“Generally Accepted Accounting Principles” mean the uniform accounting and reporting procedures prescribed by the California State Controller or his successor for cities in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such principles.

“Governmental Loan” means a loan from the State or the United States of America, acting through any of its agencies, to finance improvements to the Water System, and the obligation of the City to make payments to the State or the United States of America under the loan agreement memorializing said loan on a parity basis with the payment of Debt Service Payments.

“Gross Revenues” means all gross charges (including surcharges, if any) received for, and all other gross income and receipts derived by the City from, the ownership and operation of the Water System or otherwise arising from the Water System, including but not limited to (a) connection charges, (b) investment earnings on amounts held in the Water Fund or in any other fund established with respect to the Water System, and (c) rental income related to the Water System. Gross Revenues does not include (i) refundable deposits made to establish credit, (ii) the proceeds of any ad valorem property taxes, and (iii) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Water System. Gross Revenues shall also include interest with respect to any Parity Obligations reimbursed to or on behalf of the City by the United States of America. Gross Revenues shall also be increased by the amounts, if any, transferred during such Fiscal Year or other period from the Rate Stabilization Fund to the Revenue Fund and shall be decreased by the amounts, if any, transferred during such Fiscal Year or other period from the Revenue Fund to the Rate Stabilization Fund, pursuant to Section 306 hereof.

“Indenture” means this Indenture of Trust by and between the Trustee and the City, dated as of August 1, 2016, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public 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 each of whom--

1. is in fact independent and not under the domination of the City;
2. does not have a substantial financial interest, direct or indirect, in the operations of the City; and
3. is not connected with the City as a board member, officer or employee of the City, but may be regularly retained to audit the accounting records of and make reports thereon to the City.

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, one or more services selected by the Trustee which are then providing information with respect to called Bonds, or, if the Trustee does not select a service, then such service or services as the City may designate in a certificate delivered to the Trustee.

“Interest Payment Date” means each July 1 and January 1, commencing January 1, 2017.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Expenses becoming payable during such period.

“Nominee” means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of a Depository designated pursuant to Section 2.11 hereof.

“Operation and Maintenance Expenses” means the reasonable and necessary costs and expenses paid by the City to maintain and operate the Water System, including but not limited to (a) costs of acquisition of water to be supplied by the Water System, (b) costs of electricity and other forms of energy supplied to the Water System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Water System. Operation and Maintenance Expenses do not include (i) debt service payable on obligations incurred by the City with respect to the Water System, including but not limited to the Debt Service Payments and any Parity Obligations, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02) all Bonds except:

- (1) Bonds canceled by the Trustee;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and
- (3) Bonds in lieu of or in substitution for which replacement Bonds shall have been executed and delivered hereunder.

“Owner” or “Bondowner” means the registered owner of any Outstanding Bond.

“Parity Obligations” means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues equally and ratably with the Debt Service Payments, including the 2012 Bonds, of the City payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred pursuant to this Indenture.

“Payment Fund” means the fund by that name established in Section 3.03 hereof.

“Permitted Investments” mean any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (the Trustee is entitled to conclusively rely upon any direction of the City as a certification that such investment constitutes a Permitted Investment):

1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, but excluding CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

Farmers Home Administration (FmHA)
Certificates of beneficial ownership

Federal Housing Administration Debentures (FHA)

General Services Administration
Participation certificates

Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA – guaranteed mortgage-backed bonds
GNMA – guaranteed pass-through obligations (participation certificates)
(not acceptable for certain cash-flow sensitive issues.)

U.S. Maritime Administration
Guaranteed Title XI financing

U.S. Department of Housing and Urban Development (HUD)

Project Notes

Local District Bonds

New Communities Debentures – U.S. Government guaranteed debentures

U.S. Public Housing Notes and Bonds – U.S. Government guaranteed

public housing notes and bonds

3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

Federal Home Loan Bank System

Senior debt obligations

Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)

Participation certificates

Senior debt obligations

Federal National Mortgage Association (FNMA or “Fannie Mae”)

Mortgage-backed securities and senior debt obligations

Resolution Funding Corp. (REFCORP) obligations

Farm Credit System

Consolidated system-wide bonds and notes

Federal Agriculture Mortgage Association

Tennessee Valley District

4. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAA-m,” or “AA-m” and if rated by Moody’s rated “Aaa,” “Aa1” or “Aa2,” including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.

5. Certificates of deposit secured at all times by collateral described in 1 and/or 2 above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks including the Trustee and its affiliates. The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral; and unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers’ acceptances of any bank (including those of the Trustee, its parent and its affiliates) the short-term obligations of which are rated on the date of purchase in one of the two highest rating categories by S&P and by Moody’s.

6. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

7. Investment agreements, including GIC's, forward purchase agreements and reserve fund put agreements.

8. Commercial paper rated, at the time of purchase, "Prime -1" by Moody's and "A-1" or better by S&P.

9. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

10. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime -1" or "A2" or better by Moody's and "A-1" or "A" or better by S&P.

11. Repurchase agreements for 30 days or less must follow the following criteria:

(i) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.

12. Asset-backed Securities: As authorized in Government Code Section 53601(n), investment in any equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond with a maximum remaining final maturity of five years. Purchases will be restricted to securities with an expected weighted average life not to exceed three years. Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service.

13. Mortgage-backed Securities: As authorized in Government Code Section 53601(n), investment in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, with a maximum remaining final maturity of five years. Purchases will be restricted to securities with an expected weighted average life not to exceed three years. Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service. Purchases of asset-backed and mortgage-backed securities may not exceed 20% of the City's portfolio in total.

14. Medium-term Notes: Corporate notes issued by corporations organized and operating within the United States with a rating of "A" or higher at the time of purchase by a nationally recognized rating service and with a maximum remaining maturity of no more than three (3) years after the date of purchase.

15. The Local Agency Investment Fund created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

16. Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of California, as it may be amended.

17. The County of Kings Pooled Treasury Portfolio.

“Principal Office” means the corporate trust office of the Trustee currently located in San Francisco, California, or such other office designated by the Trustee from time to time.

“Prior Trust Agreement” means the Trust Agreement, dated as of March 1, 2008, among the City, the Authority and the Prior Trustee

“Prior Obligations” means the City’s obligations under the Installment Purchase Agreement, as evidenced by the Variable Rate Demand 2008 Refunding Certificates of Participation (Water System Project).

“Prior Trustee” means U.S. Bank National Association, as trustee for the Prior Obligations.

“Rate Stabilization Fund” means the fund of that name established by the City pursuant to Section 3.06 hereof.

“Record Date” means the fifteenth day of the calendar month prior to an Interest Payment Date.

“Redemption Account” means the account of that name established by the Trustee pursuant to Section 3.04 hereof.

“Reserve Fund” means the fund by that name established in Section 3.07 hereof.

“Reserve Insurer” means _____, or any successor thereto or assignee thereof.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy, and any Endorsement thereto, issued by the Reserve Insurer under which claims may be made in order to provide moneys in the Reserve Fund available for the purposes thereof.

“Reserve Requirement” means, as of any date of calculation, the lesser of (i) 10% of the principal amount of the Bonds Outstanding, (ii) an amount equal to maximum annual Debt Service payable by the City between the date of such calculation and the final maturity of the Bonds, or (iii) 125% of average annual Debt Service payable hereunder.

“Responsible Officer” means any officer of the Trustee assigned by the Trustee to administer the trusts established hereunder.

“Revenue Fund” means the fund of the City into which it deposits Gross Revenues.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill Incorporated, its successors and assigns.

“Securities Depositories” mean The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in writing to the Trustee.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the Bonds.

“Trust Office” means the office of the Trustee designated in Section 10.13 hereof, and such other offices as the Trustee may designate from time to time.

“Trustee” means 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, or its successor or any other bank or trust company which may at any time be substituted in its place as provided in Section 7.01.

“2008 Certificates” means the \$19,900,000 Variable Rate Demand 2008 Refunding Certificates of Participation (Water System Project) executed and delivered on March 27, 2008.

“2012 Bonds” means the \$4,835,000 City of Corcoran Water Revenue Refunding Bonds Series 2012A (Bank Qualified)

“Water Fund” means the account held and maintained by the City that accounts for the financial activity of the Water System.

“Water System” means the entire existing system of the City for the supply, storage, treatment and distribution of water within the service area of the City, including but not limited to all facilities, properties, lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract by and among the Trustee, the City and the Owners to secure the full and final payment of the interest and principal and redemption premiums, if any, to be made by the City on the Bonds, 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 by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Bonds over

any other Bonds by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

TERMS AND CONDITIONS OF BONDS

Section 2.01. Authorization of Bonds. The City hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$_____. The Bonds shall be designated “City of Corcoran Water Revenue Refunding Bonds, Series 2016A.”

Section 2.02. Denominations, Medium, Method and Place of Payment and Dating of Bonds. The Bonds shall be issued in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. Subject to the provisions of Section 2.11 hereto, the interest, principal and redemption premiums, if any, on the Bonds shall be payable by check in lawful money of the United States of America. Subject to the provisions of Section 2.11 hereof, interest on the Bonds shall be payable on their Interest Payment Dates by check mailed via first class mail on the Interest Payment Date by the Trustee to the respective Owners thereof as of the Record Date at their addresses as they appear in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 hereof or, upon the written request from any Owner of Bonds aggregating at least \$1,000,000 in principal amount, received on or prior to the fifteenth day of the month preceding an applicable Interest Payment Date, by wire in Federal Reserve funds to an account within the United States on the Interest Payment Date, with regard to which such payment is made. The principal of the Bonds shall be payable on July 1 in each of the years and in the principal amounts as follows, or on redemption prior thereto, upon surrender thereof at the Trust Office of the Trustee.

| <u>Year (July 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|--------------------------|-----------------------------|--------------------------|
| 2017 | | |
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The Bonds shall be dated as of the Closing Date, and bear interest from the Interest Payment Date immediately preceding the date of authentication thereof by the Trustee, unless such date of authentication is on or after the fifteenth (15th) day of the calendar month prior to an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date, or unless such date of authentication is on or before December 15, 2016, in which case they shall bear interest from the Closing Date.

Section 2.03. Interest on the Bonds. Interest on the Bonds shall be paid on each Interest Payment Date at the rates per annum set forth in Section 2.02 hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.04. Form of Bonds. The Bonds and the assignment to appear thereon shall be in substantially the form set forth in Appendix A hereto with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.05. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the Mayor of the City, or his authorized representatives and shall be attested to by the manual or facsimile signature of the City Clerk. The Bonds shall be authenticated by the manual signature of an authorized officer of the Trustee.

Section 2.06. Transfer and Exchange of Bonds. Subject to the provisions of Section 2.11 hereof, (a) each Bond shall be transferable only upon a register of the names of each Owner (the "Bond Register"), which shall be kept for that purpose at the Trust Office, by the Owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his or her duly authorized attorney. Upon the transfer of any such Bond, the Trustee shall provide in the name of the transferee, a new Bond or Bonds, of the same aggregate principal amount, interest rate and maturity as the surrendered Bonds (unless there has occurred a partial redemption of such Bond pursuant to Section 4.01 hereof, in which case the principal amount of the new Bond shall be equal to the unredeemed principal amount of the Bond submitted for transfer).

(b) The Trustee shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such Owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Trustee shall be affected by any notice to the contrary. The City agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability

incurred by it, acting in good faith and without negligence or willful misconduct under the Indenture, in so treating such Owner.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Article. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the City and the Trustee may make a charge sufficient to reimburse any of them for any tax, fee or other governmental charge, other than one imposed by the City, required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision hereof, the cost of preparing each new Bond and any other expenses of the City or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge other than one imposed by the City) shall be paid by the City. The Trustee shall not be obliged to effect any exchange or transfer of any Bond during the period after the mailing of notice calling such Bond or a portion thereof for redemption, nor during the fifteen (15) days preceding the giving of such notice of redemption.

Section 2.07. Bond Registration Books. The Trustee shall keep or cause to be kept at its Principal Office sufficient records for the registration and registration of transfers of the Bonds, which shall, during normal business hours upon reasonable prior written notice be open to inspection by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations consistent herewith as it may prescribe, register or transfer or cause to be registered or transferred, on the Bond Register, Bonds as herein before provided.

Section 2.08. Temporary Bonds. Pending preparation of the definitive Bonds, any Bonds delivered under the Indenture may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be without coupons and may contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated by the Trustee and be delivered by the Trustee upon the same conditions and in substantially the same manner as definitive Bonds. If the Trustee delivers temporary Bonds, it shall authenticate and furnish definitive Bonds without delay and, thereupon, the temporary Bonds shall be surrendered for cancellation at the Principal Office of the Trustee and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same interest rate or rates and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Indenture as definitive Bonds delivered pursuant hereto.

Section 2.09. Bonds Mutilated, Destroyed, Lost or Stolen. If any Bond shall become mutilated, the Trustee, at the expense of the Owner of said Bond, shall authenticate and deliver a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed or redelivered to, or upon the order of, the City. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity

satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall authenticate and deliver a new Bond of like tenor and numbered as the Trustee shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a reasonable fee for each new Bond delivered under this Section and of the reasonable expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured by the Indenture. 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 under the Indenture or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured, the Trustee may make payment of such Bond upon receipt of indemnification satisfactory to the Trustee.

Section 2.10. Evidence of Signatures of Bond Owners and Ownership of Bonds. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Bond Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bond Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose hereof (except as otherwise herein provided), if made in the Form of the Assignment attached to the Bond in Appendix A hereto.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to the Trustee may seem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the City or the Trustee in pursuance of such request or consent.

Section 2.11. Book Entry System.

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each maturity. Upon initial delivery, the ownership of each such Bond shall be registered on the Bond Register kept by the Trustee in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the City and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the City holds an interest in the Bonds. Without limiting the generality of 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 Depository System Participant with respect to any ownership

interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Register, or any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the City elects to redeem the Bond in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Register, of any amount with respect to principal, premium, if any, or interest on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The City and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bonds for the purpose of payment of principal of, premium, if any, and interest on such Bonds for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers of ownership of such Bonds, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a Bond evidencing the obligation of the City to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice of the City shall promptly, but in no event later than two (2) Business Days after receipt thereof, deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, to the extent it has not already done so the City shall execute and deliver to such Depository a letter (the "Letter of Representations") representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. In addition to the execution and delivery of such letter, the City may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the City determines to terminate the Depository as such, then the City shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the City and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees in the Letter of Representations to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the City fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or

names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Section 2.11 hereof.

In the event the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain Bonds, the City may notify the Depository System Participants of the availability of such Bond through the Depository. In such event, the Trustee will, at the expense of the City, authenticate, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository so requests, the City shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate Bonds evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (ii) to arrange for another qualified securities depository to maintain custody of a single Bond evidencing such Bonds, all at the City's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of the Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed in writing by the Depository.

Section 2.12. Limitations on Future Obligations Secured by Net Revenues .

(a) No Obligations Superior to Debt Service Payments. In order to protect further the availability of the Net Revenues and the security for the Debt Service Payments and any Parity Obligations, the City hereby agrees that the City shall not, so long as any Bonds are outstanding, issue or incur any obligations payable from Gross Revenues or Net Revenues superior to the Debt Service Payments or such Parity Obligations. The City may issue or incur Subordinate Debt as provided herein.

(b) Parity Obligations. The City further covenants that, except for bonds issued to fully or partially refund the Bonds or Parity Obligations, the City shall not issue or incur any Parity Obligations unless:

(i) The City is not in default under the terms of this Indenture;

(ii) Net Revenues (exclusive of transfers to the Revenue Fund from the Rate Stabilization Fund, should one be established), calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Parity Obligation is issued or incurred, as shown by the books of the City, plus, at the option of the City, the additional allowance described below, shall have amounted to at least 1.20 times the sum of the Debt Service Payments coming due and payable in any future Fiscal Year and the annual debt service for such Fiscal Year on all Parity Obligations outstanding immediately subsequent to the incurring of such additional obligations in the Fiscal Year in which such sum is the greatest;

Either or both of the following items may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (b)(ii):

(A) an allowance for Net Revenues from any additions to or improvements or extensions of the Water System to be constructed or acquired with the proceeds of such additional obligations, and also for Net Revenues from any such additions, improvements or extensions which have been constructed or acquired from moneys from any source but which, during all or any part of such Fiscal Year or 12-month period, were not in service, all in an amount equal to the estimated additional annual Net Revenues to be derived from such additions, improvements and extensions during the first full Fiscal Year following the completion thereof, all as shown by a certificate of the City, may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (b)(ii);

(B) an allowance for earnings arising from any increase in the charges made for service from the Water System which has become effective prior to the incurring of such additional obligations but which, during all or any part of such Fiscal Year or 12-month period, was not in effect, in an amount equal to 100% of the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, as shown by a certificate of the City.

In order to maintain the parity relationship of the Debt Service Payments to all Parity Obligations permitted hereunder, the City covenants that all payments in the nature of principal and interest with respect to any Parity Obligations, except with respect to Governmental Loans, will be structured to occur semi-annually on the Due Dates and in each year as such payments are due with respect to the Debt Service Payments, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service Payments and not prior thereto; provided that the City shall not make a payment on such Governmental Loan to the extent it would have the effect of causing the City to fail to pay Debt Service Payments on a timely basis. In such event, the City shall make Debt Service Payments and payments on such Governmental Loan on a pro rata basis.

(c) If interest on any Parity Obligation is reasonably anticipated to be reimbursed to or on behalf of the City by the United States of America, then interest payments with respect to such Parity Obligations shall be excluded by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America, and such reimbursements will not be included as Gross Revenues for purposes of the coverage calculations required in subsection (b)(ii) above.

(d) Subordinate Obligations. The City may issue bonds or other obligations secured by a lien on Gross Revenues or Net Revenues which is subordinate to the lien established under this Indenture, upon such terms and in such principal amounts as the City may determine.

ARTICLE III

PROCEEDS OF BONDS; PLEDGE OF NET REVENUES

Section 3.01. Delivery of Bonds; Payment of Debt Service; Pledge of Net Revenues. The Trustee is hereby authorized to authenticate the Bonds and upon receipt of the proceeds of sale thereof deliver the Bonds to the initial purchaser thereof upon receipt of a Certificate of the City.

All of the Net Revenues are pledged hereunder for the payment of Parity Obligations, including the Bonds, and all moneys on deposit in the Payment Fund and the Redemption Fund established under the Indenture are hereby irrevocably pledged, charged and assigned to the punctual payment of the Bonds, and except as otherwise provided herein, the Net Revenues and such other funds shall not be used for any other purpose so long as any of the Bonds remain Outstanding. Such pledge, charge and assignment shall constitute a first lien on the Net Revenues and such other moneys for the payment of the Debt Service Payments, the Bonds and any Parity Obligations in accordance with the terms hereof.

The City's obligation to pay the Debt Service Payments and any other amounts coming due and payable hereunder shall be a special obligation of the City limited solely to the Net Revenues. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Debt Service Payments and the Bonds, nor shall any other funds or property of the City be liable for the payment of the Debt Service Payments, the Bonds or any other amounts coming due and payable hereunder.

The obligations of the City to make the Debt Service Payments from the Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the City or the Trustee of any obligation to the City or otherwise with respect to the Water System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. The City hereby acknowledges that its obligation to make Debt Service Payments hereunder is absolute and unconditional, free of deductions and without abatement, offset, recoupment, diminution or set-off whatsoever. Until such time as all of the Debt Service Payments and all other amounts coming due and payable hereunder shall have been fully paid or prepaid, the City (a) will not suspend or discontinue payment of any Debt Service Payments or such other amounts with respect to the Bonds, (b) will perform and observe all other agreements contained in this Indenture, and (c) will not terminate this Indenture for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Water System, sale of the Water System, the taking by eminent domain of title to or temporary use of any component of the Water System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture.

Nothing contained in this Section shall be construed to release the Trustee from the performance of any of the agreements on its part contained herein, and in the event the Trustee shall fail to perform any such agreements, the City may institute such action against the Trustee as the City may deem necessary to compel performance so long as such action does not abrogate the obligations of the City contained in the preceding paragraph. The City may, however, at the City's own cost and expense and in the City's own name prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect the City's rights hereunder.

Section 3.02. Depositing of Proceeds of Bonds and Other Amounts. On the Closing Date the Trustee shall receive \$_____ (principal amount of the Bonds of \$_____, less an underwriter's discount of \$_____, and less net original issue discount of \$_____) as the purchase price of the Bonds. The Trustee shall deposit \$_____ of the Bond proceeds to the Delivery Costs Fund, which fund is hereby established and shall be held hereunder. The Trustee shall transfer \$_____ of the Bond proceeds to the Prior Trustee for deposit in the Escrow Fund established pursuant to the Escrow Instructions. The Trustee may establish a temporary fund or account in its records to facilitate such deposits or transfers.

Section 3.03. Deposit of Debt Service Payments. All Debt Service Payments with respect to the Bonds shall be paid directly by the City to the Trustee on the applicable Due Date. Such payments received by the Trustee shall be held in trust by the Trustee under the terms hereof and shall be deposited by it as and when received in the Debt Service Account of the Payment Fund, which fund the Trustee hereby agrees to establish and maintain as provided in Section 3.04 so long as any Bonds are Outstanding.

The Net Revenues of the Water System shall be received and deposited by the City in the Debt Service Fund held by the City. On or before each Due Date, the City shall withdraw from the Debt Service Fund an amount, together with the balance then on deposit in the Payment Fund, if any (other than amounts held for the defeasance of Bonds pursuant to Article IX and any amounts required for payment of principal of or interest on any Bonds which have matured or been called for redemption but which have not yet been presented for payment), equal to the aggregate amount of the Debt Service Payments coming due on the next succeeding Interest Payment Date, and transfer the same to the Trustee for deposit into the Payment Fund on the following dates and in the following amounts:

- (1) Interest Component. On or before the fifteenth day of each June and December, an amount which is equal to the amount to become due on such Bonds on the next succeeding Interest Payment Date; provided, however, that the City may be entitled to certain credits on such payments as set forth above.
- (2) Principal Component. On or before the fifteenth day of June of each year, an amount which, together with any moneys already on deposit with the Trustee and available to make such payment, is not less than the entire amount of the next succeeding maturing principal or mandatory sinking account payment coming due on the Bonds after such date; provided,

however, that the City may be entitled to certain credits on such payments as set forth above.

Section 3.04. Payment Fund. Within the Payment Fund the Trustee shall establish a Debt Service Account and a Redemption Account. Debt Service Payments made by the City shall be deposited by the Trustee in the Debt Service Account. Such payments shall be net of amounts already on deposit therein that are in excess of the amount required to accumulate therein pursuant to Section 3.01. The Trustee shall transfer the money contained in the Debt Service Account and the Redemption Account at the following respective times in the following respective accounts in the following order of priority in the manner hereinafter provided, each of which accounts the Trustee hereby agrees to establish and maintain so long as any Bonds are Outstanding, and the money in each of such accounts shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Debt Service Account. All moneys in the Debt Service Account shall be used and withdrawn by the Trustee solely for the purpose of paying principal of and interest on the Bonds on each Interest Payment Date or mandatory redemption dates, as applicable.

(b) Redemption Account. The Trustee, on the optional redemption date specified in the Certificate of the City filed with the Trustee at the time that any moneys to accomplish any such optional redemption are paid to the Trustee, shall deposit in the Redemption Account the amount of such payment. All money in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest and principal on the Bonds to be optionally redeemed on their respective redemption dates.

Section 3.05. Use of Money in the Delivery Costs Fund.

(a) The Trustee shall disburse funds from the Delivery Costs Fund to pay Delivery Costs only upon receipt of a signed certificate (stating the amount to be disbursed and the party or parties being paid) approved by the Authorized Officer of the City and accompanied by an invoice or statement for each such amount.

(b) Upon payment of all Delivery Costs, which shall be determined by a certificate to that effect by an Authorized Officer of the City delivered to the Trustee, or upon the date occurring four (4) months after the Closing Date, whichever occurs first, the Trustee shall transfer all funds remaining in the Delivery Costs Fund to the Debt Service Account, and the Delivery Costs Fund shall thereupon be closed.

Section 3.06. Receipt and Deposit of Gross Revenues; Revenue Fund; Rate Stabilization Fund.

The City covenants and agrees that all Gross Revenues, when and as received, will be received and held by the City in trust for the benefit of Bond owners and payments with respect to Parity Obligations, and will be deposited by the City in the Revenue Fund (which the City hereby covenants and agrees to maintain so long as any Bonds remain Outstanding) and will be accounted for and held in trust for the benefit of Bond owners and for payments with respect to

Parity Obligations in the Revenue Fund. All Gross Revenues shall be disbursed, allocated and applied solely to the uses and purposes set forth in this Article III.

All Gross Revenues in the Revenue Fund shall be set aside by the City or deposited by the City with the Trustee, or the trustee or fiscal agent with respect to Parity Obligations, as the case may be, as follows and in the following order of priority:

(1) Operation and Maintenance Expenses. In order to carry out and effectuate the pledge and lien contained herein, the City agrees and covenants to pay all Operation and Maintenance Expenses (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Expenses, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable.

(2) Debt Service Funds. Debt Service Payments payable pursuant to Section 3.01 hereof and all other payments relating to principal and interest on or with respect to Parity Obligations, shall be paid in accordance with the terms hereof and of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(3) Reserve Funds. Payments required with respect to Parity Obligations, to replenish debt service reserve funds established for Parity Obligations shall be made in accordance with the terms hereof and such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) General Expenditures/Rate Stabilization Fund. All Gross Revenues not required to be withdrawn pursuant to the provisions of (1) through (3) above shall be used for expenditure for any lawful purpose of the City, including payment of Operation and Maintenance Expenses or payment of any rebate requirement or of any obligation subordinate to the payment of all amounts due hereunder or under Parity Obligations. The City may maintain and hold a separate fund to be known as the "Rate Stabilization Fund." From time to time the City may deposit in the Rate Stabilization Fund, from remaining Net Revenues described in this subsection (4) or other available funds of the City, such amounts as the City shall determine. The City may withdraw amounts from the Rate Stabilization Fund (i) for transfer to the Revenue Fund for inclusion in Gross Revenues for any Fiscal Year, or (ii) for any other lawful use of the City. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Gross Revenues.

The parties hereto acknowledge that although all Parity Obligations are secured equally and ratably by applicable Net Revenues, moneys with respect to obligations other than the Bonds may be held by the Trustee or by trustees other than the Trustee under documents and agreements other than the Indenture, and the Indenture imposes no obligations upon the Trustee with respect to such other obligations. The City shall make such transfers from the Revenue Fund necessary to effectuate such obligations' parity claim on such Net Revenues contemplated hereby.

Section 3.07. Reserve Fund. The Trustee hereby agrees to establish and maintain so long as any Bonds are Outstanding the Reserve Fund. The Reserve Policy shall be deposited in the Reserve Fund which shall satisfy the Reserve Requirement. The Trustee shall hold the Reserve Fund in trust. So long as the Reserve Policy is in force and effect, the Trustee shall draw on the Reserve Policy in accordance with the provisions of Section 10.14. Otherwise, the Trustee shall apply moneys in the Reserve Fund in accordance with the following provisions.

If, two (2) Business Days prior to any Interest Payment Date, the money in the Revenue Fund does not equal the amount required to be paid to the Bond Owners on such Interest Payment Date, the Trustee shall transfer from the Reserve Fund to the Revenue Fund the amount of such insufficiency; provided, if the Reserve Fund is funded with a letter of credit, surety bond, insurance policy or other comparable credit facility as described below, the Trustee shall take such action as is necessary to either (i) make a drawing under the letter of credit or (ii) make a claim under the surety bond or insurance policy, respectively, so that the amount of such insufficiency is paid or available to the Trustee on such Interest Payment Date under the terms of such instrument.

If, following valuation or calculation thereof, the amount available and contained in the Reserve Fund (valued as provided in Section 10.09 hereof) exceeds the Reserve Requirement and if the Trustee does not have actual knowledge of an Event of Default hereunder, the Trustee shall withdraw the amount of such excess from the Reserve Fund. The Trustee shall transfer such amount to the City. Solely for purposes of determining the amount on deposit in the Reserve Fund, the Trustee shall make a valuation of the Reserve Fund as of January 1 and July 1 of each year. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making the payments of principal and interest on the Bonds in the event that amounts on deposit in the Revenue Fund are insufficient for such purposes, or with respect to a redemption of the Bonds in whole.

If amounts on deposit in the Reserve Fund shall, at any time, be less than the applicable Reserve Requirement, such deficiency shall be immediately made up by the City from available Net Revenues, if any, and the Reserve Fund shall be valued monthly until amounts on deposit therein equal the Reserve Requirement.

In lieu of making the Reserve Fund deposits in compliance herewith, or in replacement of moneys then on deposit in the Reserve Fund, the City may deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations at the time of delivery of such letter of credit rated not less than the current rating categories of Fitch and Moody's on the Bonds, in an amount, together with moneys, or surety bonds or insurance policies (as described below) on deposit in the Reserve Fund, equal to the Reserve Requirement. Such letter of credit shall have an original term of no less than three (3) years or, if less, the final maturity of the Bonds and such letter of credit shall provide by its terms that it may be drawn upon as provided herein. At least one year prior to the stated expiration of such letter of credit, the City shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least an additional year or, if less, the final maturity of the Bonds, or (iii) deliver to the Trustee a surety bond or an insurance policy satisfying the requirements set forth below. Upon delivery of such replacement letter of credit, extended letter of credit, or surety bond or

insurance policy, the Trustee shall deliver the then-effective letter of credit to or upon the written order of the City. If the City shall fail to deposit a replacement letter of credit, extended letter of credit or surety bond or insurance policy with the Trustee, the City shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Reserve Requirement will be on deposit in the Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Reserve Requirement as of the date following the expiration of the letter of credit is not on deposit in the Reserve Fund one week prior to the stated expiration date of the letter of credit, the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in the Reserve Fund.

Additionally, the City may, with an opinion of nationally recognized bond counsel that such delivery complies with the provisions hereof, deliver to the Trustee a surety bond or an insurance policy securing an amount, together with moneys or letters of credit on deposit in the Reserve Fund, equal to the Reserve Requirement. Such surety bond or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) at the time of delivery of such surety bond or insurance policy are rated not less than the current rating category of Fitch and Moody's on the Bonds. Such surety bond or insurance policy shall have a term of no less than the final maturity of the Bonds. In the event that such surety bond or insurance policy for any reason lapses or expires, the City shall immediately implement clause (i) or (iii) of the preceding paragraph or make the required deposits to the Reserve Fund.

The Trustee shall, on a pro rata basis with respect to the portion of the Reserve Fund held in cash and amounts held in the form of letters of credit, surety bonds and insurance policies (calculated by reference to the maximum amounts of such letters of credit, surety bonds and insurance policies and the amount of the initial deposit of such cash), draw under each letter of credit, surety bond or insurance policy, in a timely manner and pursuant to the terms of such letter of credit, surety bond or insurance policy to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed as required herein. In the event that the Trustee has written notice that any payment of principal or interest on a Bond has been recovered from an Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to and provided that the terms of the letter of credit, surety bond or insurance policy, if any, securing such Bonds so provide, shall so notify the issuer thereof and draw on such letter of credit, surety bond or insurance policy to the lesser of the extent required or the maximum amount of such letter of credit, surety bond or insurance policy in order to pay such Bond Owners the principal and interest so recovered.

Following the replacement of moneys then on deposit in the Reserve Fund by an irrevocable letter of credit, surety bond, or insurance policy as provided herein, the Trustee shall notify Fitch and Moody's in writing and any moneys on deposit in the Reserve Fund in excess of the Reserve Requirement shall be transferred by the Trustee to the Revenue Fund to be credited as provided herein, or, with the written approval of nationally recognized bond counsel to the effect that such transfer other than to the Revenue Fund is hereby authorized, to such other fund or account as may be directed by the City.

Section 3.08. Held in Trust. The moneys and investments held by the Trustee under Sections 3.03, 3.04, 3.05 and 3.07 are irrevocably held in trust for the benefit of the Owners, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Trustee or the City.

Section 3.09. Commingling of Moneys in Funds. The Trustee is directed by the City to commingle any of the funds held by it pursuant to this Indenture into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 3.10. Liability of City Limited. Notwithstanding anything contained herein, the City shall not be required to advance any moneys derived from any source of income other than Net Revenues legally available therefor in the Revenue Fund and the other funds provided herein for the payment of the Debt Service Payments or for the performance of any agreements or covenants contained herein required to be performed by it. The City may, however, but shall not be required to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the City for such purpose.

The obligation of the City to make the Debt Service Payments and the other amounts due hereunder is a special obligation of the City payable solely from the moneys legally available therefor hereunder, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 3.11. Arbitrage Covenant. The City hereby covenants with the Owners of the Bonds that, notwithstanding any other provision of this Indenture, it will make no use of the proceeds of the Bonds which would cause the Bonds or the Prior Obligations to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986, as amended. The Trustee hereby covenants with the Owners of the Bonds that it will comply with the express provisions of this Indenture and will follow the written directions of the City and, notwithstanding anything to the contrary contained herein, so long as the Trustee shall have complied with the written instructions of the City, if any, with respect to making any rebate to the United States of America, the Trustee shall conclusively be deemed to have complied with its obligations hereunder and shall not be liable if the Bonds become arbitrage bonds.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) Optional Redemption. The Bonds maturing on or before July 1, 20__, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after July 1, 20__, are subject to optional redemption on any date on or after July

1, 20__, in whole or in part, at the option of the City, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest to the redemption date, without a premium.

(b) Sinking Fund Redemption of Bonds. (i) The Bonds maturing July 1, 20__ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on July 1, 20__, from mandatory sinking fund payments set aside in the Debt Service Account, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

20__ Term Bonds

| Sinking Fund Redemption Date (July 1) | Principal Amount To Be Redeemed |
|------------------------------------------------------|--------------------------------------------|
|------------------------------------------------------|--------------------------------------------|

(ii) The Bonds maturing July 1, 20__ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on July 1, 20__, from mandatory sinking fund payments set aside in the Debt Service Account, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

20__ Term Bonds

| Sinking Fund Redemption Date (July 1) | Principal Amount To Be Redeemed |
|------------------------------------------------------|--------------------------------------------|
|------------------------------------------------------|--------------------------------------------|

If some but not all of such Bonds have been redeemed pursuant to subsection (b) above the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the City (written notice of which determination shall be given by the City to the Trustee).

(c) Purchase in Lieu of Redemption. In lieu, or partially in lieu, of such call and redemption, moneys of the City may be used to purchase Outstanding Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds may be made by the City prior to the selection of Bonds for redemption by the Trustee, at public or private sale as and when and at such prices as the City may in its discretion determine but only at prices (including brokerage or other expenses) of not more than par plus applicable accrued interest and redemption premiums, and any accrued interest payable upon the purchase of Bonds may be paid from the amount in the Payment Fund for payment of interest on the following Interest Payment Date.

Section 4.02. Selection of Bonds for Redemption. In the event that part, but not all, of the Bonds are to be redeemed, the Bonds to be redeemed shall be selected by the Trustee among maturities as designated in writing by the City and by lot within a maturity; provided, however, that, as shall be set forth in a Certificate of the City, the Bonds may be redeemed by any maturity or maturities selected by the City, and by lot within a maturity. For the purpose of the selection described in this Section, all Bonds registered in the name of the same Owner shall be aggregated and treated as a single Bond held by such Owner. Notwithstanding any of the foregoing, in any such partial redemption the Trustee shall call the Bonds in integral multiples of \$5,000.

In the event of a redemption for which the Trustee does not have monies available to redeem the entire amount scheduled for redemption, the Trustee shall redeem Bonds of the applicable maturity or maturities by lot up to a principal amount equal to the available monies.

Section 4.03. Notice of Redemption; Recession. When redemption is authorized or required pursuant to this Article, the Trustee shall give notice (the "Redemption Notice"), at the expense of the City, of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) if less than all the Bonds of a maturity are to be redeemed, the certificate numbers of the Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice in respect of optional or extraordinary casualty redemption shall not be provided unless there has been deposited with the Trustee funds sufficient to pay such redemption price (except in the case of redemption resulting from the issuance of refunding obligations).

Subject to the provisions stated above, the Trustee shall take the following actions with respect to such Redemption Notice:

(a) (i) At least thirty (30) but not more than forty-five (45) days prior to the redemption date or (ii) immediately upon receipt of Net Proceeds from insurance or condemnation awards which are to be used to redeem Bonds, the Trustee shall cause Redemption

Notices to be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register maintained by the Trustee.

(b) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given to each of the Securities Depositories.

(c) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given to one of the Information Services selected by the City.

Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds. Each check or other payment method used by the Trustee for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

The City shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or 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 under this Indenture. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof a new Bond or Bonds equal to the unredeemed principal amount of the Bond surrendered.

Section 4.05. Effect of Redemption. Notice having been given as aforesaid, and the moneys for the redemption, including interest to the applicable redemption date of the Bonds to be redeemed, having been set aside in the Redemption Account or Payment Account, the portion of Bonds to be redeemed shall become due and payable on said redemption date, and, upon presentation and surrender thereof at the office or offices specified in said notice, said Bonds shall be paid at the unpaid principal amount and premium, if any, with respect thereto, plus any unpaid and accrued interest to said redemption date.

If, on said redemption date, moneys sufficient for the redemption of all the Bonds to be redeemed, together with interest to said redemption date shall be held by the Trustee so as to be available therefor on such redemption date, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said redemption date, interest with respect to the portion of Bonds to be redeemed shall cease to accrue and become payable. If said moneys shall not be so available on said redemption date, interest with respect to such portion of Bonds shall continue to be payable until paid at the same rates as they would have been payable had they not been called for redemption. All moneys held by or on behalf of the Trustee for the redemption or payment of particular Bonds shall be held in trust for the account of the Owners of the Bonds so

to be redeemed or paid for the lesser of two (2) years or the period ending one day prior to the date such moneys would escheat to the State. Subject to any applicable escheat laws, after the earlier of two (2) years or the period ending one day prior to the date such moneys would escheat to the State, the Trustee will pay over to the City the unclaimed money for the years to which such money applies, if any, and thereafter the Owners of such Bonds shall be entitled to payment on their Bonds only from the City and only from the amounts so paid to the City. The Trustee shall have no obligation to determine what applicable escheat law applies, but shall only be required to follow the City's written instructions to comply with this Section.

ARTICLE V

COVENANTS OF THE CITY AND THE TRUSTEE

Section 5.01. Compliance with Indenture. The City will not suffer or permit any material default by it to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by it.

Section 5.02. Observance of Laws and Regulations. The City will truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it with respect to the Water System by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City with respect to the Water System to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 5.03. Prosecution and Defense of Suits. The City shall promptly, upon request of the Trustee or any Owner holding at least 25% in principal amount of the Bonds from time to time, take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Water System, whether now existing or hereafter developing and shall, to the extent permitted by law, prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 5.04. Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, deposit and disbursement of the Debt Service Payments, and such accounting records shall be available for inspection by the City or any Owner or his or her agent duly authorized in writing on any Business Day upon reasonable notice at reasonable hours and under reasonable conditions prescribed by the Trustee. So long as any Bonds are Outstanding, the Trustee will furnish each month to the City and any Owner who may so request in writing (at the expense of such Owner) a statement covering the receipts, deposits and disbursements of the Debt Service Payments for the preceding monthly period; provided, that the

Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero, or (ii) has not had any activity since the last reporting date.

Section 5.05. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by this Indenture.

Section 5.06. Against Encumbrances. The City hereby covenants that there is no pledge of or lien on Net Revenues senior to the pledge and lien securing the Bonds. The City will not make any pledge of or place any lien on the Net Revenues, provided that the City may at any time, or from time to time, pledge or encumber the Net Revenues in connection with the issuance or execution of Parity Obligations, or subordinate to the pledge of Net Revenues herein.

Section 5.07. Against Sale or Other Disposition of Property. Except as provided herein, the City covenants that the Water System shall not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole. Neither the Net Revenues nor any other funds pledged or otherwise made available to secure payment of the Debt Service Payments shall be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed or used except as authorized by the terms hereof. The City shall not enter into any agreement which impairs the operation of the Water System or any part of it necessary to secure adequate Net Revenues to pay the Debt Service Payments, or which otherwise would materially impair the rights of the Owners and the owners of any Parity Obligations with respect to the Net Revenues. If any substantial part of the Water System shall be sold, the payment therefor shall either (a) be used for the acquisition or construction of improvements, extensions or replacements of facilities constituting part of the Water System, or (b) to the extent not so used, be paid to the Trustee to be applied to pay or redeem the Bonds or any Parity Obligations, in accordance with written instructions of the City filed with the Trustee.

Section 5.08. Against Competitive Facilities. Except for any utility system existing as of the date hereof, the City will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, authority, city or political subdivision or any person whomsoever to acquire, maintain or operate within the City any utility system competitive with the Water System; provided, however, that the City may assign all or a portion of the Water System to another entity upon delivery to the Trustee of an opinion of nationally recognized bond counsel that such assignment will not adversely affect the tax-exempt status of the Bonds, and provided such entity assumes the obligations of the City hereunder.

Section 5.09. Tax Covenants. The City shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest on the Bonds to become includable in gross income for federal income tax purposes. To that end, the City hereby makes the following specific covenants:

(a) The City hereby covenants that it shall not make or permit any use of the proceeds of the Bonds that may cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The City covenants that the proceeds of the Bonds will not be used as to cause the proceeds on the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(c) The City covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 5.10. Operation of the Water System. The City covenants and agrees to operate, or cause to be operated, the Water System in accordance with customary standards and practices applicable to similar facilities.

Section 5.11. Payment of Claims. The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Net Revenues or any part thereof or on any funds in the control of the City or the Trustee prior or superior to the lien of the Bonds or which might impair the security of the Bonds; provided the City shall not be obligated to make such payment so long as the City contracts such payment in good faith.

Section 5.12. Compliance with Contracts. The City will comply with, keep, observe and perform all agreements, conditions, covenants and terms, expressed or implied, required to be performed by it contained in all contracts for the use of the Water System and all other contracts affecting or involving the Water System to the extent that the City is a party thereto.

Section 5.13. Insurance. So long as the Bonds are Outstanding, the City shall at all times maintain insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System, either in the form of self-insurance or with responsible insurers. The City shall also maintain worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, the Trustee and the Owners, either in the form of self-insurance or with responsible insurers. The Trustee is not responsible for the adequacy of such insurance.

The Net Proceeds of any insurance award resulting from any damage to or destruction of the Water System by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trustee (which fund the Trustee hereby agrees to establish and maintain as needed) promptly upon receipt thereof and shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Water System by the City, upon receipt of a requisition, signed by the City Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not

been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Revenue Fund. The City covenants that it will commence such replacement, repair, restoration, modification or improvement or indicate that such replacement, repair, restoration, modification or improvement is not economically feasible within 180 days of receipt of such Net Proceeds.

Section 5.14. Books and Accounts; Financial Statements. The City shall keep proper books of record and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Water System. Said books shall, upon prior request, be subject to the reasonable inspection by the Owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds, or their representatives authorized in writing. The City shall cause the books and accounts of the Water System to be audited annually by an Independent Accountant, not more than one hundred eighty (180) days after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Owners at the office of the City.

The Trustee shall not be required to review, and shall not be deemed to have notice of, the contents of the books and records of the City, any financial statement or statement of insurance coverage delivered to the Trustee hereunder, it being expressly understood that the Trustee shall only receive and hold such documents as repository for examination and copying by any Owner at such Owner's expense during business hours on Business Days.

Section 5.15. Payment of Taxes and Compliance with Governmental Regulations. The City will pay and discharge all taxes, assessments and other governmental charges, if any, which may hereafter be lawfully imposed upon the Water System or any part thereof or upon the Net Revenues when the same shall become due. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System or any part thereof, but the City shall not be required to make such payments, or to comply with any regulations or requirements, so long as the payment or validity or application thereof shall be contested in good faith.

Section 5.16. [RESERVED].

Section 5.17. Collection of Rates and Charges. (a) The City hereby covenants that it shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay the following amounts in the following order of priority:

(i) All Operation and Maintenance Expenses estimated by the City to become due and payable in such Fiscal Year;

(ii) All Debt Service Payments and all payments of principal of and interest on any Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority; and

(iii) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

In addition, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to 120% of the amount described in the preceding clause (ii) for such Fiscal Year.

(b) For purposes of calculating the interest on any Outstanding Parity Obligations, if interest on any Parity Obligations is reasonably anticipated to be reimbursed to or on behalf of the City by the United States of America, then interest on such Parity Obligations shall be excluded to the extent such interest is reasonably anticipated to be paid or reimbursed by the United States of America, and such reimbursements will not be included as Gross Revenues for purposes of the coverage calculations set forth in (a) above.

(c) If, in any Fiscal Year, charges for the services and facilities of the Water System which, after allowances for contingencies and error in the estimates, shall produce Gross Revenues insufficient to meet the covenant set forth in paragraph (a), the City covenants and agrees to employ an independent consultant to make recommendations as to a revision of the rates, fees and charges of the Water System or the methods of operation of the Water System that will result in producing Net Revenues in the amount specified in paragraph (a) of this Section 5.17. Copies of the recommendations of such consultant shall be filed with the Trustee.

(d) The City covenants and agrees that it shall, promptly upon its receipt of such recommendations from such consultant, subject to applicable requirements or restrictions imposed by law, and subject to a good faith determination of the City Council that such recommendations, in whole or in part, are in the best interests of the City, revise its rates, fees and charges or its methods of operation or collections and shall take such other action as shall be in conformity with such recommendations. In the event that the City fails to comply with such recommendations, subject to the applicable requirements or restrictions imposed by law and to the determination of the City Council of the City that such recommendations are in the best interests of the City, or its assignee, may, in addition to the rights and remedies elsewhere set forth herein, and shall, upon the written request of the Owners of a majority in principal amount of the Bonds then Outstanding, and being indemnified to its satisfaction therefor, institute and prosecute an action or proceeding in a court of competent jurisdiction to compel the City to comply with the recommendations and requirements of this paragraph (d). If the City complies in all material respects with the reasonable recommendations of the consultant in respect to said rates, fees, charges and methods of operation or collection, the City will be deemed to have complied with the covenants contained in this Section 5.17 notwithstanding that Net Revenues shall be less than the amount required under this Section 5.17 for such Fiscal Year; provided, however, that such rates, fees, charges and methods of operation or collection shall produce Net Revenues equal to at least 100% of (i) the Debt Service Payments coming due and payable during such Fiscal Year, and (ii) all payments required with respect to Parity Obligations; provided further, that this sentence shall not be construed as in any way excusing the City from

taking any action or performing any duty required under this Indenture or be construed as constituting a waiver of any other Event of Default.

Section 5.18. Eminent Domain Proceeds. The Net Proceeds of any eminent domain award shall be deposited in the Insurance and Condemnation Fund (which fund the Trustee hereby agrees to establish and maintain as needed) by the Trustee promptly upon receipt thereof and shall be applied to the prompt replacement, modification or improvement of the Water System by the City, upon receipt of a requisition, signed by the City Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed, or upon receipt by the Trustee of notification from a City Representative in writing of the City's determination that the replacement, modification or improvement of the Water System is not economically feasible or in the best interest of the City, shall be transferred to the Revenue Fund.

Section 5.19 Continuing Disclosure to Owners The City and the Trustee shall comply with and carry out all of their respective duties under the Continuing Disclosure Agreement. Notwithstanding any other provisions of this Indenture, failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee shall, at the written direction of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the holders of at least 25% aggregate principal amount of Outstanding Bonds, but only to the extent indemnified for its fees and expenses, including those of its attorneys, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.20. Rebate of Excess Investment Earnings to United States.

(a) Obligation to Calculate Excess Investment Earnings. The City shall calculate or cause to be calculated, and shall provide or cause to be provided written notice to the Trustee of, the excess investment earnings (as defined in the Code, "Excess Investment Earnings") at such times and in such manner as may be required pursuant to the Code. The City shall inform the Trustee how frequently calculations are to be made, and shall ensure that a copy of all such calculations is given promptly to the Trustee.

(b) Rebate to United States. The City agrees to deposit with the Trustee, promptly upon the receipt of any calculations made pursuant to the preceding subsection (a), the amount of Excess Investment Earnings so calculated. The Trustee shall deposit all amounts paid to it for such purpose by the City in the Rebate Fund, which fund the Trustee hereby agrees to establish when required to deposit any funds therein and maintain so long as any Bonds are Outstanding. The Trustee shall pay to the United States of America from the amounts on deposit in the Rebate Fund such amounts as shall be identified pursuant to written notice filed with the Trustee by the City for such purpose from time to time. Payments to the United States of

America shall be made to the address prescribed by the Code as the same may be from time to time in effect with such reports and statements as may be prescribed by the Code. Following payment in full to the United States of America of all amounts due and owing under this subsection (b) and under the Code, the Trustee shall withdraw from the Rebate Fund and transfer to the City all amounts remaining on deposit in the Rebate Fund.

(c) Investment Transactions. The City shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section 5.20. To that end the City shall assure that investment transactions are on an arm's-length basis. In the event that Permitted Investments consist of certificates of deposit or investment contracts, investment in such Permitted Investments shall be made in accordance with the procedures described in the Code.

(d) Maintenance of Records. The City shall keep, and retain for a period of six (6) years following the retirement of the Bonds, records of the determinations made pursuant to this Section 5.20.

(e) Engagement of Professional Services. In order to provide for the administration of this Section 5.20, the City may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the City may deem appropriate.

(f) Modification of this Section. Any of the provisions of this Section 5.20 may be amended, modified or deleted in any manner whatsoever in the event that the City shall cause to be filed with the Trustee written directions making such amendment, modification or deletion, which written directions are accompanied by an opinion of Bond Counsel stating that such amendment, modification or deletion will not cause interest on the Bonds to be includable in gross income of the Bondowners for federal income tax purposes.

ARTICLE VI

DEFAULT AND LIMITATIONS OF LIABILITY

Section 6.01. Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(a) default shall be made in the due and punctual payment by the City of any Debt Service Payment when and as the same shall become due and payable;

(b) default shall be made by the City in the performance of any of the agreements or covenants contained herein required 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;

(c) the City shall file a petition seeking arrangement or reorganization under 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 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

(d) an event of default shall have occurred with respect to any Parity Obligations;

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, subject to the provisions of Section 6.02, exercise any remedies available to the Trustee and the Bondowners in law or at equity.

The Trustee shall notify the City promptly of any default under Section 6.01(a) hereof. Upon the occurrence of an Event of Default hereunder, the Trustee may declare the principal and interest with respect to all such Bonds immediately due and payable and such principal and interest shall thereupon be due and payable immediately. The Trustee shall apply amounts on deposit in the funds and accounts in accordance with Section 6.07 hereof.

This provision, however, is subject to the condition that, except with respect to an Event of Default under subsection (c) above, if at any time after such Outstanding principal amount of the Bonds and the accrued interest thereon shall have been so declared due and payable and before the acceleration date or the date of any judgment or decree for the payment of the money due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay such amount due prior to such date and the accrued interest thereon, with interest on such overdue payments at the rate on such Bonds, and the reasonable fees and expenses of the Trustee, including those of its attorneys, and any and all other defaults known to the City (other than in the payment of such principal amount of the Bonds and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 6.02. Other Remedies of the Trustee. The Trustee may (subject to the receipt of indemnity as provided herein):

(a) by mandamus or other action or proceeding or suit at law or in equity enforce its rights against the City, or any board member, officer or employee thereof, and compel the City or any such board member, officer or employee to perform and carry out its or his or her duties under applicable law and the agreements and covenants contained herein required to be performed by it or him;

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Bondowners hereunder;

(c) intervene in judicial proceedings that affect the Bonds or the security therefor or hereunder; or

(d) by suit in equity upon the happening of an Event of Default require the City and its officers and employees to account as the trustee of an express trust.

Section 6.03. Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the Owners shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or the Owners to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the Owners, the Trustee, the Owners and the City shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 6.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other law.

Section 6.05. No Liability by the Trustee to the Owners. Except for the duty of the Trustee to make payments of principal, redemption premiums and interest with respect to the Bonds from moneys received from the City, the Trustee will not have any obligation or liability to the Owners with respect to the payment when due of the Debt Service Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained herein.

Section 6.06. Limitation on Owners' Right to Bring Suit. No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, at law or in equity, unless:

(1) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(2) the owners of not less than a majority in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Owner or Owners have offered to the Trustee reasonable indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and

(4) the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding.

It being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Owners or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Bonds and Parity Obligations. Notwithstanding the foregoing, the Owner of any Bond shall have the right which is absolute and unconditional to receive payment of interest on such Bond when due in accordance with the terms thereof and hereof and the principal of such Bond at the stated maturity thereof and to institute suit for the enforcement of any such payment in accordance with the provisions of this Indenture and such rights shall not be impaired without the consent of such Owner.

Section 6.07. Application of Funds Upon Default. All monies received by the Trustee or by any receiver pursuant to any right given or action taken under the provisions of this Article VI, and any other funds then held by the Trustee, shall, after payment of the reasonable costs and fees of, and the reasonable fees, expenses, liabilities and advances incurred or made by the Trustee (including fees and expenses of its attorneys and advisors), be deposited in the Debt Service Account and all moneys so deposited during the continuance of an Event of Default (other than moneys for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default), together with all moneys in the funds and accounts maintained by the Trustee under Article III hereof, shall be applied as follows:

(a) Unless the principal of all Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds and any Parity Obligations, with interest on overdue installments, if lawful, at the rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds and any Parity Obligations which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds and any Parity Obligations due on

any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds and any Parity Obligations, with interest on overdue interest and principal, as aforesaid, without preference or priority over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bonds over any other Bonds or any Parity Obligations, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever the Trustee shall apply such moneys (which shall not include the application of moneys upon the occurrence of any acceleration pursuant to the provisions hereof), it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and of the special record date in accordance with Article II hereof. The Trustee shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 6.08. Rights of the Owners of Parity Obligations. Notwithstanding anything in this Article VI to the contrary, it is hereby acknowledged and agreed that the rights of the Trustee and the Owners hereunder in and to the Net Revenues and the Water System shall be exercised on a parity and proportionate basis with the rights of the owners of any Parity Obligations and any fiduciary acting for the benefit of such owners. The provisions of this Article VI, and the provisions of any instruments authorizing the issuance of any Parity Obligations, shall be construed in accordance with the foregoing sentence.

ARTICLE VII

THE TRUSTEE

Section 7.01. Trustee; Duties, Removal and Resignation. By executing and delivering the Indenture, the Trustee accepts the duties and obligations of the Trustee provided in the Indenture, but only upon the terms and conditions set forth in the Indenture.

The City, in its sole discretion, or the Owners of a majority in aggregate principal amount of all Bonds Outstanding may, by thirty (30) days prior written request, remove the Trustee initially a party hereto, and any successor thereto, and in such event, or in the event the Trustee resigns, the City shall appoint a successor Trustee, but any such successor shall be a bank, national banking association or trust company in good standing doing business and having an office in Los Angeles or San Francisco, California, having (or if such bank, national banking

association or trust company is a member of a bank holding company system, its bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

The Trustee may at any time resign by giving written notice to the City and by giving to the Bond Owners notice by mailing a notice of such resignation to their addresses appearing in the Bond Register. Upon receiving any such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the City does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may petition at the expense of the City an appropriate court having jurisdiction to appoint a successor Trustee or to resign. Subject to the prior sentence, any resignation or removal of the Trustee shall not become effective until written acceptance of appointment by the successor Trustee under the Indenture.

Any Trustee which shall resign or be removed pursuant to this Section shall be entitled to compensation in accordance with Section 7.02 and to reimbursement for all reasonable and proper expenses and advances incurred and not previously reimbursed for its activities in connection with the Indenture and for any indemnification due pursuant to the Indenture and not previously paid. Any Trustee which resigns or is removed, upon payment of its unpaid compensation and expenses hereunder, shall fully discharge all the right, title and interest of the retiring Trustee and amounts on deposit hereunder shall vest in said successor Trustee, and such retiring Trustee shall promptly pay over, assign and deliver to the successor Trustee any money or other property on deposit pursuant hereto then held by such Trustee, and deliver any and all records, or copies thereof, in respect of the Trustee which it may have.

Section 7.02. Compensation of the Trustee. The City shall pay from time to time, upon receipt of a statement, to the Trustee reasonable compensation for the Trustee's services and shall reimburse the Trustee for all its reasonable advances and expenditures incurred by it in the exercise and performance of its powers and duties under the Indenture. The lien of the Trustee on amounts held by it under the Indenture for its services rendered under the Indenture shall be superior to the rights of the Bond Owners to receive scheduled payments of principal and interest with respect to their Bonds; provided that the Trustee shall have no lien on moneys in the Redemption Account.

The City shall hold harmless and indemnify the Trustee for all costs, claims, expenses and liabilities incurred by or asserted against the Trustee in the performance of its duties under this Indenture or any related document, including any such reasonable costs, claims, expenses (including legal fees and expenses) and liabilities incurred in the course of defending itself against any claims or actions or enforcing any remedies under this Indenture or any related document. Any such indemnity shall not extend to any costs, claims, expenses or liabilities adjudicated to have been caused by the negligence or willful misconduct of the Trustee. The

indemnification of the Trustee under this Indenture shall extend to its directors, officers, employees and agents. The obligations of the City under this Section shall survive the payment of the Bonds and the discharge of this Indenture, and the resignation or removal of the Trustee.

Section 7.03. Protection to Trustee. The City shall indemnify, protect and hold the Trustee harmless and the Trustee shall incur no liability for acting upon any notice, resolution, consent, order, certificate, report, certificate or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee, in its discretion, may consult with counsel, who may be counsel to the City, with regard to legal questions, and the advice or opinion of such counsel, in the absence of negligence or willful misconduct on the part of the Trustee, shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith in accordance therewith.

Whenever in the administration of its duties under the Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by the certificate of an Authorized Officer of the City and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof (but shall not be obligated to), accept other evidence of such matter.

The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds issued pursuant to the Indenture, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee and its affiliates, either as sponsor, advisor, principal or agent, may also engage in or be interested in any financial or other transaction with the City, and may act as depository, trustee, or agent for any committee or body of Owners of Bonds or other obligations of the City as freely as if it were not Trustee under the Indenture.

The recitals, statements and representations contained in this Indenture or in the Bonds, save only the Trustee's authentication of the Bonds, shall be taken and construed as made by and on the part of the City, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Trustee shall not be deemed to make any representations with respect to the security afforded by this Indenture.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture. The Trustee shall be fully reimbursed by the City for reasonable expenses incurred in connection with the performance of its obligations under the Indenture. Upon any default by, or misconduct of, any agent, attorney or receiver appointed by the Trustee, the Trustee shall fully pursue all remedies available to it against such attorney, agent or receiver, and the proceeds of the exercise

of such remedies shall be used to reimburse the City for any loss it may have suffered as a result of the default or misconduct of such agent, attorney or receiver.

Before taking any remedial action hereunder the Trustee may require that a satisfactory indemnity bond or other indemnity satisfactory to the Trustee be furnished for the reimbursement of all reasonable expenses to which it may be put and to protect it against all liability which may be incurred in connection with the taking of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct; provided, however, the Trustee shall not seek such indemnity prior to making payments on the Bonds.

The Trustee, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use in the conduct of such person's own affairs.

The Trustee shall not be deemed to have knowledge of an Event of Default (except in connection with a failure of the City to make Debt Service Payments when due) until a Responsible Officer has actual knowledge thereof, or until notified in writing of such Event of Default.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

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.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give

the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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

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

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's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers and employees of the Trustee.

Section 7.04. Payment Limited. All payments to be made by the Trustee under and pursuant to this Indenture shall be made only from the corpus, income and proceeds of the amounts on deposit pursuant hereto and only to the extent that the Trustee shall have received sufficient contribution, income and proceeds in accordance with the terms of this Indenture.

Section 7.05. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 7.01 hereof, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.06. Funds and Accounts. The Trustee may establish such funds and accounts as it reasonably deems necessary or appropriate to perform its obligations hereunder.

ARTICLE VIII

AMENDMENT OF OR SUPPLEMENT TO INDENTURE

Section 8.01. Amendment or Supplement by Consent of Owners. The Indenture may be amended in writing by agreement between the City and the Trustee, but no such amendment or supplement shall (i) reduce the rate of interest evidenced by the Bonds or extend the time of payment of such interest or reduce the amount of principal thereof or extend the Maturity Date thereof without the prior written consent of the Owner thereof, or (ii) reduce the percentage of Owners of Bonds whose consent is required for the execution of any amendment of or supplement to the Indenture, or (iii) modify any rights or obligations of the Trustee without its prior written consent thereto.

This Indenture and the rights and obligations of the City, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture which the City and the Trustee may enter into, but without the consent of any Bond Owners, if the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

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

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

(c) to modify, amend or supplement this 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;

(d) to make such additions, as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or

(e) to authorize the issuance of Parity Obligations.

In the event of any such amendment or supplement, copies of such amendment or supplement and any other documents relating thereto shall be provided by the City to Moody's and S&P (provided such rating agencies are currently rating the Bonds, or any Parity Obligations) at least fifteen (15) days prior to the effective date thereof.

Section 8.02. 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 in this Article VIII, and shall not be entitled to consent to or take any other action provided in this Article VIII, and the Trustee may adopt appropriate regulations to require each Owner, before his or her consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section 8.02. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance. Any Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, before maturity, money which, together with the amounts which are then on deposit in the Payment Fund and available therefor, is fully sufficient to pay such Bonds, including all principal and interest; or

(c) by depositing with the Trustee, under an escrow deposit and trust agreement, cash, non-callable Federal Securities or pre-refunded non-callable municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively (or any combination thereof) (the "Defeasance Obligations") in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and moneys then on deposit (or a pro rata share thereof) in the Payment Fund available therefor, together with the interest to accrue thereon, be fully sufficient to pay and discharge such Bonds (including all principal and interest) at or before their respective maturity dates.

In the event of a refunding as described in paragraph (c) above (i) the City shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay such Bonds in full on the maturity or redemption date (the "Verification"), (ii) the escrow instructions shall provide that (A) substitution of a Defeasance Obligation shall not be permitted except with another Defeasance Obligation and upon delivery of a new Verification and (B) reinvestment of a Defeasance Obligation shall not be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) there shall be delivered an opinion of nationally recognized bond counsel to the effect that such Bonds are no longer "Outstanding" under the Indenture. Each Verification and defeasance opinion shall be addressed to the City, the Trustee, the escrow agent, if any, and any other parties as are deemed appropriate

by the City at the time of such refunding. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be accompanied by such opinions of counsel.

Notwithstanding that some Bonds may not have been surrendered for payment, all obligations of the City and the Trustee under the Indenture with respect to such defeased Bonds shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid to the Owners of such Bonds all sums due thereon and the obligation of the City to indemnify and pay the Trustee in accordance with Sections 7.02 and 7.03 hereof.

Any funds held by the Trustee, at the time of one of the events described above in subsections (a), (b) or (c), which are not required for the payment to be made to Owners, or for payments to be made to the Trustee by the City, shall be paid over to the City pursuant to written instruction from an Authorized Officer of the City and delivery of a certificate of a certified public accountant that such funds are not required to be paid to the Owners.

Section 9.02. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal of the Bonds which remains unclaimed for the lesser of the period ending one day prior to the date such money would escheat to the State or two (2) years after the date when the payments evidenced and represented by such Bonds have become payable, if such money was held by the Trustee at such date, or for the lesser of the period ending one day prior to the date such money would escheat to the State or two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal evidenced and represented by such Bonds have become payable, the Trustee shall pay such amounts to the City as its absolute property 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 interest and principal represented by such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee may, at the expense of the City, cause to be published once a week for two (2) successive weeks in a financial newspaper 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 first publication of such notice, the balance of such money then unclaimed will be returned to the City.

ARTICLE X

MISCELLANEOUS

Section 10.01. Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the City shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 10.02. Successor Deemed Included in all References to Predecessor. Whenever either the City, the Trustee or any officer thereof is named or referred to herein, such reference

shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the City, the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his or her attorney of any declaration, request or other instrument or of any 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 she purports to act, that the person signing such declaration, request 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, or by such other proof as the Trustee or the paying agent, as the case may be, may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future owners of such Bond with respect to anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 10.04. Waiver of Personal Liability. No board member, officer or employee of the City shall be individually or personally liable for the payment of the interest or principal the Bonds, but nothing contained herein shall relieve any board member, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Acquisition of Bonds by the City. All Bonds acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 10.06. Content of Certificates. Every Certificate of the City with respect to compliance with any agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) 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 agreement, condition, covenant or term has been complied with; and (c) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of the City may be based, insofar as it relates to legal matters, upon an opinion of counsel unless the person making or giving such certificate knows that the opinion of counsel with respect to the matters upon which such certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any opinion of counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the City, upon a representation by an officer or officers of

the City unless the counsel executing such opinion of counsel knows that the representation with respect to the matters or upon which his or her opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 10.07. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of Bonds shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Bonds at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given unless this Indenture expressly provides a different provision; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and failure to receive any such notice shall not affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

Section 10.08. Funds. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with industry practice and with due regard for the protection of the security of the Bonds and the rights of the owners.

Section 10.09. Investments.

(a) Amounts on deposit in any fund or account created pursuant to this Indenture shall be invested in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such money is anticipated to be needed for disbursement hereunder, in accordance with such written directions as the City may from time to time provide to the Trustee. Investment directions shall be received at least two (2) Business Days prior to the date of making the investment. If no such direction has been received by the Trustee in sufficient time, in the judgment of the Trustee to comply with such instructions the Trustee may invest such amounts in Permitted Investments of the type described in paragraph (4) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received investment directions from the City specifying a specific money market fund and, if no such written investment directions is so received, the Trustee shall hold such moneys uninvested. The Trustee and any affiliates may act as sponsor, advisor, principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section 10.09. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. To the extent possible, the Trustee shall provide notice to the City prior to any such sale. Interest or profit received on such investments (other than the Reserve Fund) shall be deposited to the Payment Fund. All interest, profits and other income received from the investment of moneys in the Reserve Fund shall be retained in the Reserve

Fund to the extent amounts on deposit therein shall not be at least equal to the Reserve Requirement, and thereafter shall be transferred to the Payment Fund.

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 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.

(b) In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest. Valuation shall occur as determined by the City, but not less often than annually.

(c) Except for investment agreements and repurchase agreements, if at any time after investment therein a Permitted Investment ceases to meet the criteria set forth in the definition of Permitted Investments and such obligation, aggregated with other non-conforming investments, exceeds ten percent (10%) of invested funds, such Permitted Investment shall be sold or liquidated upon the written direction of the City.

Section 10.10. 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. 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," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.11. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the City or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law.

Section 10.12. California Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 10.13. Notices. All written notices to be given hereunder shall be given by certified mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time.

If to the City:

City of Corcoran
832 Whitley
Corcoran, CA 93212
Attention: City Manager

If to the Trustee:

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

Section 10.14. Reserve Policy Provisions. [TO COME]

Section 10.15. Effective Date. This Indenture shall become effective upon its execution and delivery.

Section 10.16. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.17. Payments Due on Days that are not Business Days. In any case where the date fixed for payment of principal or interest on the Bonds or the date fixed for redemption of Bonds shall not be a Business Day, then payment of such principal or interest or redemption price shall be made on the next succeeding Business Day, with the same force and effect as if made on such non-Business Day and no interest shall accrue on such amounts from and after such non-Business Day.

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

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

CITY OF CORCORAN

By: _____
City Manager

**APPENDIX A
(FORM OF BOND)**

NO. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY OF CORCORAN
WATER REVENUE REFUNDING BONDS
SERIES 2016A**

Rate of Interest

Maturity Date

Dated Date

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

DOLLARS

The City of Corcoran, a municipal corporation and public entity duly created and lawfully existing under the laws of the State of California (the "City"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner specified above or registered assigns on the maturity date specified above (subject to any right of prior redemption provided for) the principal sum specified above, together with interest thereon from the Interest Payment Date (defined below) next preceding the date of authentication hereof (unless such date of authentication is during the period commencing after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") through and including the next succeeding Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date, or unless such date of authentication is on or prior to the first Record Date, in which event it shall bear interest from the Dated Date until the principal hereof shall have been paid at the interest rate per annum specified above, payable on January 1, 2017, and semiannually thereafter on July 1 and January 1 in each year (each, an "Interest Payment Date"); provided, however, that if on the date of authentication of this Bond, interest is then in default on this Bond, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

The principal of this Bond shall be payable in lawful money of the United States of America at the Principal Office (as provided in the Indenture, defined below) of U.S. Bank National Association (the "Trustee"), upon presentation and surrender of this Bond.

Payment of interest on this Bond due on or before the maturity or prior redemption thereof shall be made to the person in whose name such Bond is registered, as of the Record Date preceding the applicable Interest Payment Date, on the registration books kept by the Trustee at its Trust Office, such interest to be paid by check mailed by first class mail on such interest payment date to the registered owner at his or her address as it appears on such books, or, upon the written request from any Owner of Bonds aggregating, at least \$1,000,000, received on or prior to the applicable Record Date, by wire transfer to an account within the United States.

Interest on this Bond shall be payable in lawful money of the United States of America and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the City designed as its "City of Corcoran Water Revenue Refunding Bonds, Series 2016A" (the "Bonds"), in the aggregate principal amount of ____ Million ____ Hundred ____ Thousand Dollars (\$____), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of an indenture of trust, dated as of August 1, 2016 (the "Indenture"), between the City and the Trustee.

The Bonds are issued to provide funds to refinance certain outstanding obligations of the City. The Bonds are limited obligations of the City and are payable, as to interest thereon and principal solely from Net Revenues (as defined in the Indenture). All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture by a pledge of the Net Revenues (together with all of the moneys in the Reserve Fund, as defined in the Indenture), which Net Revenues (together with all of the moneys in the Reserve Fund) shall be held in trust for the security and payment of the interest on, principal of and redemption premiums, if any, on the Bonds as provided in the Indenture. Neither the faith and credit of the City, the State of California, nor any of its political subdivisions are pledged to the payment of the principal of or interest on the Bonds.

Copies of the Indenture are on file at the Principal Office of the Trustee. Reference is hereby made to the Indenture and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Bonds, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the Owners of the Bonds with respect thereto and for the other agreements, conditions, covenants and terms upon which the Bonds are executed and delivered thereunder.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended or supplemented in writing by the parties thereto (in certain instances without the consent of the Owners of Bonds), but no such amendment or supplement shall (i) reduce the rate of interest evidenced hereby or extend the time of payment of such interest or reduce the amount of principal hereof or extend the Maturity Date hereof without the prior written consent of the Owner hereof, or (ii) reduce the percentage of Owners of Bonds whose consent is required for the execution of any amendment of or supplement to the Indenture, or (iii) modify any rights or obligations of the Trustee without its prior written consent thereto.

The Bonds are authorized to be executed and delivered in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof.

This Bond is transferable or exchangeable by the Owner hereof in person or by the Owner's attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender of this Bond for cancellation accompanied by delivery of a duly executed

written instrument of transfer or exchange in a form approved by the Trustee. Upon such transfer or exchange, a new Bond or Bonds of authorized denominations of the same Maturity Date and interest rate and in the same aggregate principal amount hereof will be executed and delivered by the City and authenticated by the Trustee to the Owner thereof in exchange therefor. The Trustee shall require the payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee may treat the Owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and redemption premium, if any, evidenced by this Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge liability evidenced by this Bond to the extent of the sum or sums so paid.

The Trustee shall not be obligated to make any such registration of transfer or exchange of Bonds during the fifteen (15) day period prior to the date on which notice of redemption must be mailed pursuant to the Indenture, or with respect to any Bond which has been selected for redemption pursuant to the Indenture (except any unredeemed portion thereof).

The Bonds shall be subject to redemption as set forth in the Indenture.

As provided in the Indenture, notice of redemption hereof shall be mailed, first class postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the Owner of this Bond at such Owner's address as it appears in the registration books maintained by the Trustee, but failure to give any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of this Bond. If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, the interest evidenced hereby shall cease to accrue from and after the date fixed for redemption.

The Trustee has no obligation or liability to the Owners of the Bonds for the payment of the interest or principal or redemption premiums, if any, on the Bonds; but rather the Trustee's sole obligations are to administer, for the benefit of the City and the Owners of the Bonds, the various funds established under the Indenture.

This Bond shall not be entitled to any benefit, protection or security under the Indenture or become valid or obligatory for any purpose until certificate of authentication and registration hereon endorsed shall have been manually executed and dated by the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate 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.

It is hereby certified that all acts and proceedings required by law necessary to make this Bond, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligation of the City have been done and taken, and have been in all respects duly authorized.

IN WITNESS WHEREOF, the City of Corcoran has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor and attested to by the manual or facsimile signature of its City Clerk, and has caused this Bond to be dated as of the dated date set forth above.

CITY OF CORCORAN

[Seal]

By: _____
Mayor

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Indenture which has been authenticated and registered on the date set forth below.

Date:

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

By: _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned does hereby sell, assign and transfer unto _____ the within Bonds and does) hereby irrevocably constitute and appoint _____ attorney to transfer such Bond on the register of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature: _____

Note: The signature(s) 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.

Signature Guaranteed by: _____

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

AGREEMENT FOR BOND/DISCLOSURE COUNSEL SERVICES

THIS AGREEMENT (the "Agreement") is made and entered into this 13th day of July, 2016, by and between the City of Corcoran, whose address is 832 Whitley Avenue, Corcoran, CA 93212 (the "City"), and Nossaman LLP, a partnership including professional corporations ("Nossaman") whose address is 18101 Von Karman Ave., Ste. 1800, Irvine, California 92612.

WITNESSETH:

WHEREAS, the City proposes to finance and refinance the acquisition and construction of certain water system improvements (the "Project"); and

WHEREAS, Nossaman is specifically trained and experienced in the conduct of proceedings for accomplishing the financing and refinancing of the Project through the preparation, sale and delivery of tax-exempt certificates of participation or revenue bonds for such purposes (the "Obligations"); and

NOW, THEREFORE, in consideration of the covenants and premises herein contained and other good and valuable consideration, the parties hereto agree as follows:

1. Duties. Nossaman shall provide legal services in connection with the authorization, issuance, sale, execution and delivery of the Obligations (the "Transaction"). Such services shall include, but not be limited to, the following:

a. Conferring and consulting with the developer of the Project, the credit provider, the officers, administrative staff, financial advisor, underwriter and other representatives of the City in connection with the preparation and formulation of the Transaction.

b. Attendance at all meetings of the City and any administrative meetings at which the Transaction is to be discussed or otherwise deemed necessary for the proper planning of the Transaction, when requested to attend such meetings by the City.

c. Preparation of the Resolution of Issuance, security documents and all other resolutions, agreements, notices and other documents necessary for the proper conduct and consummation of the Transaction, including formation of a joint powers authority, if necessary.

d. A review of all financial documents for legal sufficiency.

e. Preparation of the official statement or disclosure document in connection with the Transaction to assure the disclosure of all material facts within the knowledge of the City.

f. Preparation of an incumbency certificate, an arbitrage certificate, and any and all other closing documents required of the City to accompany delivery of the financing documents.

g. Preparation of documentation and assistance in obtaining credit enhancement and/or a rating on the Obligations if such a rating is sought.

h. Attendance at and supervision of the closing, and issuing the legal opinion of Nossaman stating that the interest payments with respect to the Obligations is exempt from present Federal and State income taxes, as the case may be, and approving in all respects the legality of all proceedings for the authorization, issuance, sale and delivery of the Obligations and other agreements relating to the Transaction.

i. Preparation of a transcript of the closing of the Transaction.

j. Conferring and consulting with City officials and agents with regard to any problems which may arise prior to the maturity of the issuance.

k. Providing any other necessary services, including ongoing monitoring of the Transaction after the sale of the Obligations and assistance to the City regarding the Transaction, generally expected of Nossaman not listed above.

2. Compensation. For provision of the services to be rendered pursuant to this Agreement relating to the financing of the Project, the City shall pay Nossaman a fee of not to exceed \$90,000.00, which fee shall include any out-of-pocket expenses incurred by it in the course of this engagement, such as reproduction and printing costs, word processing time, long distance telephone calls, travel at the request of the City and similar items. Said fee is payable only upon issuance of the Obligations, and shall be paid from proceeds thereof.

In the event Nossaman is requested to perform additional work outside of its normal and customary services as bond counsel or disclosure counsel, such as litigation, Nossaman will be paid additional compensation therefor following the submission of monthly, itemized bills at the hourly rate of the attorney performing such services; provided, however, there shall be no additional compensation due Nossaman under the paragraph without the prior approval of the City.

3. Assignment. This Agreement may be assigned by the City to any other issuer of the securities as may be necessary to consummate the Transaction, without the consent of but with notice to Nossaman.

4. No Guarantees; Entire Agreement. Nothing in this Agreement and nothing in our statements to you should be construed as a guarantee or promise about the outcome of the Transaction or any phase thereof. We make no such guarantees or promises. Comments about the course or outcome of the Transaction or any phase thereof which we may make from time to time are expressions of opinion only. The written Agreement constitutes the

entire Agreement between the parties hereto with respect to Nossaman services and neither party has been induced to make or enter into this Agreement by reason or promise, agreement, representation, statement or warranty other than as herein contained.

5. Other Representation. Nossaman may, from time to time, have clients with interests which may be potentially adverse to the City. Nossaman reserves the right to represent said clients except on matters directly relating to the City's Obligations. We will disclose any such potential conflict to you and will seek a waiver of that conflict. We will of course work with you and our other clients to construct an appropriate ethical wall to protect the confidences of all of our clients and to clearly separate our work in any such case. Although we are not asking for a waiver now since these conflicts may not emerge, we ask that you agree to give good faith consideration to our requests for any such waivers in the future. This will allow us to better serve all of our clients.

6. Work Product. Our files developed in the course of work undertaken pursuant to this Agreement are your property. We will release those files to you or to anyone else you designate upon your written request delivered to the attorney in charge of this matter. However, such a request will signify the end of this engagement if it is then still ongoing. You agree that we may, in our sole discretion, copy all or any portion of such files at your expense and retain such copies, and that we may have a reasonable period of time before releasing the documents to you or your designee in order to make the copies. We will from time to time send portions of your files that are not currently needed to an off-site storage facility. The cost of using this facility will be our sole expense. However, we are not the guarantor of the security of any off-site storage facility. Accordingly, you agree that the firm will not be responsible for any damages which may occur as a result of the loss of any of your files which we store at an off-site storage facility. You also agree that we may, after the passage of two years without our having performed any work for you pursuant to this engagement, destroy the files of this engagement without further notice to you unless you have previously provided us with written instructions to forward the files to you or to another person you designate.

7. Insurance. We carry professional liability insurance which would cover the services we will be providing under the terms of this Agreement. That insurance is subject to a self-insured retention.

8. Privacy Policy. Please be advised that we have adopted a privacy policy in compliance with the requirements of the Gramm-Leach-Bliley Act, a copy of which is attached to this letter. If you have any questions concerning our Privacy Policy, please contact us.

9. Arbitration. If an action or proceeding is commenced to enforce this Agreement or any provision hereof, the prevailing party in such an action or proceeding shall be entitled to recover the reasonable amount of his, her or its fees and costs thereof, in addition to compensatory damages. For the purposes of enforcing this Agreement only, and as otherwise required by law, you agree that this Agreement may be disclosed to a court or arbitrator.

10. Notices. All notices, demands, requests, consents and approvals given, required or permitted to be given hereunder, shall be contained in writing and shall be deemed sufficiently given if sent by express delivery service or by registered or certified mail, postage prepaid and return receipt requested, addressed to the parties at the addresses set forth above or on any addendum or counterpart to this Agreement, or to such other address as the recipient shall have notified the sender of in writing. You agree to keep us currently informed of any change in your address or telephone numbers so that we may effectively communicate with you. We will also advise you promptly of any change in the firm's business address, electronic mail address, telephone or facsimile numbers.

11. California Law. This Agreement is made under and shall be construed in accordance with the substantive laws of the State of California, without reference to choice of law rules.

12. Counterparts. This Agreement may be executed in counterparts each of which shall be deemed an original but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers and representatives thereto duly authorized, all as of the day and year first above written.

CITY OF CORCORAN

By: _____
City Manager

NOSSAMAN LLP, a partnership including
professional corporations

By: _____
Albert R. Reyes, a Partner

PRIVACY POLICY OF NOSSAMAN LLP

Lawyers, as providers of certain personal services, are now required by the Gramm-Leach-Bliley Act to inform their clients of their policies regarding privacy of client information. Our law firm understands your concerns as a client for privacy and the need to ensure the privacy of all your information. Your privacy is important to us and maintaining your trust and confidence is a high priority. Lawyers have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by such Act. Therefore, we have always protected your right to privacy. The purpose of this notice is to explain, as now required by law, our Privacy Policy with regard to personal information about you that we obtain and how we keep that information secure.

NONPUBLIC PERSONAL INFORMATION WE COLLECT

We collect nonpublic personal information about you that is provided to us by you or obtained by us with your authorization or consent, or otherwise furnished to us in the performance of our engagement, as through discovery in litigation.

WE DO NOT DISCLOSE ANY PERSONAL INFORMATION ABOUT OUR CLIENTS OR FORMER CLIENTS TO ANYONE, EXCEPT AS PERMITTED OR REQUIRED BY LAW AND ANY APPLICABLE STATE ETHICS RULES.

We do not disclose any nonpublic personal information about current or former clients obtained in the course of representation of those clients, except as expressly or impliedly authorized by those clients to enable us to effectuate the purpose of our representation or as required or permitted by law or applicable provisions of codes of professional responsibility or ethical rules governing our conduct as lawyers. In that regard, California law generally provides that lawyers are absolutely required not to reveal confidential information about clients, except as authorized by the client or as compelled by law.

CONFIDENTIALITY AND SECURITY

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and to comply with professional guidelines or requirements of law. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

\$ _____
CITY OF CORCORAN
WATER REVENUE REFUNDING BONDS, SERIES 2016A

PURCHASE CONTRACT

_____, 2016

City of Corcoran
832 Whitley Avenue
Corcoran, California 93212

Ladies and Gentlemen:

Hilltop Securities Inc., (the "Underwriter") hereby offers to enter into this Purchase Contract with you, the City of Corcoran (the "City"), for the purchase by the Underwriter and the delivery by you of the Bonds specified below. The Bonds are being issued by the City for the purpose of (i) prepaying in advance and defeasing all of the City's obligations under an Installment Sale Agreement, dated as of March 1, 2008, (the "Installment Sale Agreement") with the Corcoran Joint Powers Finance Authority, which obligations are evidenced by the City's Variable Rate Demand 2008 Refunding Certificates of Participation (Water System Project) (the "2008 Certificates"), and (ii) paying the costs of issuing the Bonds. This offer is made subject to acceptance by you prior to 11:59 p.m., Los Angeles time, on the date hereof. Upon such acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Indenture (defined below).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter agrees to purchase from the City, and the City agrees to sell to the Underwriter, all (but not less than all) of the \$_____ aggregate principal amount of the City's Water Revenue Refunding Bonds, Series 2016A (the "Bonds"), at the purchase price of \$_____ (being the principal amount of the Bonds, less an Underwriter's discount in the amount of \$_____, and plus original issue premium of \$_____).

The Bonds will have the maturities and bear interest at the rates set forth on Exhibit A hereto. The Bonds will be subject to redemption as set forth in the Official Statement herein described. The Bonds will be dated as described in the Official Statement. The Bonds will be issued in book entry form only.

The City acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the City and the Underwriter in which the Underwriter is acting solely as principal and not as agent of the City and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the City; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated by this Purchase Contract and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any

affiliate of the Underwriter has provided other services or is currently providing other services to the City on other matters); (iii) the only obligations the Underwriter has to the City with respect to the transaction contemplated by this Purchase Contract are expressly set forth in this Purchase Contract; and (iv) the City has consulted its own financial and/or municipal legal, accounting, tax and other advisors, as applicable, to the extent the City has deemed appropriate. The City acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB"). The City acknowledges and represents that it has engaged NHA Advisors LLC, San Rafael, California, as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on the financial advice of NHA Advisors LLC, as municipal advisor with respect to the Bonds.

2. Authorizing Instruments and Law. The Bonds shall be issued pursuant to the provisions of a resolution (the "Resolution") adopted by the City on July 12, 2016 authorizing the issuance of the Bonds. The Bonds are issued pursuant to an Indenture of Trust, dated as of August 1, 2016 (the "Indenture"), between the City and U.S. Bank National Association (the "Trustee"), and shall be as described in the Indenture.

The Bonds are limited obligations of the City payable primarily from and secured by certain revenues (the "Net Revenues") pledged under the Indenture.

3. Offering the Bonds. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the cover pages of the Official Statement of the City pertaining to the Bonds, dated July __, 2016 (the Official Statement, together with all appendices thereto, and with such changes therein and supplements thereto as are consented to in writing by the Underwriter, are herein called the "Official Statement"). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. "Public Offering" shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

4. Delivery of Official Statement on the Date Hereof. The City shall deliver to the Underwriter two (2) copies of the Official Statement manually executed on behalf of the City by an authorized representative. The City shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The City shall deliver these copies to the Underwriter within seven (7) business days after the execution of this Purchase Contract and in sufficient time to accompany or precede any sales confirmation that requests payment from any customer of the Underwriter. The Underwriter shall inform the City in writing of the End Date, and covenants to file the Official Statement with the Municipal Securities Rulemaking Board (the "MSRB") on a timely basis.

“End Date” as used herein is that date which is the earlier of:

(a) ninety (90) days after the end of the underwriting period, as defined in SEC Rule 15c2-12 adopted by the Securities and Exchange Commission on June 28, 1989 (“Rule 15c2-12”); or

(b) the time when the Official Statement becomes available from the MSRB, but in no event less than twenty-five (25) days after the underwriting period (as defined in Rule 15c2-12) ends.

The City has authorized the use of the Official Statement in connection with the public offering of the Bonds. The City also has consented to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement dated January 20, 2016 relating to the Bonds in connection with the public offering of the Bonds (which, together with all appendices thereto, is herein called the “Preliminary Official Statement”). Authorized officers of the City have certified to the Underwriter that such Preliminary Official Statement was deemed to be final as of its date for purposes of Rule 15c2-12, with the exception of certain final pricing and related information referred to in Rule 15c2-12. The Underwriter has distributed a copy of each Preliminary Official Statement to potential customers on request.

5. The Closing. At 8:00 A.M., California time, on August __, 2016, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter, the City will deliver (i) the Bonds in book entry form through the facilities of The Depository Trust Company (“DTC”), and (ii) the closing documents hereinafter mentioned at the offices of Nossaman LLP, Irvine, California, or another place to be mutually agreed upon by the City and the Underwriter. The Underwriter will accept such delivery from the City. The Underwriter will pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer of immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the “Closing.”

6. City Representations, Warranties and Covenants. The City represents, warrants and covenants to the Underwriter that:

(a) The City is a municipal corporation of the State of California (the “State”), duly organized and validly existing pursuant to the Constitution and laws of the State, and has all necessary power and authority to enter into and perform its duties under the Indenture, the Continuing Disclosure Agreement between the City and _____, as dissemination agent, dated as of the Closing Date (the “Continuing Disclosure Agreement”), the Escrow Instructions from the City to U.S. Bank National Association, acting as escrow agent (the “Escrow Agent”), dated as of August 1, 2016 (the “Escrow Instructions”) and this Purchase Contract (collectively, the “City Documents”).

(b) The Bonds, when issued in accordance with the Indenture, will be legally valid and binding special obligations of the City, entitled to the benefits of the Indenture and enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally.

(c) To the best knowledge of the City, neither the execution and delivery of the City Documents, or the approval and execution of the Official Statement or this Purchase

Contract, and compliance with the provisions on the City's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in a security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

(d) The City Documents have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against cities in the State of California.

(e) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the City required for the consummation by the City of the transactions contemplated by the Official Statement and this Purchase Contract.

(f) To the best of the knowledge of the City, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the City Documents or the authority of the City to approve this Purchase Contract, or enter into the City Documents or contesting the powers of the City to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the City in connection with any action contemplated by this Purchase Contract or to restrain or enjoin the execution of, or, except as described in the Preliminary Official Statement and the Official Statement, the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, nor is there any basis for any such action, suit, proceeding or investigation.

(g) The Preliminary Official Statement provided to the Underwriter has been deemed final by the City, as required by Rule 15c2-12. As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the City, the Bonds, the Water System and the City Documents contained in the Official Statement was and will be materially complete for its intended purposes. The information relating to the City, the Bonds, the Water System and the City Documents contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(h) The City agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject.

(i) By official action of the City prior to or concurrently with the execution hereof, the City has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Contract.

(j) To the best knowledge of the City, it is not in breach of or default under any material applicable law or administrative regulation of the State of California or the United States or any material applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject and in connection with which the City is obligated to make payments from its own funds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument the consequence of which could be to materially and adversely affect the performance of the City under the City Documents.

(k) If between the date of this Purchase Contract and the End Date an event occurs, of which the City has knowledge, which might or would cause the information relating to the City, the Water System or the City's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect, the City will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the City.

(l) If the information relating to the Water System, the City, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect.

(m) The City covenants that it will comply with all tax covenants relating to it in the City Documents, the Tax Certificate of the City and this Purchase Contract.

(n) Substantially all the proceeds from the sale of the Bonds (after deducting the expenses of issuance and sale of the Bonds paid for from such proceeds) will be used to prepay and defease the City's obligations under the Installment Sale Agreement, and the City will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Indenture, as amended from time to time; provided that the City makes no representation as to the application of Installment Sale Agreement prepayment moneys by the Escrow Agent to redeem the 2008 Certificates.

(o) The City will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Contract.

(p) Any certificate of the City delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(q) As of the time of acceptance hereof and as of the Closing, the City does not, and will not have outstanding, any indebtedness which is secured by a lien on Net Revenues except as disclosed in the Official Statement.

(r) Between the date of this Purchase Contract and the date of Closing, the City will not, without the prior written consent of the Underwriter, and except as disclosed in the Official Statement, offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by a lien on System Revenues or Net Revenues.

(s) All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the City of its obligations in connection with, the City Documents have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(t) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certifications may not be relied upon.

(u) Except as otherwise described in the Preliminary Official Statement and Official Statement, the City has not failed in any material respect to comply with any undertaking of the City under Rule 15c2-12 in the previous five years.

7. Representations and Agreements of the Underwriter. The Underwriter represents to and agrees with the City that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute and deliver this Purchase Contract and to take any action under this Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the City, and is not prohibited thereby from acting as underwriter with respect to securities of the City.

(c) The Underwriter has, and has had, no financial advisory relationship with the City with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship, within the meaning of California Government Code Section 53590, or otherwise.

(d) The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm or person, other than a bona fide officer, agent or employee working for the Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Contract.

(e) The Underwriter has reasonably determined that the undertaking to provide continuing disclosure with respect to the Bonds, pursuant to the Continuing Disclosure Agreement, is sufficient to effect compliance with Rule 15c2-12.

8. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the City of its respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations hereunder are and shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the City contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing:

(i) the City Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter;

(ii) there shall be in full force and effect such resolutions (the "Authorizing Resolutions") as, in the opinion of Nossaman LLP ("Bond Counsel"), shall be necessary in connection with the transactions on the part of the City contemplated by this Purchase Contract, the Official Statement and the City Documents;

(iii) the City shall perform or have performed its obligations required as specified in the City Documents to be performed at or prior to Closing; and

(iv) the Official Statement shall not have been supplemented or amended, except pursuant to Paragraph 6(k), or as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing under the City Documents and the City shall not be in default in the payment of principal or interest on any of its bonded indebtedness which default shall adversely impact the ability of the City to make payments on the Bonds.

(d) Termination Events. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by written notification to the City if at any time at or prior to the Closing:

(i) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(ii) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(iii) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iv) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the

establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters); or

(v) A general banking moratorium shall have been established by federal, New York or California authorities; or

(vi) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vii) The occurrence of an adverse event in the affairs of the City which, in the opinion of the Underwriter, materially impairs the investment quality of the Bonds; or

(viii) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City, its property, income or securities (or interest thereon), or the ability of the City to issue the Bonds and pledge the Net Revenues as contemplated by the Indenture and the Official Statement; or

(ix) There shall have occurred any (1) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (2) new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereto; or

(x) There shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs or financial position, results of operations or condition, financial or otherwise, of the City, other than changes in the ordinary course of business or activity or in the normal operation of the City, except as described in the Official Statement; or

(xi) An event described in Section 6(f) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xii) Any rating of the Bonds or other obligations of the City by a national rating agency shall have been withdrawn or downgraded or placed on negative outlook or negative watch.

(e) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(1) Bond Opinion. The approving opinion of Bond Counsel dated the date of the Closing and substantially in the form included as APPENDIX D to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion was addressed to them.

(2) Supplemental Opinion. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in substantially the form and to the following effect:

(a) The statements and information relating to the City Documents and Bond Counsel's closing opinion contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE BONDS" (except for the information under the captions "Book Entry Only System"), "SECURITY FOR THE BONDS" and "TAX MATTERS," and in APPENDICES A and D, are true and accurate in all material respects; and

(b) The Bonds are exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"), and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(3) City Attorney Opinion. An opinion of the City Attorney, dated as of the Closing and addressed to Bond Counsel and the Underwriter, in form and substance acceptable to Bond Counsel and counsel for the Underwriter, to the following effect:

(i) the City is a municipal corporation and general law city, duly organized and validly existing under the Constitution and the laws of the State of California;

(ii) the preparation and distribution of the Preliminary Official Statement and the Official Statement and this Purchase Contract have been duly approved by the City;

(iii) the resolution of the City approving and authorizing the execution and delivery of the Official Statement, this Purchase Contract and the City Documents has been duly adopted at a meeting of the governing body of the City which was called and held pursuant to law, and with all public notice required by law and at which a quorum was present and acting throughout;

(iv) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel, threatened against or affecting the City, which would adversely impact the City's ability to complete the transactions described in and

contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the City Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the City Documents;

(v) the execution and delivery of the City Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject;

(vi) the City Documents have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California;

(vii) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California is required for the valid authorization, execution and delivery of the City Documents and the approval of the Official Statement; and

(viii) without having undertaken any independent inquiry, nothing has come to their attention which would lead them to believe that the information relating to the City contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(4) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to Bond Counsel and the Underwriter, in form and substance acceptable to counsel for the Underwriter substantially to the following effect:

(i) The Trustee is a national banking association duly organized and validly existing under the laws of the United States.

(ii) The Trustee has duly authorized the execution and delivery of the Indenture and authenticated the Bonds.

(iii) The Indenture has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the City, constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity.

(iv) acceptance by the Trustee of the duties and obligations under the Indenture and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee are subject.

(v) All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect.

(5) Disclosure Counsel Opinion. An opinion, dated the date of the Closing addressed to the City and the Underwriter, of Nossaman LLP, disclosure counsel, to the effect that based upon their participation in the preparation of the Official Statement as Disclosure Counsel to the City and without having undertaken to determine independently the accuracy or completeness of the contents in the Official Statement, such counsel has no reason to believe that the Official Statement, as of its date (except for the financial statements and the other financial and statistical data included therein and the information included therein relating to The Depository Trust Company and the book entry system (as such terms are defined in the Official Statement), and in the Appendices thereto as to all of which no opinion or belief need be expressed) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(6) City Certificate. A certificate, dated the date of the Closing, signed by a duly authorized official of the City satisfactory in form and substance to the Underwriter, (a) confirming as of such date the representations and warranties of the City contained in this Purchase Contract; (b) certifying that the City has complied with all agreements, covenants and conditions to be complied with by the City at or prior to the Closing under the City Documents; (c) certifying that to the best of such official's knowledge, no event affecting the City has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and (d) certifying that the City has authorized and consented to the inclusion in the Official Statement of the City's financial report and accountant's opinion for the year ended June 30, 2015, and no further consent of any party is required for such inclusion.

(7) Trustee's Certificate. A Certificate of the Trustee, dated the date of Closing, addressed to the City and the Underwriter, in form and substance acceptable to counsel for the Underwriter to the following effect:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) Subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture; and

(iii) The Trustee has duly authorized and executed the Indenture.

(8) Escrow Agent's Certificate. A Certificate of the Escrow Agent, dated the date of Closing, addressed to the City and the Underwriter, in form and substance acceptable to counsel for the Underwriter to the following effect:

(i) The Escrow Agent is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Escrow Agreement;

(ii) Subject to the provisions of the Escrow Agreement, the Escrow Agent will apply the proceeds from the Bonds to the purposes specified in the Escrow Agreement; and

(iii) The Escrow Agent has duly authorized and executed the Escrow Agreement.

(9) Transcripts. Two transcripts of all proceedings relating to the authorization and issuance of the Bonds.

(10) Official Statement. The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the City by a duly authorized officer of the City.

(11) Documents. An original executed copy of each of the City Documents.

(12) City Resolution. Two copies certified by the Clerk or Assistant Clerk of the City, of each resolution of the City relating to the City Documents, the actions contemplated thereby, provided that such resolutions may be contained in the transcripts provided pursuant to Paragraph 8(e)(9) above.

(13) IRS Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared for filing.

(14) Nonarbitrage Certificate. A tax and nonarbitrage certificate in form satisfactory to Bond Counsel.

(15) Rating. Evidence as of the Closing satisfactory to the Underwriter that the Bonds shall have been rated “___,” by Standard & Poor’s and that such rating has not been revoked or downgraded.

(16) CDIAC Statement. A copy of the Notice of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code.

(17) Escrow Verification. An escrow verification report of _____ (the “Verification Agent”) with respect to the refunding of the 2008 Certificates.

(18) Escrow Agent Counsel Opinion. The opinion of counsel to the Escrow Agent, dated the date of the Closing, addressed to Bond Counsel and the Underwriter,

in form and substance acceptable to counsel for the Underwriter substantially to the following effect:

(i) The Escrow Agent, is a national banking association duly organized and validly existing under the laws of the United States.

(ii) The Escrow Agent, has duly authorized the execution and delivery of the Escrow Agreement.

(iii) The Escrow Agreement has been duly entered into and delivered by the Escrow Agent, and assuming due, valid and binding authorization, execution and delivery by the City, constitutes the legal, valid and binding obligation of the Escrow Agent enforceable against the Escrow Agent in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity.

(19) Additional Documents. Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary, including, but not limited to: copies of the specimen Bonds, a blanket letter of representations as filed with DTC, and copies of delivered notices of the defeasance of the 2008 Certificates.

If the City shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be terminated by the Underwriter, and neither the Underwriter nor the City shall be under any further obligation hereunder.

9. Expenses. The Underwriter shall be under no obligation to pay, and the City shall pay or cause to be paid, the expenses incident to the performance of the obligations of the City hereunder including but not limited to:

(a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the City Documents and the cost of preparing, printing, issuing and delivering the Bonds;

(b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the City;

(c) the fees and disbursements of Bond Counsel and Disclosure Counsel;

(d) the cost of preparation and printing the Preliminary Official Statement and any supplements and amendments thereto and the cost of preparation and printing of the Official Statement, including a reasonable number of copies thereof for distribution by the Underwriter;

(e) charges of rating agencies for the rating of the Bonds;

(f) the cost of printing of the City Documents; and

(g) the expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including any advertising expenses.

The Underwriter shall pay: (i) the cost of preparation and printing of any "blue sky" filings; (ii) all "blue sky" filing fees in connection with the public offering of the Bonds; (iii) fees, if any, payable to the California Debt and Investment Advisory Commission, the MSRB, the fees associated with obtaining CUSIP numbers for the Bonds, and fees of the Public Securities Association and the California Public Securities Association in connection with the execution and delivery of the Bonds; and (iv) all other expenses incurred by them in connection with the public offering of the Bonds not outlined in (a) through (g) above, including the fees and disbursements of Underwriter's Counsel. The City acknowledges that the Underwriter will pay from the underwriter's expense allocation of the underwriting discount certain fees, including the applicable per bond assessment charged by the California Debt and Investment Advisory Commission.

10. Notice. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Hilltop Securities Inc., 1201 Elm Street, Suite 3500, Dallas, Texas 75270 Attention: City of Corcoran 2016 Water Revenue Bonds. Any notice or other communication to be given to the City pursuant to this Purchase Contract may be given by delivering the same in writing to such entity, at the address set forth on the first page hereof.

11. Entire Agreement. This Purchase Contract, when accepted by the City, shall constitute the entire agreement between the City and the Underwriter and is made solely for the benefit of the City and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the City's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Purchase Contract.

12. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

14. State of California Law Governs. The validity, interpretation and performance of the City Documents shall be governed by the laws of the State.

15. No Assignment. The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter or the City without the prior written consent of the other parties hereto.

HILLTOP SECURITIES INC., as Underwriter

By: _____
Managing Director

Accepted as of the date first stated above:

CITY OF CORCORAN

By: _____
Authorized Officer

Date of Execution: _____

Time of Execution: _____

EXHIBIT A
CITY OF CORCORAN
WATER REVENUE REFUNDING BONDS, SERIES 2016A

| <u>Maturity Date</u> <u>(July 1)</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Yield</u> |
|-------------------------------------------------------|-------------------------------------------------|----------------------------------------------|---------------------|
| | \$ | % | % |

* Term Bond.

(C) Yield to first optional redemption date of July 1, 20__ at par.

ESCROW INSTRUCTIONS

from the

CITY OF CORCORAN

to

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent

Dated for reference purposes as of August 1, 2016

ESCROW INSTRUCTIONS

These Escrow Instructions, dated for reference purposes as of August 1, 2016 (the "Instructions"), are provided by the City of Corcoran (the "City") to U.S. Bank National Association, as escrow agent hereunder (the "Escrow Agent") and as trustee (the "2008 Trustee") pursuant to a Trust Agreement, dated as of March 1, 2008 (the "2008 Trust Agreement"), among the City, the Corcoran Joint Powers Finance Authority and the 2008 Trustee. The 2008 Trust Agreement was executed in connection with the execution and delivery of certain certificates of participation (the "2008 Certificates"), originally executed and delivered in the aggregate original principal amount of \$19,900,000, of which \$_____ remains outstanding. The City and U.S. Bank National Association (the "2016 Trustee") have executed that certain Indenture of Trust, dated as of August 1, 2016 (the "2016 Indenture"), in connection with the issuance by the City of its Water Revenue Refunding Bonds, Series 2016A (the "2016 Bonds").

RECITALS

A. Pursuant to the 2008 Trust Agreement, the 2008 Trustee executed and delivered the 2008 Certificates. Payment of principal of and interest on the 2008 Certificates is secured by Net Revenues (as defined in the 2008 Trust Agreement) and certain other funds made available as provided in the 2008 Trust Agreement.

B. The 2008 Trust Agreement provides that the 2008 Certificates are subject to prepayment prior to their due dates if there shall have been deposited with the Escrow Agent money in an amount which shall be sufficient to pay when due the 2008 Certificates until the maturity or prepayment date of the 2008 Certificates.

C. Pursuant to the 2016 Indenture, \$_____ aggregate principal amount of the 2016 Bonds have been issued by the City. A portion of the proceeds of the sale of the 2016 Bonds is being transferred to the Escrow Agent to be applied for the purpose of providing funds which will be sufficient, together with certain other available funds relating to the 2008 Certificates, to provide for the termination of the pledge of and lien created by the 2008 Trust Agreement.

I. Instructions to the Escrow Agent.

The City hereby directs and instructs the Escrow Agent as follows:

1.1 Escrow Fund. The Escrow Agent shall establish and hold in trust, separate and apart from other funds and accounts, a special account designated the "Escrow Fund." The Escrow Agent shall administer such account as provided in these Instructions. Amounts in the Escrow Fund are irrevocably pledged and shall be applied solely for the purposes set forth in these Instructions. The Escrow Fund shall be maintained by the Escrow Agent until all of the 2008 Certificates have been paid in accordance with their terms and these Instructions.

1.2 Deposits to the Escrow Fund; Transfer of Funds. The Escrow Agent shall deposit into the Escrow Fund proceeds of the 2016 Bonds transferred to it by the 2016 Trustee, at

the direction of the City, in the amount of \$_____, and shall transfer to the Escrow Fund the other amounts set forth in Schedule B hereto.

The Escrow Agent shall hold the amounts deposited into the Escrow Fund uninvested.

1.3 Payments with Respect to the 2008 Certificates.

A. The Escrow Agent shall transfer from the Escrow Fund, in immediately available funds, to the 2008 Trustee for deposit in the Installment Payment Fund created by the 2008 Trust Agreement, on _____, 2016, an amount sufficient to pay the prepayment price of all 2008 Certificates maturing on July 1, 2036. The City hereby irrevocably designates the 2008 Certificates maturing on July 1, 2036 for prior prepayment on [September 1, 2016], and hereby irrevocably instructs the Trustee to give the mailed notice of prepayment as required by the Trust Agreement and the notice of defeasance as provided in Section 1.6 hereof.

B. Transfers from the Escrow Fund shall be made only from the amounts on deposit in the Escrow Fund.

1.4 Release of Pledge. By its acceptance of these Instructions, the City acknowledges that the provisions of Section 14.01 of the 2008 Trust Agreement have been satisfied. Upon receipt of a verification report, concerning the sufficiency of amounts in the Escrow Fund for purposes of paying debt service and prepayment costs on the 2008 Certificates (the "Verification Report") and upon receipt of an opinion of Nossaman LLP, addressed to the Escrow Agent to the effect that upon making the deposits into the Escrow Fund the lien and pledge of the 2008 Trust Agreement, as it applies to the 2008 Certificates, was defeased, and the lien upon the Net Revenues is terminated in accordance with the terms of the 2008 Trust Agreement (the "Defeasance Opinion"), the Escrow Agent hereby acknowledges and confirms that as to the 2008 Certificates the lien established by the 2008 Trust Agreement is discharged and the pledge and lien upon the Net Revenues is terminated in accordance with the terms of the 2008 Trust Agreement.

1.5 Excess Funds to City. From and after [September 1, 2016], any remaining moneys on deposit in the Escrow Fund established and held pursuant to these Instructions, except for amounts held by the Escrow Agent to pay the registered owners of 2008 Certificates, after the payment of all amounts owed to the Escrow Agent under Section V hereof, shall, after payment of all fees and expenses of the Escrow Agent, be remitted by the Escrow Agent to the City without further claim therefor.

1.6 Notice of Defeasance. Upon the delivery of the Defeasance Opinion, the Escrow Agent shall mail a notice of defeasance of the 2008 Certificates to the owners thereof, which notice of defeasance shall be substantially in the form attached hereto as Schedule C. The City hereby irrevocably instructs the Escrow Agent to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") (i) a notice no later than 10 days after the 2008 Certificates are called for prepayment, and (ii) a notice no later than 10 days after the deposit of the moneys as set forth in Section 1.2 hereof.

II. Irrevocability.

These Instructions shall be irrevocable and may not be amended or modified unless for the purpose of (A) curing any ambiguity or omission relating to these Instructions or of curing, correcting or supplementing any defective provision contained herein; (B) adding to or supplementing the rights of the owners of the 2008 Certificates; or (C) severing any portion of these Instructions deemed to be illegal and the Escrow Agent first shall have received (i) an unqualified opinion from nationally recognized bond counsel to the effect that such amendment or modification is in compliance with the requirements of this Section II and would not, in and of itself, (a) cause the 2008 Certificates or the 2016 Bonds to become arbitrage bonds within the meaning of Section 148 of the Code and the regulations thereunder in effect at the time of such proposed amendment or modification or (b) adversely affect the conclusions expressed in the Defeasance Opinion and (ii) a certificate of the verification agent to the effect that such modification or amendment would not adversely affect the conclusions expressed in the Verification Report.

Except as otherwise provided herein, the owners of the 2008 Certificates shall have an express lien on all funds and amounts on deposit in the Escrow Fund with the Escrow Agent in accordance with these Instructions until used and applied in accordance herewith.

III. Liability.

The liability of the Escrow Agent and the 2008 Trustee for the payment of moneys as hereinabove set forth respecting the payment of the debt service on, and the prepayment of, the 2008 Certificates shall be limited solely to the moneys on deposit with the Escrow Agent in the Escrow Fund pursuant to these Instructions and available for such purposes.

IV. [Reserved].

V. Fees.

The City shall pay to the Escrow Agent its fees for its services hereunder and reimburse the Escrow Agent for its reasonable expenses incurred hereunder. The Escrow Agent shall not have any lien whatsoever upon any of the moneys in the Escrow Fund, or otherwise deposited in accordance with these Instructions, for the payment of fees and expenses for services rendered by it hereunder.

The City covenants and agrees to indemnify and save the Escrow Agent and its officers, directors, agents and employees, harmless against any and all claims, losses, expenses (including reasonable attorney fees and disbursements) and liabilities which it may incur arising out of or in the exercise and performance of its duties hereunder, but excluding any and all claims, losses, expenses and liabilities which are due to the negligence or willful misconduct of the Escrow Agent, its officers, directors, or employees. The obligations of the City under this Section V shall survive the removal or resignation of the Escrow Agent and payment of the 2008 Certificates and the discharge of the Trust Agreement as it relates thereto.

VI. Defeasance.

Upon deposit of the amounts set forth in Section 1.2 hereof, all obligations of the City under the 2008 Trust Agreement and all security provided by the 2008 Trust Agreement for the 2008 Certificates shall cease and terminate, excepting only the obligations of the City to pay, or cause to be paid, principal of and premium, if any, and interest on the 2008 Certificates from the deposit made by the City pursuant to Section 1.2 hereof, and the City's obligation to indemnify the Trustee pursuant to the 2008 Trust Agreement. In the event of a deficiency in the funds and amounts in the Escrow Fund for purposes of paying the debt service on the 2008 Certificates, the City shall make up such deficiency immediately upon receipt of written notice from the Escrow Agent.

VII. Termination.

These Instructions shall, except as set forth in Section V hereof, terminate and be of no further force and effect when all transfers required to be made by the Escrow Agent under the provisions hereof shall have been made, and all payments with respect to the 2008 Certificates shall have been effected.

VIII. Invalidity; Applicable Law.

If any one or more of the provisions of these Instructions should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed and construed to be severable from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of these Instructions. These Instructions shall be construed and governed in accordance with the laws of the State of California.

IX. Binding Effect; Successors.

These instructions shall be binding upon and shall inure to the benefit of the parties hereto and the owners of the 2008 Certificates and their respective successors and assigns. The owners of the 2008 Certificates shall have no lien whatsoever on moneys representing principal of or interest on the investments held by the Escrow Agent in accordance with these Instructions. Whenever in these Instructions any party is named or referred to, such reference shall be deemed to include such party's successors or assigns, and all instructions contained in these Instructions to, by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

X. Counterparts.

These Instructions may be executed, approved and acknowledged in several counterparts, all or any one of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

XI. Duties of the Escrow Agent; Protection.

The Escrow Agent shall perform only such duties as are specifically set forth in these Instructions.

The protections afforded the 2008 Trustee in Section 9.02 of the Trust Agreement shall apply to the Escrow Agent and such Section is incorporated herein by reference to apply to the Escrow Agent.

IN WITNESS WHEREOF, the City has issued these Instructions, and the Escrow Agent and the 2008 Trustee have acknowledged and accepted these Instructions.

CITY OF CORCORAN

By: _____
City Manager

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent and 2008 Trustee

By: _____
Authorized Officer

**SCHEDULE A
[RESERVED]**

SCHEDULE B
DESCRIPTION OF TRANSFERRED INVESTMENTS

- A. Transfer to Escrow Fund: \$_____;
- (i) From 2016 Bonds: \$_____; and
 - (ii) From 2008 Certificates Reserve Fund: \$_____;

**SCHEDULE C
NOTICE OF DEFEASANCE**

**Notice of Owners of Outstanding
City of Corcoran
(Kings County, California)
Variable Rate Demand
2008 Refunding Certificates of Participation
(Water System Project)**

NOTICE IS HEREBY GIVEN that the City of Corcoran (the "City") has on _____, 2016, from proceeds of sale of refunding obligations issued by the City and certain other available funds irrevocably set aside in an Escrow Fund created for such purpose and held by U.S. Bank National Association, as Escrow Agent (the "Escrow Agent"), pursuant to Escrow Instructions, dated as of August 1, 2016 (the "Escrow Instructions"), between the City and the Escrow Agent, moneys which shall be sufficient (a) to pay at maturity the principal amount, together with premium, due on the above referenced certificates of participation identified below (the "Certificates") and (b) to pay interest accrued but unpaid on all such Certificates to such maturity date or scheduled interest payment date. The moneys so deposited in the Escrow Fund (including the earnings derived from the investment thereof) are irrevocably pledged to the payment of principal price of and interest on the Certificates.

| <u>Maturity Date</u> <u>(July 1)</u> | <u>Principal</u> <u>Amount</u> | <u>CUSIP®</u> |
|-------------------------------------------------------|-------------------------------------------------|----------------------|
| 2036 | \$19,900,000 | 218364AZ0 |

Dated: _____, 2016

**U.S. BANK NATIONAL ASSOCIATION, as
Escrow Bank**

NEW ISSUE - FULL BOOK ENTRY ONLY

RATINGS: Insured: Standard & Poor's: "____"
Underlying: Standard & Poor's: "____"
(See "CONCLUDING INFORMATION - Ratings" herein)

In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein with respect to tax consequences of the Bonds.

\$ _____
CITY OF CORCORAN
WATER REVENUE REFUNDING BONDS
SERIES 2016A

Dated: Date of Delivery

Due: July 1, as shown on inside cover

The above-captioned Water Revenue Refunding Bonds, Series 2016 (the "Bonds") are being issued by the City of Corcoran (the "City") pursuant to an Indenture of Trust, dated as of August 1, 2016 (the "Indenture") between the City and U.S. Bank National Association, San Francisco, California (the "Trustee"), and will be secured as described herein. The Bonds are being issued to (i) prepay in advance all of the City's obligations (the "Prior Obligations") under an Installment Sale Agreement, dated as of March 1, 2008, (the "Installment Sale Agreement") with the Corcoran Joint Powers Finance Authority (the "Authority"), which obligations are evidenced by the City's Variable Rate Demand 2008 Refunding Certificates of Participation (Water System Project) (ii) purchase a reserve fund insurance policy for the Bonds, and (iii) pay certain costs of issuing the Bonds. See "THE REFUNDING PLAN," "THE WATER SYSTEM OF THE CITY" and "ESTIMATED SOURCES AND USES OF FUNDS" herein. Definitions of certain capitalized terms herein are contained in APPENDIX A hereto, and are incorporated herein by reference.

The Bonds will be executed and delivered as fully registered certificates in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases of the Bonds will be in principal amounts of \$5,000 or in any integral multiples of \$5,000. Interest payable with respect to the Bonds will be payable on July 1 and January 1 of each year, commencing January 1, 2017 (the "Interest Payment Dates"), and principal payable with respect to the Bonds will be paid on the dates set forth in the Maturity Schedule on the inside cover. Payments of principal of and interest on the Bonds will be paid by the Trustee, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

Payment of principal of and interest on the Bonds (the "Debt Service Payments") are a special limited obligation of the City, payable from and secured by a pledge of and first lien on

all Net Revenues (defined herein) of the City's water system, subject to the liens of certain existing Parity Obligations (defined herein), including the lien of the City's Water Revenue Refunding Bonds Series 2012A (Bank Qualified), all as provided for in the Indenture (as described herein). Subject to certain conditions set forth in the Indenture, the City may at any time incur revenue bonds, notes or other evidences of indebtedness of the City payable from Net Revenues on parity with or subordinate to the Bonds. _____ (the "Insurer" or "____") has made a commitment to issue a municipal bond insurance policy (the "Reserve Policy"), effective as of the date of delivery of such Bonds, for deposit in the reserve fund established pursuant to the Indenture for the Bonds (the "Reserve Fund").

The Bonds are subject to optional and mandatory sinking fund redemption as described herein. See "THE BONDS -- Redemption of the Bonds" herein.

THE OBLIGATION OF THE CITY TO MAKE PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE BONDS IS A SPECIAL OBLIGATION OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY NET REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INDENTURE. NONE OF THE CITY, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT SECURED BY A LIEN ON THE PHYSICAL ASSETS OF THE CITY. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. NO PERSON EXECUTING THE BONDS IS SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE.

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under an insurance policy for the Bonds (the "Insurance Policy") to be issued concurrently with the delivery of the Bonds by _____ (the "Insurer" or "____"). See "SECURITY FOR THE BONDS – Bond Insurance" and "BOND INSURANCE" herein and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY" hereto.

Insurer Logo

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Capitalized terms used but not defined on the front cover of this Official Statement shall have the meanings set forth herein.

MATURITY SCHEDULE (See Inside Front Cover)

The Bonds are offered when, as and if sold and issued, subject to the approval as to their legality by Nossaman LLP, Irvine, California, Bond Counsel. Certain legal matters will be passed upon for the City by its City Attorney and by Nossaman LLP, Irvine, California,

Disclosure Counsel. The Underwriter is being represented by its counsel, The Weist Law Firm, Scotts Valley, California. Certain legal matters will be passed upon for the Insurer by its counsel. It is anticipated that the Bonds in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about August __, 2016.

HilltopSecurities

Date: August __, 2016

\$ _____
CITY OF CORCORAN
WATER REVENUE REFUNDING BONDS
SERIES 2016A

MATURITY SCHEDULE

Base CUSIP®: _____

\$ _____ Serial Bonds

| <u>Maturity Date</u> <u>July 1)</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Price</u> | <u>Yield</u> | <u>CUSIP®</u> |
|----------------------------------------|-----------------------------------|--------------------------------|--------------|--------------|---------------|
| | \$ | % | | % | |

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CITY OF CORCORAN

CITY COUNCIL

Jerry Robertson, *Mayor*
Mark Cartwright, *Vice-Mayor*
Raymond Lerma, *Councilmember*
Sidonio "Sid" Palmerin, *Councilmember*
Jim Wadsworth, *Councilmember*

CITY EXECUTIVE STAFF

Kindon Meik, *City Manager*
Soledad Ruiz-Nuñez, *Finance Director and Deputy City Manager*
Joe Faulkner, *Public Works Superintendent*
Marlene Lopez, *City Clerk*

SPECIAL SERVICES

Bond and Disclosure Counsel
Nossaman LLP
Irvine, California

Trustee and Escrow Agent
U.S. Bank National Association
San Francisco, California

Municipal Advisor
NHA Advisors LLC
San Rafael, California

Verification Agent
[]

[MAP]

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein includes information obtained from sources which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. See "INTRODUCTION – Forward-Looking Statements" herein. This Official Statement is submitted with respect to the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the Indenture and other documents are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) web site. The City also maintains a web site. However, the information presented therein is not part of this Official Statement and must not be relied upon in making an investment decision with respect to the Bonds.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

The Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the headings "SECURITY FOR THE BONDS – Bond Insurance" and "BOND INSURANCE" and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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OFFICIAL STATEMENT

\$ _____ *

CITY OF CORCORAN WATER REVENUE REFUNDING BONDS SERIES 2016A

INTRODUCTION

General

The purpose of this Official Statement (which includes the cover page and the Appendices attached hereto) is to provide information concerning the issuance of the above-captioned Water Revenue Refunding Bonds, Series 2016A (the "Bonds"), which are being issued by the City of Corcoran (the "City") pursuant to the provisions of an Indenture of Trust, dated as of August 1, 2016 (the "Indenture") between the City and U.S. Bank National Association (the "Trustee"). The Bonds will be issued pursuant to the provisions of Articles 10 and 11, Chapter 3, Part 1, Division 2, Title 5 (commencing with Section 53570) of the California Government Code, as amended (the "Bond Law"), and a resolution of the City adopted July 12, 2016 (the "Resolution").

The City

The City of Corcoran covers approximately 5.8 square miles in Kings County, California (the "County") and is located along California Hwy 43, 178 miles north of Los Angeles, and 230 miles south of both San Francisco and Sacramento. The City was incorporated August 11, 1914 and is a general law city.

The City operates a public water system (the "Water System") serving the City, several small developments in unincorporated areas of the County adjacent to the City, and two California State Prisons located within the City limits. The Water System currently serves a total population of 22,691 through 3,318 service connections. In calendar year 2015, the Water System produced approximately 1,615 million gallons of water.

For other information concerning the City and the Water System, see "THE WATER SYSTEM OF THE CITY" and "WATER SYSTEM FINANCIAL INFORMATION" herein. For other selected demographic and economic information, see "APPENDIX B - GENERAL INFORMATION REGARDING THE CITY OF CORCORAN AND KINGS COUNTY" hereto. A copy of the audited financial statements of the City for the year ended June 30, 2015 is attached hereto as APPENDIX C.

The Bonds

The Bonds will be executed and delivered as fully registered certificates in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases of the Bonds will be in principal amounts of \$5,000 or in any integral multiples of \$5,000. Interest payable with respect

* Preliminary, subject to change.

to the Bonds will be payable on July 1 and January 1 of each year, commencing January 1, 2017 (the "Interest Payment Dates"), and principal payable with respect to the Bonds will be paid on the dates set forth in the Maturity Schedule on the inside cover. Payments of principal of and interest on the Bonds will be paid by the Trustee, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to their scheduled payment dates as described herein. See "THE BONDS – Redemption of the Bonds" herein.

Purpose

The Bonds are being issued by the City to (i) [together with other available funds of the City], prepay in advance all of the City's obligations (the "Prior Obligations") under an Installment Sale Agreement, dated as of March 1, 2008, (the "Installment Sale Agreement") with the Corcoran Joint Powers Finance Authority (the "Authority"), which obligations are evidenced by the City's Variable Rate Demand 2008 Refunding Certificates of Participation (Water System Project) (the "2008 Certificates"), executed and delivered in the original principal amount of \$_____, of which \$_____ is currently outstanding, (ii) purchase a reserve fund insurance policy for the Bonds, and (iii) pay certain costs of issuing the Bonds (including expenses incurred in connection with the prepayment of the Prior Obligations and the 2008 Certificates). See "THE REFUNDING PLAN," "THE WATER SYSTEM OF THE CITY" and "ESTIMATED SOURCES AND USES OF FUNDS" herein. The 2008 Certificates were executed and delivered to refund an installment payment obligation of the City related to the City's \$21,900,000 original aggregate principal amount of City of Corcoran (Kings County, California), 2005 Certificates of Participation (Water System Project) (Auction Rate), which were issued in October 2005, the proceeds of which certificates of participation were used to construct portions of the Water System. See "THE WATER SYSTEM OF THE CITY" and "WATER SYSTEM FINANCIAL INFORMATION" herein for a description of the Water System.

Security for the Bonds

The Bonds, when issued, will be special, limited obligations of the City, secured by (i) an irrevocable pledge, charge and lien upon Net Revenues (defined herein), which consist, generally, of all income, rates, fees, charges and other moneys derived from the ownership or operation of the Water System less the reasonable and necessary costs and expenses paid by the City to maintain and operate the Water System, subject to application as provided in the Indenture, and (ii) certain interest and other income derived from certain funds and accounts held under the Indenture. Net Revenues are held in the Debt Service Fund of the City under the Indenture. See "SECURITY FOR THE BONDS" herein.

Following the issuance of the Bonds, the lien on Net Revenues contained in the Indenture shall be on parity with the lien securing payment of the City's Water Revenue Refunding Bonds Series 2012A (Bank Qualified) (the "2012A Bonds" or the "Existing Parity Obligations") currently outstanding in the principal amount of \$_____. Subject to certain conditions set forth in the Indenture, the City may at any time incur revenue bonds, notes or other evidences of indebtedness of the City payable from Net Revenues on parity with or subordinate to the Bonds. See "SECURITY FOR THE BONDS - Parity Obligations" herein.

Pursuant to the Indenture, the City has covenanted to fix, prescribe and collect certain rates and charges for service provided by the Water System. See "SECURITY FOR THE BONDS - Rate Covenant" herein.

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under an insurance policy for the Bonds (the "Insurance Policy") to be issued concurrently with the delivery of the Bonds by _____ (the "Insurer" or "_____"). See "SECURITY FOR THE BONDS – Bond Insurance" and "BOND INSURANCE" herein and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY" hereto.

Debt Service Reserve Account

The Insurer has also made a commitment to issue a municipal bond insurance policy (the "Reserve Policy"), effective as of the date of delivery of such Bonds, for deposit in the reserve fund established pursuant to the Indenture for the Bonds (the "Reserve Fund"). The Reserve Fund will be held by the Trustee on behalf of the City. A debt service reserve fund was not established for the 2012A Bonds. See "SECURITY FOR THE BONDS – Reserve Fund" and "THE RESERVE POLICY" herein.

Risk Factors

Payment of debt service on the Bonds depends primarily upon the generation and collection of Net Revenues. There can be no assurance that the demand for the services provided by the Water System will be maintained at levels described in this Official Statement, or that the City's expenses for operating and maintaining the Water System will be consistent with the levels described in this Official Statement. Changes in technology, decreased demand, new regulatory requirements, increases in the cost of energy or other expenses would reduce Net Revenues, and could require the City to implement substantial increases in Water System rates or charges in order to comply with the rate covenant. Such rate increases could increase the likelihood of nonpayment by Water System customers, and could also cause further decreases in customer demand.

See "RISK FACTORS" herein for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds, including a discussion of the impact of Proposition 218, Constitutional limits on fees and charges, seismic considerations, limitation on remedies and changes in law.

Limited Obligations

THE OBLIGATION OF THE CITY TO MAKE PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE BONDS IS A SPECIAL OBLIGATION OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY NET REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INDENTURE. NONE OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT SECURED BY A LIEN ON THE PHYSICAL ASSETS OF THE CITY. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR

DO THEY CONSTITUTE INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. NO PERSON EXECUTING THE BONDS IS SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE.

Tax Matters

In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded pursuant to Section 103(a) of the Internal Revenue Code of 1986 (the "Tax Code") from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about August __, 2016 (the "Dated Date").

Continuing Disclosure

The City will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the City and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "CONTINUING DISCLOSURE" herein for additional information regarding the City's continuing disclosure obligations and prior compliance therewith. The specific nature of the information to be made available and the notices of listed events required to be provided are described in "APPENDIX E -- FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement (including the appendices hereto), including, but not limited to (i) statements containing projections of Net Revenues and other financial items, (ii) statements of future economic performance of the City, and (iii) statements of the assumptions underlying or relating to statements described in (i) and (ii) above, constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend," or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the City herein.

ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS,

PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Nossaman LLP, Irvine, California, is acting as Bond Counsel with respect to the Bonds. Certain legal matters will be passed upon for the City by its City Attorney and by Nossaman LLP, Irvine, California, Disclosure Counsel. The Underwriter is being represented by its counsel, The Weist Law Firm, Scotts Valley, California. Certain legal matters will be passed upon for the Insurer by its counsel. Such law firms will receive compensation contingent upon the sale and delivery of the Bonds.

Other Information

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Quotations from and summaries and explanations of the California Government Code, other applicable legislation, the Indenture, the Water System, proceedings of the City with respect to the operations thereof and with respect to the Bonds, agreements and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions. Prospective purchasers of the Bonds are advised to refer to such documents, provisions, and reports for full and complete statements of their contents. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the proceedings of the City referred to above, the Indenture and other documents described in this Official Statement are available for inspection at the offices of the City at: 832 Whitley Avenue, Corcoran, California 93212, Attention: Finance Director. The City may impose a charge for copying, mailing and handling.

Certain of the information set forth herein, other than that provided by the City, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the City. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

THE REFUNDING PLAN

A portion of the net proceeds of the Bonds will be used to prepay in advance all of the Prior Obligations and the 2008 Certificates. The remaining net proceeds of the Bonds will be used to purchase the Reserve Policy for the Bonds and to pay certain costs of issuing the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

The City will accomplish the prepayment of the Prior Obligations and the 2008 Certificates by causing a portion of the net proceeds of the Bonds, [together with certain other funds held with respect thereto,] to be deposited into an escrow fund for the 2008 Certificates (the "Escrow Fund"), to be held in trust by U.S. Bank National Association, acting as escrow agent (the "Escrow Agent") under Escrow Instructions between the Authority and the Escrow Agent, dated as of August 1, 2016 (the "Escrow Instructions"). Amounts on deposit in the Escrow Fund will be held in [cash][State and Local Government Series ("SLGS") securities], the principal of and interest on which will be sufficient to enable the Escrow Agent to (a) pay all principal and interest payments with respect to the then-outstanding 2008 Certificates as such payments are due through and until [July 1, 2018] (the "Prepayment Date") and (b) prepay all of the then-outstanding 2008 Certificates on the Prepayment Date, at a price equal to 100% of the aggregate principal amount of such prepaid 2008 Certificates plus all accrued interest on such prepaid 2008 Certificates through the Prepayment Date. The deposit of moneys into the Escrow Fund will constitute an irrevocable deposit for the benefit of the owners of the 2008 Certificates.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the prepayment prices of the 2008 Certificates will be verified by _____, as Verification Agent (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Instructions, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the 2008 Certificates will be defeased and the owners of the 2008 Certificates will be entitled to payment thereof solely from the amounts on deposit in the Escrow Fund and held by the Escrow Agent. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

In connection with the 2008 Certificates, the City entered into an ISDA Master Agreement, along with a Schedule to the Master Agreement, a Confirmation and a Credit Support Annex thereto, each dated as of October 20, 2005, as amended by an Amended and Restated Confirmation initially amended and restated as of July 1, 2007, and further amended and restated as of March 27, 2008, an amended and Restated Credit Support Annex dated as of March 27, 2008, and an Amended and Restated Schedule to the Master Agreement dated as of March 27, 2008, with Piper Jaffray Financial Products Inc. (the "Swap Provider"), along with the Replacement Swap Agreement deemed to be entered into pursuant to the Replacement Swap Undertaking dated as of October 20, 2005 among the Swap Provider, the City and Morgan Stanley Capital Services, Inc. (the "Replacement Swap Provider") (collectively, the "Swap Documents"). The Swap Documents will be terminated prior to the delivery of the Bonds and prior to the full repayment of the 2008 Certificates.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds, [together with certain other funds held with respect to the 2008 Certificates,] will be applied as follows:

Sources of Funds:

| | |
|-------------------------------------------|----|
| Principal Amount of Bonds | \$ |
| [Funds Relating to the 2008 Certificates] | |
| Original Issue [Premium/Discount] | |
| <hr/> | |
| TOTAL SOURCES | \$ |

Uses of Funds:

| | |
|----------------------------------------|----|
| Deposit to Escrow Fund ⁽¹⁾ | \$ |
| Termination Fee for the Swap Documents | |
| Costs of Issuance ⁽²⁾ | |
| <hr/> | |
| TOTAL USES | \$ |

(1) See "THE REFUNDING PLAN" herein.

(2) Reflects all costs of issuance, including the Underwriter's discount and the printing costs, fees of Bond Counsel, Disclosure Counsel, and the City Attorney, the costs and fees of the Verification Agent, Municipal Advisor, Trustee and Escrow Agent, premiums for the Insurance Policy and Reserve Policy, and other costs of issuing the Bonds.

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THE BONDS

Description of the Bonds

The Bonds shall be delivered in the form of fully registered Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof, and shall be dated the date of delivery to the initial purchaser thereof. The Bonds, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Bonds, all payments with respect to the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described hereinafter. See “- Book-Entry System” below.

Interest on Bonds shall be payable on July 1 and January 1 of each year, commencing January 1, 2017 (each, an “Interest Payment Date”), and continuing to and including the date of maturity or prior redemption, whichever is earlier. Principal of the Bonds shall be payable on July 1 in each of the years and in the amounts set forth on the inside cover page of this Official Statement. Principal and premium, if any, of the Bonds shall be payable to the Owner upon presentation and surrender of such Bond at the corporate trust office of the Trustee in San Francisco, California. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and shall be payable by check mailed by first class mail on each Interest Payment Date to the Owners as of the close of business on the 15th day of the month (whether or not such day is a Business Day) preceding an Interest Payment Date (the “Record Date”) at their addresses shown on the registration books maintained by the Trustee; provided however, that upon the written request from any Owner of any Bond in a denomination of, or Bonds aggregating, at least \$1,000,000 in principal amount, received on or prior to the fifteenth day of the month preceding an applicable Interest Payment Date, payment may be made by wire transfer on the Interest Payment Date with regard to which such payment is made.

Redemption of the Bonds*

Optional Redemption. The Bonds maturing on or before July 1, 20__, shall not be subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after July 1, 20__, are also subject to redemption prior to their respective stated maturities, at the option of the City, from any source of available funds, as a whole or in part (by such maturities as may be specified by the City and by lot within a maturity) on any date on or after July 1, 20__, at a redemption price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The \$_____ Term Bonds maturing on or before July 1, 20__ are subject to redemption prior to maturity from mandatory sinking fund payments on July 1 of each year, on and after July 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Term Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

*Preliminary, subject to change.

Bonds maturing July 1, 20__

| Redemption Date (July 1) | Redemption Amount |
|-----------------------------|----------------------|
| | \$ |

† Final Maturity

The principal amount to be redeemed in each year shown above will be reduced proportionately or as otherwise directed by the City, in integral multiples of \$5,000, by any portion of the Term Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all the Outstanding Bonds of any maturity are to be redeemed, not more than sixty (60) days prior to the redemption date the Trustee shall select the particular Bonds of such maturity to be redeemed (in whole or in part) from the Outstanding Bonds of such maturity that have not previously been called for redemption, in minimum denominations of \$5,000, among maturities as designated in writing by the City and by lot within a maturity. For purposes of selection, each \$5,000 portion of a Bond shall be deemed to be a separate Bond.

Notice of Redemption; Rescission. When redemption is authorized or required, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date the Trustee shall give written notice of the redemption of the Bonds to (i) the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Register, (ii) the Securities Depositories (if the Bonds are not then in book entry form), and (iii) the Information Service. Notice of redemption to the Securities Depositories shall be given by registered or overnight mail.

“Securities Depositories” shall mean The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; or such other addresses and/or such other securities depositories as the City may designate. “Information Service” shall mean the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) website, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and or such other services providing information with respect to called bonds, or no such services, as the City may designate.

Such notice shall state the date of such notice, the date of issue of the Bonds, the redemption date, the amount of any redemption premium, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount represented thereby

to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the principal amount thereof or specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with premium (if any) and interest thereon accrued to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

The City shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. The City shall rescind any notice of redemption, other than a notice of redemption given in connection with a mandatory sinking fund redemption or pursuant, if for any reason funds are not (or will not be) available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such rescission shall not constitute a default under the Indenture. Neither the City nor the Trustee will have any liability to the Owners or any other party as a result of the City's failure to redeem Bonds as a result of insufficient money. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Effect of Notice of Redemption. Notice of redemption having been duly given and moneys for payment of the redemption price of the Bonds so to be redeemed being held by the Trustee, on the redemption date designated in such notice (i) the Bonds so to be redeemed shall become due and payable at the Redemption Price specified in such notice, (ii) interest on such Bonds shall cease to accrue, (iii) such Bonds shall cease to be entitled to any benefit or security under this Indenture, and (iv) the Owners of such Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price.

Purchase in Lieu of Redemption. In lieu, or partially in lieu, of such redemption, moneys of the City may be used to purchase Outstanding Bonds prior to the selection of Bonds for redemption by the Trustee, at public or private sale as and when and at such prices as the City may in its discretion determine but only at prices (including brokerage or other expenses) of not more than par plus applicable accrued interest and redemption premiums, and any accrued interest payable upon the purchase of Bonds may be paid from the amount in the Payment Fund for payment of interest on the following Interest Payment Date.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered certificates registered in the name of Cede & Co., (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX F - THE BOOK-ENTRY SYSTEM" herein.

The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

Acceleration

If an Event of Default (as such is defined in the Indenture) shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may or shall, upon on the satisfaction of certain conditions set forth in the Indenture, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. Any suit requesting such accelerated payment of debt service and/or money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The following table sets forth the payment of principal and interest on the Bonds for each twelve-month period ending on July 1:

SCHEDULE OF DEBT SERVICE PAYMENTS

| <u>Year</u> <u>(July 1)</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Total Debt</u> <u>Service</u> |
|--------------------------------|------------------|-----------------|--------------|-------------------------------------|
| | \$ | \$ | \$ | \$ |
| <hr/> | | | | |
| Total | \$ | \$ | \$ | \$ |

Source: City of Corcoran.

SECURITY FOR THE BONDS

General

THE OBLIGATION OF THE CITY TO MAKE PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE BONDS IS A SPECIAL OBLIGATION OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY NET REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INDENTURE. NONE OF THE CITY, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT SECURED BY A LIEN ON THE PHYSICAL ASSETS OF THE CITY. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. NO PERSON EXECUTING THE BONDS IS SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE.

Pledge of Net Revenues

The Bonds are secured by a pledge of the Net Revenues received by the City from the operation of the Water System, as those terms are defined below and upon all money and securities on deposit in certain accounts under the Indenture. The obligation of the City to make Debt Service Payments from Net Revenues is absolute and unconditional, and until such time as all Debt Service Payments shall have been fully paid and the Bonds are no longer Outstanding (or provision for the payment thereof shall have been made), the City will not, under any circumstances, discontinue, abate or suspend any payment due under the Indenture when due, whether or not the Water System is operating or operable or has been completed, or whether or not the Water System is condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained in the Indenture for any cause whatsoever.

All Net Revenues are irrevocably pledged by the City to the payment of Debt Service Payments and debt service on Parity Obligations (including payments securing the 2012A Bonds) as provided in the Indenture, and the Net Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Net Revenues, there may be apportioned such sums for such purposes as are expressly permitted by the Indenture, including payment of debt service on any Parity Obligations. This pledge shall constitute a first lien on the Net Revenues for the payment of the Debt Service Payments and debt service on any Parity Obligations in accordance with the Indenture. **The Bonds are not secured by a direct lien on the Water System or any other property of the City.**

In the Indenture, the City covenants that, so long as any Bonds are outstanding, the City will not issue or incur any obligations payable from Gross Revenues or Net Revenues superior to the payment of the Debt Service Payments or Parity Obligations. The City is authorized to issue additional Parity Obligations secured by Net Revenues with a lien on a

parity basis with the lien of the Bonds, provided it complies with certain provisions in the Indenture. See “– Issuance of Parity Obligations” below. The City is also authorized to issue subordinate debt secured by Net Revenues.

“Net Revenues” are, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Expenses becoming payable during such period.

“Operation and Maintenance Expenses” means the reasonable and necessary costs and expenses paid by the City to maintain and operate the Water System, including but not limited to (a) costs of acquisition of water to be supplied by the Water System, (b) costs of electricity and other forms of energy supplied to the Water System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Water System. Operation and Maintenance Expenses do not include (i) debt service payable on obligations incurred by the City with respect to the Water System, including but not limited to the Debt Service Payments and any Parity Obligations, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

“Gross Revenues” means all gross charges (including surcharges, if any) received for, and all other gross income and receipts derived by the City from, the ownership and operation of the Water System or otherwise arising from the Water System, including but not limited to (a) connection charges, (b) investment earnings on amounts held in the Water Fund or in any other fund established with respect to the Water System, and (c) rental income related to the Water System. Gross Revenues does not include (i) refundable deposits made to establish credit, (ii) the proceeds of any ad valorem property taxes, and (iii) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Water System. Gross Revenues shall also include interest with respect to any Parity Obligations reimbursed to or on behalf of the City by the United States of America, and shall include moneys in the Rate Stabilization Fund that have been designated and pledged as Gross Revenues for a Fiscal Year pursuant to the Indenture.

“Water System” means the entire existing system of the City for the supply, storage, treatment and distribution of water within the service area of the City, including but not limited to all facilities, properties, lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City.

“Water Fund” means the account held and maintained by the City that accounts for the financial activity of the Water System.

Application of Gross Revenues

Payments from Revenue Fund. The City has covenanted that all Gross Revenues, when and as received, will be received and held by the City in trust for the benefit of Bondholders and payments with respect to Parity Obligations, and will be deposited by the City immediately upon receipt in the Revenue Fund, which the City has covenanted in the Indenture to establish and maintain throughout the term of the Bonds. All Gross Revenues shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

All Gross Revenues in the Revenue Fund shall be set aside by the City and applied in the following order of priority:

(1) Operation and Maintenance Expenses. To the City's Water Fund, amounts sufficient for the payment of the estimated Operation and Maintenance Expenses during the current calendar month and the succeeding calendar month to the extent such amounts are to be paid from Gross Revenues.

(2) Debt Service Payments. For deposit in the Payment Fund, amounts sufficient to satisfy the funding requirements of such fund (including amounts sufficient to provide for the Debt Service Payments and payments of principal and interest due on Parity Obligations).

(3) Reserve Funds. To the Reserve Fund of any reserve fund or account established for any Parity Obligations, upon the occurrence of any deficiency therein, the amount necessary to restore the Reserve Fund to an amount equal to the Reserve Requirement (defined herein) or such other reserve fund or account for Parity Bonds to an amount equal to the amount required to be maintained therein; provided, however, that the City may provide the Reserve Policy, or a comparable reserve facility credit complying with the terms of the Indenture, to satisfy the Reserve Requirement. See " – Reserve Fund" below and "THE RESERVE POLICY" herein.

(4) Rebate Funds. To any excess earnings or rebate fund or account established for any Parity Obligations (including the Excess Earnings Fund established for the Bonds) such amounts at such times as shall be required pursuant to the document creating such fund or account.

(5) Subordinate Obligations. In each calendar month, the City shall make any required transfer or deposit for the payments of any obligation with a lien on, or payable from Net Revenues junior to the lien thereon of the Parity Obligations.

(6) General Expenditures. Any moneys remaining in the Revenue Fund after the above transfers may be transferred and deposited in such other funds or accounts of the City and used for any lawful purpose, including transfer to the Rate Stabilization Fund.

Payment of Debt Service Payments. Each fifteenth (15) day of the month prior to an Interest Payment Date shall be a "Due Date" for the Bonds. On or before each Due Date, the City shall withdraw from the Debt Service Fund held by the City an amount sufficient to the aggregate amount of the Debt Service Payments coming due on the next succeeding Interest

Payment Date, without offset or deduction of any kind, and transfer the same to the Trustee for deposit into the Payment Fund on the following dates and in the following amounts:

(1) Interest Component. On or before the fifteenth day of each June and December, an amount which is equal to the amount to become due on such Bonds on the next succeeding Interest Payment Date; provided, however, that the City may be entitled to certain credits on such payments to the extent funds for such purpose are on deposit in the Payment Fund.

(2) Principal Component. On or before the fifteenth day of June of each year, an amount which, together with any moneys already on deposit with the Trustee and available to make such payment, is not less than the entire amount of the next succeeding maturing principal or mandatory sinking account payment coming due on the Bonds after such date; provided, however, that the City may be entitled to certain credits on such payments to the extent funds for such purpose are on deposit in the Payment Fund.

Rate Covenant

The City has covenanted in the Indenture that it shall fix, prescribe, revise and collect such rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay the following amounts in the following order of priority:

(i) All Operation and Maintenance Expenses estimated by the City to become due and payable in such Fiscal Year;

(ii) All Debt Service Payments and all payments of principal of and interest on any Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority; and

(iii) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

In addition, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to 120% of the amount described in the clause (ii) above for such Fiscal Year.

For purposes of calculating the interest on any Outstanding Parity Obligations, if interest on any Parity Obligations is reasonably anticipated to be reimbursed to or on behalf of the City by the United States of America, then interest on such Parity Obligations shall be excluded to the extent such interest is reasonably anticipated to be paid or reimbursed by the United States of America, and such reimbursements will not be included as Gross Revenues for purposes of the coverage calculations set forth above.

Debt Service Reserve Account

The City has agreed to establish and maintain, so long as any Bonds are outstanding, the Reserve Fund, to be held by the Trustee for and on behalf of the City. The Reserve Fund

may, in the future, be a common fund to satisfy the Reserve Requirements for the Bonds and for certain then-outstanding Parity Obligations, provided, that sufficient amounts of cash and/or separate reserve fund insurance policies are maintained to meet each separate Reserve Requirement in the single account and that the single account is not commingled with funds held for any other purpose. However, a debt service reserve fund has not been established for the 2012A Bonds.

In lieu of funding the Reserve Fund with proceeds of the Bonds, the City has purchased the Reserve Policy from the Insurer. See "THE RESERVE POLICY" herein for a discussion of the provisions of the Reserve Policy. All amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on or principal of the Bonds when due and payable to the extent that moneys deposited in the Payment Fund are not sufficient for such purpose, and making the final payments of principal of and interest on the Bonds. After the initial deposit has been made, the City shall maintain or cause to be maintained in the Reserve Fund an amount equal to the Reserve Requirement. In the event of a deficiency in the Reserve Fund, the City shall pay from Net Revenues an amount sufficient to cure such deficiency, [including repayment of the Insurer for draws on the Reserve Policy.]

"Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the principal amount of the Bonds Outstanding, (ii) an amount equal to maximum annual Debt Service payable by the City between the date of such calculation and the final maturity of the Bonds, or (iii) 120% of average annual Debt Service payable under the Indenture.

Any amounts in the Reserve Fund in excess of the Reserve Requirement (as calculated by the City) shall be transferred by the Trustee to the City on January 1 and July 1 of each year; provided that such amounts shall be transferred only from the portion of the Reserve Fund held in the form of cash or investment securities and further provided that the City is not then in default under the Indenture.

If the Reserve Requirement for the Bonds shall no longer be satisfied by the delivery of the Reserve Policy and shall instead be funded with cash, the City shall have the right at any time to release funds from the Reserve Fund, in whole or in part, by tendering to the Trustee a surety bond or an insurance policy securing an amount, together with moneys or letters of credit on deposit in the Reserve Fund, equal to the Reserve Requirement, in a form in compliance with the terms of the Indenture. Such surety bond or an insurance policy shall have a term of no less than the maturity of the Bonds in connection with which such surety bond or an insurance policy was obtained. [In addition, such surety bond or an insurance policy must be acceptable to the Insurer.] In the event that such surety bond or an insurance policy for any reason lapses or expires, the City shall immediately make the required deposits to the Reserve Fund. See "APPENDIX A - SUMMARY OF THE INDENTURE" hereto.

Bond Insurance

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under the Insurance Policy to be issued concurrently with the delivery of the Bonds by the Insurer. See "BOND INSURANCE" herein and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY" hereto.

Rate Stabilization Fund

The City may maintain and hold a Rate Stabilization Fund. From time to time the City may deposit in the Rate Stabilization Fund, from remaining Net Revenues or other available funds of the City, such amounts as the City shall determine. The City may withdraw amounts from the Rate Stabilization Fund (i) for transfer to the Revenue Fund for inclusion in Gross Revenues for any Fiscal Year, or (ii) for any other lawful use of the City. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Gross Revenues. The balance of the Rate Stabilization Fund is currently \$300,000, which amount the City may transfer back to Gross Revenues in Fiscal Year 2016-17 following the ongoing implementation of the 2016 Rate Increase (defined herein).

Issuance of Parity Obligations

The City has covenanted in the Indenture that, except for bonds issued to fully or partially refund the Bonds or Parity Obligations, the City will not issue or incur any Parity Obligations unless:

(i) The City is not in default under the terms of the Indenture;

(ii) Net Revenues (exclusive of transfers to the Revenue Fund from the Rate Stabilization Fund), calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Parity Obligation is issued or incurred, as shown by the books of the City, plus, at the option of the City, the additional allowance described below, shall have amounted to at least 1.25 times the sum of the Debt Service Payments coming due and payable in any future Fiscal Year and the annual debt service for such Fiscal Year on all Parity Obligations outstanding immediately subsequent to the incurring of such additional obligations in the Fiscal Year in which such sum is the greatest;

Either or both of the following items may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (ii):

(A) an allowance for Net Revenues from any additions to or improvements or extensions of the Water System to be constructed or acquired with the proceeds of such additional obligations, and also for Net Revenues from any such additions, improvements or extensions which have been constructed or acquired from moneys from any source but which, during all or any part of such Fiscal Year or 12-month period, were not in service, all in an amount equal to the estimated additional annual Net Revenues to be derived from such additions, improvements and extensions during the first full Fiscal Year following the completion thereof, all as shown by a certificate of the City, may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (ii);

(B) an allowance for earnings arising from any increase in the charges made for service from the Water System which has become effective prior to the incurring of such additional obligations but which, during all or any part of such Fiscal Year or 12-month period, was not in effect, in an amount equal to 100% of the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, as shown by a certificate of the City.

In order to maintain the parity relationship of the Debt Service Payments to all Parity Obligations permitted hereunder, the City has covenanted in the Indenture that all payments in the nature of principal and interest with respect to any Parity Obligations, except with respect to Governmental Loans, will be structured to occur semi-annually on the Due Dates and in each year as such payments are due with respect to the Debt Service Payments, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service Payments and not prior thereto; provided that the City will not make a payment on such Governmental Loan to the extent it would have the effect of causing the City to fail to pay Debt Service Payments on a timely basis. In such event, the City will make Debt Service Payments and payments on such Governmental Loan on a pro rata basis.

If interest on any Parity Obligation is reasonably anticipated to be reimbursed to or on behalf of the City by the United States of America, then interest payments with respect to such Parity Obligations will be excluded by the amount of such interest reasonably anticipated to be paid or reimbursed by the United States of America, and such reimbursements will not be included as Gross Revenues for purposes of the coverage calculations required in subsection (ii) above.

Aggregate Debt Service of Parity Obligations

The following table sets forth the Debt Service Payments on the Bonds and all Outstanding Parity Obligations immediately following the issuance of the Bonds, assuming the only future redemption and prepayments to be made are the Mandatory Sinking Account Redemptions.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

AGGREGATE DEBT SERVICE OF OUTSTANDING PARITY OBLIGATIONS

| FY End. June 30 | <u>2012A Bonds</u> | | <u>2016A Bonds</u> | | Total Debt Service |
|--------------------|--------------------|--------------|--------------------|----------|-----------------------|
| | Principal | Interest | Principal | Interest | |
| 2017 | \$165,000.00 | \$143,587.50 | \$ | \$ | \$ |
| 2018 | 170,000.00 | 138,637.50 | | | |
| 2019 | 175,000.00 | 133,537.50 | | | |
| 2020 | 180,000.00 | 128,287.50 | | | |
| 2021 | 185,000.00 | 122,887.50 | | | |
| 2022 | 190,000.00 | 117,337.50 | | | |
| 2023 | 195,000.00 | 111,637.50 | | | |
| 2024 | 200,000.00 | 105,787.50 | | | |
| 2025 | 205,000.00 | 99,537.50 | | | |
| 2026 | 215,000.00 | 92,875.00 | | | |
| 2027 | 220,000.00 | 85,887.50 | | | |
| 2028 | 230,000.00 | 78,462.50 | | | |
| 2029 | 235,000.00 | 70,412.50 | | | |
| 2030 | 245,000.00 | 61,893.76 | | | |
| 2031 | 255,000.00 | 53,012.50 | | | |
| 2032 | 265,000.00 | 43,450.00 | | | |
| 2033 | 275,000.00 | 33,512.50 | | | |
| 2034 | 285,000.00 | 23,200.00 | | | |
| 2035 | 295,000.00 | 11,800.00 | | | |
| 2036 | - | - | | | |
| 2037 | - | - | | | |
| 2038 | - | - | | | |
| 2039 | - | - | | | |
| 2040 | - | - | | | |
| 2041 | - | - | | | |
| 2042 | - | - | | | |
| 2043 | - | - | | | |
| 2044 | - | - | | | |
| 2045 | - | - | | | |
| 2046 | - | - | | | |
| Total | \$ | \$ | \$ | \$ | \$ |

Source: City of Corcoran

Subordinate Obligations

As of January 15, 1974, the City entered into a Davis-Grunsky Contract D-GLC43 (the "Davis-Grunsky Loan") with the State of California, Department of Water Resources, pursuant to which it borrowed funds to pay for improvements to the Water System. The Davis-Grunsky Loan is subordinate to the 2012A Bonds and will be subordinate to the Bonds, shall be outstanding through the City's Fiscal Year 2018-19, bears interest on the then-outstanding principal amount thereof at a rate of 2.5% per annum, and has been repaid in annual payments of approximately \$70,000. Under the terms of the Davis-Grunsky Loan, the City has established a reserve fund in the amount of \$69,706, which it holds as a sub-account of the Water Fund.

BOND INSURANCE

[TO COME.]

THE RESERVE POLICY

The Insurer has committed to issue the Reserve Policy with respect to the Bonds, effective as of the date of delivery of such Bonds. Under the terms of the Reserve Policy, the Insurer will unconditionally and irrevocably guarantee to pay that portion of the scheduled Debt Service Payments on the Bonds that become due for payment but shall be unpaid by reason of nonpayment by the City (the "Insured Payments").

The Insurer will pay each Insured Payment that is due for payment and unpaid by reason of nonpayment by the City to the Trustee, as beneficiary of the Reserve Policy on behalf of the holders of the Bonds on the later to occur of (i) the date such scheduled principal or interest becomes due for payment, or (ii) the business day next following the day on which the Insurer receives a demand for payment therefor in accordance with the terms of the Reserve Policy.

No payment shall be made under the Reserve Policy in excess of \$_____ with respect to the Bonds (the "Reserve Policy Limit"). Pursuant to the terms of the Reserve Policy, the amount available at any particular time to be paid to the Trustee shall automatically be reduced to the extent of any payment made by the Insurer under the Reserve Policy, provided that, to the extent of the reimbursement of such payment to the Insurer, the amount available under the Reserve Policy shall be reinstated in full or in part, in an amount not to exceed the Reserve Policy Limit.

The Reserve Policy does not insure against nonpayment caused by the insolvency of negligence of the Trustee.

THE WATER SYSTEM OF THE CITY

The Water Utility

The City operates the Water System as a public water system, serving the City, several small developments in unincorporated areas of the County adjacent to the City, and two California State Prisons located within the City limits. The Water System currently serves a total population of 22,691 through 3,318 service connections. In calendar year 2015, the Water System produced approximately 1,615 million gallons of water.

The Water System was started in 1905 by the privately-owned Corcoran Water and Gas Company. The City was incorporated in 1914 and purchased the Water System in 1916. Various Water System facilities have been constructed and abandoned since that time. The California State Water Resources Control Board (the "State Water Board") issued the first water supply permit to the City in 1956, and the City's current water supply permit was issued in 2007 and last amended in 2014. The current operating permit does not expire, but remains in place until another significant change is made to the City's Water Treatment Plant (the "Water Treatment Plant") which would call for a review of its operations, which could require a new permit.

The management of the Water System is the responsibility of the City's Public Works Department, for both construction and the maintenance and operation, and the Public Works Superintendent has responsibility for the Public Works Department and the Water System. The Chief Plant Operator has the responsibility for the daily maintenance and operations of the Water System. These responsibilities include the operation and maintenance of the treatment facility, groundwater wells, booster pump stations, storage tanks, meter reading for the Water System and customer service activities. The Chief Plant Officer also assists with the creation of policies, procedures, and best practices for the Water System and supervises Water System's six employees. The City Finance Department is responsible for billing and collecting all water bills.

Joe Faulkner, Public Works Superintendent. Joe Faulkner is the current City Public Works Supervisor and he has also served as the Chief Plant Operator since 2013. Mr. Faulkner previously served as the Lead Shift Operator for the Water System from 2008 through 2013, and as a Shift Operator for the Water System from 2006 through 2008. Mr. Faulkner is a graduate of Operator Certification Training Water Quality Academy and he is currently pursuing a bachelor's degree in business administration from Allen Hancock College. He holds Water Treatment Operator Grade T4 and Water Distribution Operator Grade D4 credentials from the California Department of Public Health, and a Cross Connection Control Specialist license.

The City of Corcoran has adopted a Council-Manager form of government. The City Manager reports to the City Council which sets policy for the City Manager to carry out. The City Manager is further responsible for the day-to-day operations of the City.

Kindon Meik, City Manager. [Bio to come.]

Water Supply and Transmission

Groundwater is the sole source of water supply for the Water System. The City operates two well fields north and east, respectively, of the City, with nine wells that range in depth from less than 500 feet to over 1,000 feet, both above and below the Corcoran Clay - a major subsurface confining clay layer in the San Joaquin Valley. The City currently relies on eight wells for its water supply and uses one additional well as a backup well. The wells have a total estimated pumping capacity of between 4,628 and 6,807 million gallons a year, depending on the level of groundwater. At current capacity, the City is able to produce nearly 14 million gallons per day, depending on the level of groundwater, and with the addition of Well 11A, the City expects to produce roughly 18.3 million gallons per day. See “- Recent Projects and Accomplishments; Future Water System Improvements” below. Historically, average peak summer use is approximately 9 million gallons per day. With current conservation efforts the City is expecting a peak summer use for 2016 of roughly 7 million gallons per day. Groundwater levels in the City tend to go down in dry years and rebound in wet years.

All nine Water System wells are fitted with vertical turbine line shaft pumps operating with constant speed motors. Each well has a centrifugal Lakos sand separator for removal of sand prior to leaving the individual well site. The Water System’s newer wells have been constructed to draw water from various levels of the aquifer. Older Water System wells have been rehabbed in recent years to optimize production. Because it is difficult to completely determine the remaining life of a well, the City has been proactive in its efforts to improve its wells and drill new wells to ensure that it is able to produce water in excess of customer demand. Raw water is conveyed from the nine wells through three transmission systems to a raw water storage tank at the Water Treatment Plant. Water System storage facilities enable the City to store approximately 5.5 million gallons of water. Storage tanks are immediately refilled when water is used therefrom.

The production of each individual well varies from year to year as the City actively manages the contribution of each well to total water production to ensure long-term water quality and flow. A summary of the production capacity for each of the nine wells is shown in Table 1 below. The City’s total water production for calendar year 2015 was approximately 1,615 million gallons, or 26.3% of total well capacity. Over the past 10 years, the City has extracted, on the average, approximately 2,192 million gallons a year through the nine wells.

**TABLE 1
CITY OF CORCORAN
EXISTING WELL CAPACITY
(Millions of Gallons per Year)**

| <u>Well</u> | <u>MGY</u> |
|-------------------|--------------|
| 1A | 604 |
| 2A | 446 |
| 3A | 683 |
| 4A | 683 |
| 6A | 772 |
| 7A | 630 |
| 8B ⁽¹⁾ | 736 |
| 9B ⁽¹⁾ | 946 |
| 10A | <u>631</u> |
| Total | 6,131 |

Source: City of Corcoran.

(1) Estimated, based on replaced or repaired condition.

Total water production for the last ten calendar years, and an estimate for 2016, is shown in the following table below.

**TABLE 2
CITY OF CORCORAN
ANNUAL WATER PRODUCTION
(2006-2016)**

| <u>Year (January 1)</u> | <u>Total Production⁽¹⁾</u> |
|-----------------------------|-------------------------------------------|
| 2006 | 2,400 |
| 2007 | 2,449 |
| 2008 | 2,358 |
| 2009 | 2,390 |
| 2010 | 2,146 |
| 2011 | 2,094 |
| 2012 | 2,231 |
| 2013 | 2,258 |
| 2014 | 1,982 |
| 2015 | 1,615 |
| 2016 ⁽²⁾ | |

Source: City of Corcoran.

(1) Millions of gallons.

(2) Estimated.

In addition to the groundwater it pumps, the City has an agreement with the Tulare Lake Basin Water Storage District where the City contributes \$5,000 per year to purchase available water to either be used in lieu of groundwater for irrigation purposes or surface water to be used for groundwater recharge. [How much water is purchased per year? What is the status of this agreement given the ongoing drought?]

[Are you banking water? No. Just for groundwater recharge. Only if the water is available. They pay every year, only recharge if water is available. Table of last five years. Break into its own section.]

Aquifers Supplying the Water System

While the aquifer utilized as the pumping resource by the City (the Tulare Lake Subbasin) is generally recognized as being in overdraft, since it has not legally been designated as such (i.e., it has not been adjudicated) there are currently no pumping limitations in place. Since rainfall has minimal impact on the groundwater levels in the basin, recharge occurs primarily from run-off from the Sierra Nevada Mountains, agricultural irrigation within the basin and reclaimed wastewater. In 2000 the City prepared an urban water management plan (the "UWMP"), as required by the California Water Code, which has been periodically updated. While the UWMP determined that the City should be able to meet its groundwater pumping requirements into the foreseeable future, it recognized the need for developing recharge capabilities. The City Engineer is currently producing an update to the UWMP, a draft of which is expected to be submitted to the City by the end of July 2016. City staff will review the document and work with the City Engineer on a final draft to be submitted to the City Council in September 2016. Once approved by the City Council, the UWMP will be sent to the State for final approval and adoption.

The City believes it has sufficient water to supply the demand on the Water System in the future. A 2016 analysis (the "2016 Analysis") of the water quantity stored at the City's well sites determined that the amount of water stored in the aquifer beneath the well sites is 222,000 acre-feet, which equates to 72.33 billion gallons of water. Assuming no additional water flows beneath the well sites, which would be extremely unlikely, the City would deplete the water stored there in 44.6 years. Approximately 1,354,000 acre-feet of water, or 441.2 billion gallons, is stored in aquifers beneath City limits, and currently not pumped for the Water System at this time. Assuming no additional water flows into the aquifers beneath City limits, which would be extremely unlikely, the City would deplete the water stored beneath City limits in 272 years. Should the City need to utilize water beneath City limits, it may need to alter or enhance the treatment capabilities of its Water Treatment Plant (defined herein) and it would need to construct a new pipeline through which such water would be transported to the Water Treatment Plant. The City has no plans to initiate such Water System improvements at this time.

While the City is aware of land subsidence above the aquifer underlying its wells site, it does not track data on the rate of subsidence there or that has occurred in other immediate areas surrounding the City.

[Wastewater pond recharge.]

Water Treatment

The City's water treatment facilities (the "Water Treatment Plant") has a capacity of 21.5 million gallons per day ("MGD") and a net production capacity of approximately 19.4 MGD, or approximately 22% of the average daily demand of the Water System in 2015. The Water Treatment Plant uses oxidation followed by enhanced coagulation filtration through multi-media filters. Raw water arriving at the Water Treatment Plant is first directed to a 500,000 gallon raw water mixing and blending tank. Next, water flows to a 24" diameter inline static mixer where chemicals are added, followed by rapid mixing. Sodium hypochloride is used for oxidation, and ferric chloride is used for coagulation. Six 2,500 gallons per minute ("GPM") filter feed pumps then pump the water mixture through five dual-cell horizontal pressure filter vessels with anthracite and Silica sand filter media. Filters are cleaned with a backwash system including a 3,500 backwash pump, two 300,000 gallon backwash reclaim tanks, and three 250 GPM backwash reclaim pumps. The current operating permit does not expire, but remains in place until another significant change is made to the Water Treatment Plant which would call for a review of its operations, which could require a new permit (e.g., if another filter unit was added, or if the City had to start treating for other contaminants). SCADA and Programmable Logic Control systems monitor and control the treatment plant systems, filter systems, waste systems, and the nine City wells.

The Water Treatment Plant is designed to accommodate additional facilities as required for long-term future capacity needs. The City currently estimates that the current capacity of the Water Treatment Plant should be sufficient to meet the City's needs through 2020 or longer, depending on growth in the City.

Distribution System

The distribution system is currently composed of a looped system being fed through four (4) 16" water mains, seven (7) booster pumps and eight (8) water storage tanks at various locations that provide 5.5 million gallons of treated water storage. The City's existing storage capacity provides the Water System with approximately 100% of the average daily demand in the City (based on average daily use of 4.4 MGD). The average daily demand ranged from an average of 4.4 MGD to a high of 6.5 MGD in 2015. All of the City booster station have stand-by emergency power and are controlled and monitored by the SCADA system located at the water treatment plant.

Recent Projects and Accomplishments; Future Water System Improvements

The City has recently completed the following improvements to the Water System:

- In 2011, a massive casing failure occurred in Well 9A and Well 9B was drilled to replace Well 9A's production;
- In 2012, another massive casing failure event occurred in Well 8A and Well 8B was drilled to replace Well 8A's production;
- From 2013 through 2014, the Water System recognized a serious loss of production from Well 2A, to the extent that the well would need to be placed out of commission. After consulting with a local pump specialist, the Water System undertook the following well rehabilitation process:

- Removal of the pump, shafting, and spider gears;
 - Video recording of the well casing;
 - Washing of well casing;
 - Chemical treatment;
 - Water jet surging (for gravel pack cleaning); and
 - Installation of new turbine pump, shafting, spider gears and column piping;
- It was further recommended the Water System lower the Well 2A pump by an additional 60 feet. After this step, Well 2A was considered to be fully rehabilitated and the production from Well 2A increased from 780 GPM to 1,200 GPM, which greatly extended the life of the well;
 - In 2015, Well 4B began to develop a pump surging condition, likely caused by water falling from its higher perforations. This condition greatly decreases the life expectancy of turbine pumps and is extremely energy inefficient. As the condition worsened, the Water System undertook the identical well rehabilitation process as used for Well 2A, including the lowering of the Well 4B pump by an additional 60 feet, which solved the pump surging condition;
 - In 2015, Well 7A developed massive breaks in the well casing at a depth of 500 feet. After a failed attempt to patch the casing breaks, the Water System opted to re-drill Well 7A and to undertake the identical well rehabilitation process as used for Wells 2A and 4B, however, the Well 7A pump was lowered by 80 feet to prevent future pump surging. This increased Well 7A's production from 1,000 GPM to 1,300 GPM;
 - In early 2016, Well 3A suffered a shafting failure, and due to the severity of the damage, major well upgrades were required, including new shafting, spider gears, column piping and replacement turbine pump; and
 - In 2016, the Water System is installing two Vaughan's Rotomix reclaim tank mixing systems.

Additionally, the City is in the process of constructing a new well ("Well 11A") that will be completed in 2017. It is anticipated that Well 11A will produce 4.3 MGD, depending on the level of groundwater. Well 11A will also be the City's deepest well, at 1,800 feet below ground, thus providing continued access to water tables below current well levels. The total cost of this new well is approximately \$2,500,000. Phase 1 of the Well 11A project was completed in January 2016, at a cost of \$700,000. The City Engineer is finalizing the plans for Phase 2 of the project and the City will request bids once such plans are completed. Additionally, the City will be submitting an application to California State Community Development Block Grant Program to fund Phase 2 of the Well 11A project. In the event that such grant application is not successful, Phase 2 will be covered by Water System capital fund reserves.

While the City has an ongoing capital improvement plan with respect to repair and replacement of facilities as needed, other than the completion of Well 11A, it does not anticipate any new major capital improvements in the next five years. The City is required under current State law to install water meters on all municipal and industrial service connections located within its service area on or before January 1, 2025.

Environmental Issues and Regulatory Requirements

Environmental Issues. The primary environmental issue impacting the Water System concerns arsenic. Arsenic concentrations in the City's production wells range from 6 to 35 parts per billion (ppb), which is higher than the Federal Standard of 10 ppb that was mandated in 2006. When raw water from all wells is blended together as it reaches the Water Treatment Plant, and this blended raw water averages 22 to 25 ppb of arsenic, though it can be higher at times. The City constructed the Water Treatment Plant in order to meet this new standard. The Water Treatment Plant was completed in October 2006, and the City reports that its arsenic levels in its treated water delivered to customers average below 3 ppb, which is below the Federal arsenic standard. The City anticipates that the Water System would also be able to meet a more stringent State standard, if one is ever adopted.

A secondary environmental issue impacting the Water System involves nitrate contamination at the site of three of the City's wells. The City has a well field located in an adjacent county, which is also near a dairy facility. Expansion of this dairy and the failure of its operator to properly handle the resulting effluent has led to increased levels of nitrate in three of the City's wells. The City is currently addressing the high level of nitrate in water pumped from these three wells by mixing it with water pumped from the City's other five active wells, which does not have high nitrate levels.

The City is currently working cooperatively with the dairy and various agriculture groups to secure grants to fund the drilling of new wells and to seek enforcement of certain regulations relating to the dairy site, such that any ongoing nitrate contamination issues can be mitigated or fully-alleviated in the long-term. In the short-term, the City is confident that its blending of water can be continue to be accomplished and that the nitrate levels in the blended water will meet all safety and other water quality regulatory requirements.

Should the City be unable to secure the grant funding for new well drilling as planned, the City has retained legal counsel to pursue relief through the courts at no cost or liability to the City.

Regulatory Requirements. The State Water Board regulates the Water System. The City is in compliance with applicable regulations and requirements.

The kind and degree of water treatment which is also effected through the Water System is regulated, to a large extent, by the federal government. Clean water standards set forth in the Safe Drinking Water Act and the Environmental Protection Act continue to set standards for the operations of the Water System and to mandate its use of technology. In the event that the State Water Board or the Federal government, either acting through the Environmental Protection Agency or by adoption of additional legislation, should impose stricter quality standards upon the Water System, its expenses would increase accordingly and rates and charges would have to be increased to offset those expenses. It is not possible to predict the direction which State and federal regulation will take with respect to water treatment.]

Impact of Ongoing Drought

California is in its fifth year of drought, one of the worst on record for State. The California State Water Resources Control Board (the "Water Board") has a proposed a conservation standard of 36% reduction in water use for the City as a result of such ongoing

drought conditions. As of April 2016, the City demonstrated a cumulative 32% reduction as compared to a 2013 baseline amount. In May 2016, the State suspended the mandatory conservation requirement and instead determined that each urban water provider set its own conservation goal. The City has set a goal to conserve 20% based on the direction provided by the State. The City understands that the two State prisons located within the City, which are the top two users of the Water System, have reduced water use over the recent drought years and do not plan to reduce water consumption further.

In order to ensure the City is able to comply with State water use reduction mandates, on May 26, 2015, the City Council adopted revisions to the section of the City's municipal code that addresses water conservation and implemented a Stage 2 alert. The Stage 2 phase of the water conservation code stipulated a two-day outdoor irrigation schedule. The City implemented a one-day outdoor watering schedule during the winter months and subsequently returned to a two-day irrigation schedule in April 2016. Based on the May 2016 State guidelines and the 20% conservation goal set by the City, the City Council will consider implementing Stage 1 water conservation standards including a three-day watering schedule.

As a result of the ongoing drought, the City's water production and Water System customer demand have each decreased during the drought years. Water production in Fiscal Year 2015-16 is anticipated to be 30 percent lower than water production in 2012-13. The consequence of such reduced production is reduced revenue from the volumetric (metered) portion of the City's existing water rates. However, for the City, the impact of such reduced revenue is diminished, as only one-third of Gross Revenues are from volumetric sales, whereas the remaining two-thirds of Gross Revenue currently come from flat rate charges paid by nearly half of the City's water customers. The two State prisons located within the City are the top two users of the Water System and their metered charges account for approximately 25.17% of total Gross Revenues; as noted above, two State prisons have reduced water use over the recent drought years and do not plan to reduce water consumption further, which further stabilizes the City's Gross Revenues. It is anticipated that the implementation of a three-day watering schedule will result in a slight increase to water revenues.

In response to such drought-related water revenue reductions, the City has adopted the 2016 Rate Increase and sought the preparation of the 2016 Rate Study. See "- Historical and Current Rates Increases" below. Additionally, the City has adjusted its budgeted expenditures for the Water System downward by \$120,000 as of February 1, 2016. The City also deposited \$300,000 into the Rate Stabilization Fund as of February 1, 2016, which amount the City may transfer back to Gross Revenues in Fiscal Year 2016-17 following the ongoing implementation of the 2016 Rate Increase. For the purpose of the 2016 Rate Study, future volumetric sales are fixed at the relatively lower calendar 2015 levels. This assumes that water sales volumes are stabilized at 2015 levels, and that water conservation efforts will stay constant in upcoming fiscal years.

An additional impact of drought on the Water System involves the diminishing of existing well capacity and production as a result on ongoing drought conditions, and related damage to well infrastructure. If well capacity drops due to drought, such well may not recover capacity in wet years and a drought level may become a new, normal level. The City has recently addressed loss of production in certain of its wells by fully rehabilitating them. See "- Recent Projects and Accomplishments; Future Water System Improvements" herein.

See also "RISK FACTORS – Drought" herein

Active Water Accounts

Service connections in the Water System range in diameter from 5/8-inch to 8-inches. Approximately 51% of all residences, consisting largely of single-family residences, are billed a flat rate, while the other 49% are billed on a metered rate. Meters are installed on all new accounts, and the City is required under current State law to install water meters on all municipal and industrial service connections located within its service area on or before January 1, 2025. The two State prisons also pay metered water rates. The City anticipates that it will transition all customers to meters within the upcoming several years, in connection with the implementation of the 2016 Rate Study (defined herein). The City currently projects that service connections will increase by no more than 10 to 15 connections a year for next five years. A summary of active water services is shown in the following table.

TABLE 3
CITY OF CORCORAN
ACTIVE WATER SERVICE CONNECTIONS
(As of June 30)

| <u>Year</u> <u>(June 30)</u> | <u>Total</u> <u>Connections</u> |
|---------------------------------|------------------------------------|
| 2007 | 3,159 |
| 2008 | 3,123 |
| 2009 | 3,249 |
| 2010 | 3,188 |
| 2011 | 3,279 |
| 2012 | 3,238 |
| 2013 | 3,238 |
| 2014 | 3,342 |
| 2015 | 3,309 |
| 2016 | 3,318 |

Source: City of Corcoran.

The majority of the City's water accounts are primarily residential, but certain other accounts, primarily those from prisons located within the City, represent a significant proportion of Gross Revenues. Residential users comprise approximately 92.1% of Water System connections and approximately 54.1% of total Revenues. A summary of accounts and Revenues as of June 30, 2015 by customer class is shown in the following table.

TABLE 4
CITY OF CORCORAN
SERVICE ACCOUNTS AND REVENUES
(as of June 30, 2015)

| <u>Category</u> | <u>Accounts</u> | <u>Percent</u> | <u>Revenues</u> | <u>Percent</u> |
|---------------------------|-----------------|----------------|------------------|----------------|
| Single Family Residential | 3,046 | 92.1% | \$2,303,638 | 54.1% |
| Commercial | 206 | 6.2 | 218,567 | 5.1 |
| Multi-Family | 32 | 1.0 | 508,490 | 12.0 |
| Industrial | 19 | 0.6 | 79,689 | 1.9 |
| Schools | 4 | 0.1 | 108,975 | 2.6 |
| Prisons | <u>2</u> | <u>0.1</u> | <u>1,035,232</u> | <u>24.3</u> |
| Total | 3,309 | 100.0% | \$4,254,592 | 100.0% |

Source: City of Corcoran.

Largest Users

The following table shows the top ten water users in the City based on revenue generated during Fiscal Year 2014-15. The top ten water users accounted for 37.14% of total Revenues in Fiscal Year 2014-15 with the top two users accounting for approximately 25.17% of total Revenues.

**TABLE 5
CITY OF CORCORAN
TEN LARGEST CUSTOMERS
(Fiscal Year 2015-16)**

| <u>Account Name</u> | <u>Revenue</u> | <u>Percent</u> |
|---------------------------------------|--------------------|----------------|
| Corcoran State Prison | \$575,953 | 14.00% |
| CA Substance Abuse Treatment Facility | 459,280 | 11.17 |
| J.G. Boswell Company | 99,269 | 2.41 |
| Willowlakes Apartments | 83,752 | 2.04 |
| Corcoran Unified School District | 104,849 | 2.55 |
| King Estates | 53,671 | 1.30 |
| Kings Manor Apartments | 41,839 | 1.02 |
| Corcoran Family Housing | 34,577 | 0.84 |
| Whitley Manor | 38,887 | 0.95 |
| Avalon Family Apartments | 35,424 | 0.86 |
| Total Top 10 | 1,527,502 | 37.14 |
| All Other Accounts | <u>2,585,509</u> | <u>62.86</u> |
| Total All Accounts | \$4,113,011 | 100.00% |

Source: City of Corcoran.

The Corcoran State Prison opened in 1988, and currently houses approximately 4,700 inmates at various security levels, including a 75-bed acute care hospital. The prison, located on 942 acres, currently has a staff of approximately 1,800. The California Substance Abuse Treatment Facility, which is a prison with a treatment facility incorporated within, opened in 1997, and currently houses approximately 5,100 inmates. The facility, located on 280 acres, currently has a staff of approximately 1,600. See "RISK FACTORS – Concentration of Customers" herein.

Water System Budgets and Budgetary Accounting

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each Fiscal Year. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The level at which expenditures may not legally exceed appropriations is therefore established at the department level.

On or before the first day in April of each year, all departments of the City submit requests for appropriations to the City's manager so that a budget may be prepared on or by May 15, the proposed budget is presented to the City's Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30. The budget for Fiscal Year 2015-16 was adopted by the City Council on September 21, 2015. The 2016-2017 Budget will be approved on or around August 9, 2016.

Billing and Collection Procedures

Billing Procedure. All accounts are billed on a monthly basis, in arrears. Bills are mailed out on the last working day of the month and customers are given until the 15th of the month to pay; after the 15th a \$5.00 late charge is added to the balance due. If an account becomes 45 days past due, a shut off notice is mailed to the customer and an additional \$10 late charge is added to the account. Kings Credit Services is used to assist with collection of accounts where customers have moved out and left a balance.

Collection of Charges. For the last five Fiscal Years the City's collection rate has ranged between approximately 98.2% and 104.3%. The City's collection history for the last five Fiscal Years is set forth below.

**TABLE 6
CITY OF CORCORAN
COLLECTION HISTORY
(Fiscal Years 2010-11 through 2014-15)**

| | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Billings | \$4,388,958 | \$4,399,891 | \$4,465,387 | \$4,488,344 | \$4,188,008 |
| Credits & Collections ⁽¹⁾ | 4,309,488 | 4,456,652 | 4,470,538 | 4,574,136 | 4,316,616 |
| Collection Rate (%) | 98.2% | 101.3% | 100.1% | 101.9% | 103% |

(1) Credits and collections do not include revenues from one-time insurance proceeds, which were \$524,781 in Fiscal Year 2012-13, \$466,054 in Fiscal Year 2013-14 and \$392,835 in Fiscal Year 2014-15, all associated with the past failure of a water well.

Source: City of Corcoran.

Water Rates

General. In accordance with California law, the City may, from time to time, fix, alter or change fixed monthly system access fees, commodity charges and other fees related to the Water System. The City has the authority to establish charges for water service without the approval of any other governmental agency. It can terminate service to delinquent customers, require full payment of delinquent accounts, and impose reconnection fees to resume service. Neither the City nor the Water System is subject to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body in connection with the establishment of charges and fees related to the Water System.

The City staff periodically determines the accuracy of the Water System rate structure after full consideration of expected operations, maintenance and capital costs. In accordance with City policy, operating surpluses may be added Water System unrestricted reserves, or returned to ratepayers through mitigation of future rate increases.

See "RISKS FACTORS- Proposition 218" herein for a discussion of the treatment of the City's rates and charges in light of Proposition 218.

Historical and Current Rates Increases. The following table sets forth a ten-year history of water rate increases. Since Fiscal Year 2006-07 the City has had an average water rate increase of 6.4% per year.

**TABLE 7
CITY OF CORCORAN
HISTORIC WATER RATE INCREASES FOR ALL CUSTOMER CLASSES
(Fiscal Years 2006-07 through 2015-16)**

| <u>Fiscal Year</u> | <u>Percent Increase</u> |
|------------------------|-------------------------|
| 2006-07 | 24.0% |
| 2007-08 | 16.0 |
| 2008-09 | 16.0 |
| 2009-10 | 0.0 |
| 2010-11 | 0.0 |
| 2011-12 | 0.0 |
| 2012-13 | 0.0 |
| 2013-14 | 0.0 |
| 2014-15 | 0.0 |
| 2015-16 ⁽¹⁾ | 8.0 |

Source: City of Corcoran.

(1) Rate increase was adopted on February 1, 2016 and effective for the final five months of Fiscal Year 2015-16 occurring thereafter.

In 2003, the City adopted an ordinance allowing rates to increase automatically each year by the higher of 3% or the change in the Consumer Price Index. Pursuant to a resolution adopted on October 12, 2005, annual increases in water rates of 16-24% per year over a four year period were approved for January 1, 2006, 2007, 2008 and 2009. Beginning in 2010, rate increases reverted to the inflationary increase, although since Fiscal Year 2008-09 no increase has been implemented.

On February 1, 2016, the City adopted a water rate increase of 8.0% (the "2016 Rate Increase"), which became effective as of February 1, 2016, in order to ensure the solid financial performance of the Water System despite drought-related water revenue reductions. The City also engaged a rate consultant to prepare a new comprehensive rate study in April 2016 (the "2016 Rate Study"). The 2016 Rate Study was presented to the City Council for its initial consideration on July 12, 2016, and the City plans to raise its rates by an additional 8.0% pursuant thereto, following the procedural requirements of Proposition 218, in Fiscal Year 2016-17. The 2016 Rate Study also provides for additional, smaller rate increases in subsequent fiscal years. The 2016 Rate Study was commissioned in order to review and modify the existing water rate structure to set rates such that each customer class provides revenue to the Water System that consistent with the cost to serve them.

The current water rate structure is set forth below.

**TABLE 8
CITY OF CORCORAN
WATER SYSTEM RATES
(As of June 30, 2016)**

| <u>Description</u> | <u>Per Month</u> |
|------------------------------------------------|-----------------------------------------------|
| Flat Rates | |
| Single family residences | |
| Up to 4,000 sq. ft | \$44.90 |
| 41 to 50 feet in width or 4,001 – 5,000 sq. ft | 50.76 |
| Greater than 50 feet in width or 5,000 sq. ft. | 50.76 plus 1.05 per additional 100 sq. ft. |
| | |
| Churches | 34.74 |
| Multifamily Dwellings | 44.90 |
| Corcoran Unified School District | 9,436.45 |
| | |
| Metered Rates | |
| First 600 cubic feet | \$44.90 |
| Each additional 100 cubic feet | 1.20 |

Source: City of Corcoran.

The bulk of the City's water sales revenue is derived from residential services. Approximately 51% of all residences, consisting largely of single-family residences, are billed a flat rate, while the other 49% are billed on a metered rate. Meters are installed on all new accounts, and the City is required under current State law to install water meters on all municipal and industrial service connections located within its service area on or before January 1, 2025. The two State prisons also pay metered water rates. The City anticipates that it will transition all customers to meters within the upcoming several years, in connection with the implementation of the 2016 Rate Study.

[Proposed rates, subject to protest and 218 hearing. Include table here. Financials will be assuming these rates.]

Connection Fees

The City has established connection charges pursuant to Ordinance 587 and Resolution No. 2262 effective September 11, 2006. The table below summarizes the current connection charges, which in Fiscal Year 2014-15 totaled approximately \$46,480.

**TABLE 9
CITY OF CORCORAN
CONNECTION FEES
(Fiscal Year 2015-16)**

| <u>Description⁽¹⁾</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 1-inch | \$1,163 |
| 1.5-inch | 2,186 |
| 2-inch | 3,449 |

Source: City of Corcoran.

(1) Rate schedule includes fees for meters up to 4 inches.

The following table below sets forth the historical annual revenues from connection fees.

**TABLE 10
CITY OF CORCORAN
CONNECTION FEE REVENUE
(Fiscal Years 2005-06 through 2015-16)**

| <u>Fiscal Year</u> | <u>Amount</u> |
|------------------------|---------------|
| 2005-06 | \$55,076 |
| 2006-07 | 117,975 |
| 2007-08 | 64,454 |
| 2008-09 | 73,758 |
| 2009-10 | 48,846 |
| 2014-15 | 7,719 |
| 2011-12 | 12,753 |
| 2012-13 | 8,061 |
| 2013-14 | 15,119 |
| 2014-15 | 46,480 |
| 2015-16 ⁽¹⁾ | 52,335 |

Source: City of Corcoran.

(1) Unaudited.

The following table sets forth a comparison of average monthly bill for a single family residential unit with a 1-inch meter in the City to those of surrounding communities (utilizing 1,600 cubic feet of water per month). Previous rate increases by the City have enabled it to fund its major capital needs and maximize operating efficiency.

**TABLE 11
CITY OF CORCORAN
MONTHLY BILL COMPARISON⁽¹⁾
(As of January 1, 2016)**

| <u>Community</u> | <u>Monthly Residential Bill</u> |
|---------------------|---------------------------------|
| Corcoran (Existing) | \$44.90 |
| Corcoran (Proposed) | 25.00 |
| Bakersfield | 23.94 |
| Fresno | 10.50 |
| Hanford | 12.25 |
| Lemoore | 13.20 |
| Tulare | 13.53 |
| Visalia | 15.19 |

Source: City of Corcoran.

(1) Includes monthly meter, CIP and commodity charges.

The City anticipates reviewing its rates periodically, and raising rates as future needs of the Water System demand.

WATER SYSTEM FINANCIAL INFORMATION

Financial Statements

Attached as APPENDIX C are the audited financial statements of the City (the "Financial Statements") for Fiscal Year 2014-15, which include financial statements for the Water System, prepared by the City Department of Finance and audited by Price Paige & Company, Clovis, California (the "Auditor").

The Auditor's letter concludes that all the Financial Statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Financial Statements should be read in their entirety. The City has not requested nor did the City obtain permission from the Auditor to include the Financial Statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City. In addition, the Auditor has not reviewed this Official Statement.

Enterprise Accounting

The Water System is accounted for as an enterprise fund with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs of providing goods or services to the general

public on a continuing basis are to be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City uses the accrual basis of accounting for its "proprietary funds," including the Water System enterprise fund. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The "measurement focus" used to identify which transactions and events should be recorded in the respective funds is the flow of all economic resources measurement focus. All assets and liabilities associated with the operations of each respective fund are included in the balance sheet. Fund equity (net total assets) consists of contributed capital and retained earnings. In accordance with Governmental Accounting Standard Board (GASB) Statement No. 20, entitled "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the City applies all GASB Opinions and Accounting Research Bulletins issued on or before November 30, 1989.

See "APPENDIX C" for a more complete summary of the City's accounting policies.

Revenues and Expenses

A five-year summary of revenues and expenditures for the City's Water Utility Fund is presented in the table below.

TABLE 12
CITY OF CORCORAN
Water Enterprise Fund
Summary of Revenues and Expenses
(2011 through 2015)

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| REVENUES | | | | | |
| Charges for Service | \$4,384,999 | \$4,399,716 | \$4,465,247 | \$4,488,165 | \$4,188,007 |
| Connection Fees | 3,959 | 175 | 140 | 179 | 43 |
| Interest Income | 44,745 | 34,314 | (45,600) | 14,529 | 11,254 |
| Rental Income | 36,618 | 49,210 | 44,651 | 5,119 | - |
| Other Income ⁽¹⁾ | 3,495 | 271 | 530,015 | 482,020 | [393,465] |
| Capital Contributions | 7,719 | 12,753 | 8,061 | 15,119 | [46,480] |
| <i>Total Operating Revenues</i> | 4,481,535 | 4,496,439 | 5,002,514 | 4,990,012 | |
| EXPENSES⁽²⁾ | | | | | |
| Personnel Services | 396,288 | 397,935 | 422,214 | 460,433 | 431,446 |
| Maintenance & Supplies | 1,536,348 | 1,521,646 | 1,711,286 | 1,936,042 | 1,882,790 |
| Administration & Allocated Costs | 229,582 | 182,576 | 296,238 | 303,396 | 316,117 |
| <i>Total Operating Expenses</i> | 2,162,218 | 2,102,157 | 2,429,738 | 2,699,871 | |
| <i>Net Revenue</i> | 2,319,317 | 2,394,282 | 2,572,776 | 2,290,141 | |
| PARITY OBLIGATION DEBT SERVICE⁽³⁾ | | | | | |
| 2003 Certificates | 334,470 | 334,470 | - | - | |
| 2008 Certificates ⁽⁵⁾ | 1,093,107 | 1,192,501 | 1,248,336 | 1,243,775 | 1,243,507 |
| 2012A Bonds | - | - | 309,581 | 307,538 | 308,038 |
| <i>Total Parity Obligation Debt Service⁽³⁾</i> | \$1,427,577 | \$1,526,971 | \$1,557,917 | \$1,551,313 | \$1,551,545 |
| PARITY OBLIGATION DEBT SERVICE RATE COVENANT COVERAGE⁽³⁾ | 1.62x | 1.57x | 1.65x | 1.48x | |

Source: City of Corcoran.

- (1) Includes certain connection fee revenue, together with development fees and certain one-time insurance proceeds associated with the past failure of a water well.
- (2) Excludes depreciation.
- (3) Excludes debt service on the subordinate Davis-Grunsky Loan.
- (4) The City's 2003 Certificates of Participation (Water System Project) were refunded by proceeds of the 2012A Bonds.
- (5) Excludes amounts paid with capitalized interest.

Projected Revenues and Expenses

The table below presents a five-year summary of projected revenues and expenses of the Water System, together with corresponding coverage ratios. The projections are based on City estimates. No assurance can be made that these projections will be met. See "RISKS FACTORS".

TABLE 13
CITY OF CORCORAN
Water Enterprise Fund
Summary of Projected Revenues and Expenses
(2016 through 2020)

| REVENUES | Estimated 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------------------------------------------------------------|-------------------|------|------|------|------|
| Charges for Service | \$ | \$ | \$ | \$ | \$ |
| Connection Fees | | | | | |
| Interest Income | | | | | |
| Rental Income | | | | | |
| Other Income | | | | | |
| Capital Contributions | | | | | |
| Operating Transfers In | | | | | |
| <hr/> | | | | | |
| <i>Total Operating Revenues</i> | | | | | |
| EXPENSES⁽¹⁾ | | | | | |
| Personnel Services ⁽²⁾ | | | | | |
| Maintenance & Supplies | | | | | |
| Administration & Allocated Costs ⁽³⁾ | | | | | |
| <hr/> | | | | | |
| <i>Total Operating Expenses</i> | | | | | |
| <i>Net Revenue</i> | | | | | |
| PARITY OBLIGATION DEBT SERVICE⁽⁴⁾⁽⁵⁾ | | | | | |
| 2012A Bonds | | | | | |
| 2016A Bonds ⁽⁵⁾ | | | | | |
| <hr/> | | | | | |
| <i>Total Parity Obligation Debt Service⁽⁴⁾⁽⁵⁾</i> | \$ | \$ | \$ | \$ | \$ |
| PARITY OBLIGATION DEBT SERVICE RATE COVENANT COVERAGE⁽³⁾⁽⁴⁾ | | | | | |

Source: City of Corcoran.

- (1) Excludes depreciation, amortization, and fees related to the Bonds. [confirm /update Assumes a 3.0% growth in all expenses each year.]
- (2) Personnel expenses are projected to increase in Fiscal Year 2016-17 due to pay scale increases for water plant employees anticipated to receive license upgrades, and due to a slight increase in headcount.
- (3) In Fiscal Year 2016-17, the Water System's general government overhead cost allocation is expected to increase as a result of a recent enterprise cost allocation study conducted by the City, due to the Water System's greater revenue and expenses than other enterprise funds, and the time City staff spend managing Water System affairs.
- (4) Excludes debt service on the subordinate Davis-Grunsky Loan.
- (5) Preliminary, subject to change.

Historical Audited Balance Sheets Statement of Net Assets

The following table sets forth the statement of net assets for the Water Fund for the last three audited Fiscal Years.

TABLE 14
CITY OF CORCORAN
Water Enterprise Fund
Historical Audited Balance Sheets Statement of Net Assets
(Fiscal Years 2013 through 2015)

| ASSETS | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---------------------------------------------------------------------|--------------------|--------------------|--------------------|----------------|
| CURRENT ASSETS: Cash and Investments: | (Audited) | (Audited) | (Audited) | (Unaudited) |
| Unrestricted | \$5,714,613 | \$5,976,233 | \$6,402,841 | |
| Restricted | 69,706 | 69,706 | 69,706 | |
| Cash with Fiscal Agent – Restricted | 731,518 | 707,838 | 729,264 | |
| Receivables | 699,191 | 325,496 | 241,743 | |
| Prepays | 4,373 | 5,403 | -- | |
| TOTAL CURRENT ASSETS | 7,219,401 | 7,084,676 | 7,443,554 | |
| NONCURRENT ASSETS: | | | | |
| Advances to Other Funds | 373,900 | 373,900 | 373,900 | |
| Capital Assets: | | | | |
| Nondepreciable | 1,527,017 | 737,730 | 753,952 | |
| Depreciable, Net of Accumulated Depreciation | 21,665,509 | 22,071,368 | 21,225,847 | |
| TOTAL NONCURRENT ASSETS | 23,566,426 | 23,182,998 | 22,353,699 | |
| TOTAL ASSETS | 30,785,827 | 30,267,674 | 29,797,253 | |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Derivative Instrument – Interest Rate Swap | 3,037,308 | 3,060,828 | 3,286,790 | |
| Contributions to Pension Plan in Current Fiscal Year ⁽¹⁾ | -- | -- | 30,356 | |
| Deferred Outflows related to Pensions ⁽¹⁾ | -- | -- | 2,750 | |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | 3,037,308 | 3,060,828 | 3,319,896 | |
| LIABILITIES | | | | |
| CURRENT LIABILITIES: | | | | |
| Accounts Payable | 322,797 | 306,254 | 284,167 | |
| Interest Payable | 81,544 | 126,923 | 123,349 | |
| Compensated Absences | 11,936 | 16,145 | 14,478 | |
| Davis-Grunsky Loan | 61,111 | 62,497 | 63,883 | |
| 2008 Certificates and 2012A Bonds | 600,000 | 580,000 | 605,000 | |
| Due to Other Funds | 49,266 | -- | -- | |
| TOTAL CURRENT LIABILITIES | 1,126,654 | 1,091,819 | 1,090,877 | |
| NON-CURRENT LIABILITIES: | | | | |
| Derivative Instrument – Interest Rate Swap | 3,037,308 | 3,060,828 | 3,286,790 | |
| Compensated Absences | 6,319 | 6,639 | 4,887 | |
| 2008 Certificates and 2012A Bonds | 21,419,761 | 20,862,393 | 20,280,025 | |
| Davis-Grunsky Loan | 326,386 | 264,059 | 200,324 | |
| Net Pension Liability ⁽¹⁾ | -- | -- | 294,755 | |
| TOTAL NONCURRENT LIABILITIES | 24,789,774 | 24,193,919 | 24,066,781 | |
| TOTAL LIABILITIES | 25,916,428 | 25,285,738 | 25,157,658 | |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows of Resources related to Pensions ⁽¹⁾ | -- | -- | 113,068 | |
| TOTAL DEFERRED INFLOWS OF RESOURCES | -- | -- | 113,068 | |
| NET POSITION | | | | |
| Invested in capital assets, net of related debt | 785,268 | 1,040,149 | 830,567 | |
| Restricted Cash for Debt Service | 801,224 | 77,544 | 798,970 | |
| Unrestricted | 6,320,215 | 6,225,071 | 6,216,866 | |
| TOTAL NET POSITION | \$7,906,707 | \$8,042,764 | \$7,846,423 | |

(1) Accounting changes with respect to the pension liability costs attributable to Water System employees were implanted beginning in Fiscal Year 2014-15, in order to comply with Statement No. 63 of the Governmental Accounting Standards Board "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."
Source: City of Corcoran.

[Does the City have a Reserve Policy that it applies with respect to the Water Fund? Does the City maintain any special financial/unencumbered reserves for the Water System, e.g. for capital projects, water replacement, groundwater banking, etc.? Current Water System assets shown as of Fiscal Year 2015-16 exceed six million dollars, which exceeds one year of average Water System revenues.] – No policies, broken down to cap reserves and general fund. Include - Staff will be presenting policies to the City Council in the 2016-17 fiscal year.]

(Total capital reserves, \$1.7 M – general reserves, \$4.3 – combined, \$6 M

RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Bonds.

Water System Demand and Growth

There can be no assurance that the local demand for the services provided by the Water System will be maintained at levels described in this Official Statement. Reduction in the level of demand could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the City's rate covenant in the Indenture. Such rate increases could increase the likelihood of nonpayment, and could also further decrease Water System customer demand. There can be no assurance that any other entity with regulatory authority over the Water System will not adopt further restrictions on operation of the Water System.

Water System Expenses

There can be no assurance that Operation and Maintenance Expenses of the Water System will be consistent with the levels described in this Official Statement. The kind and degree of water treatment which is effected by the Water System is regulated, to a large extent, by the federal government. Clean water standards set forth in the Safe Drinking Water Act and the Environmental Protection Act continue to set standards for the operations of the Water System and to mandate its use of technology. In the event that the California Division of Drinking Water Programs or the Federal government, either acting through the Environmental Protection Agency or by adoption of additional legislation, should impose stricter quality standards upon the Water System, its expenses would increase accordingly and rates and charges would have to be increased to offset those expenses. It is not possible to predict the direction which State and federal regulation will take with respect to water treatment. Changes in treatment, transportation and other types of technology, increases in the cost of energy, increased or decreased development within the City, or other expenses could also reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant in the Indenture. Rate increases could increase the likelihood of nonpayment by the Water System customers, and could also decrease water demand within the City.

Concentration of Customers

The generation of Net Revenues is concentrated with certain major users in the City. The ten largest customers accounted for approximately 37.14% of Gross Revenues in Fiscal Year 2014-15, with the top two users accounting for approximately 25.17% of total Gross

Revenues. Accordingly, the generation of Net Revenues which secure payment of the Bonds would be adversely affected by any decline in use by these major customers. The City cannot predict if any of its major customers will reduce water usage in the future. Economic factors could adversely affect the water usage by the commercial and agricultural production customers.

In addition, State budget issues could impact the operations of the Water System's two largest customers. Though the City expects the prisoner population of the Corcoran State Prison and the California Substance Abuse Treatment Facility to remain stable or increase slightly in the future, due to the maximum security nature of the former and the unique treatment provided by the latter, such prisoner populations could be reduced over time due to prison over-crowding efforts are undertaken by the State. The City is not aware of any current efforts to close either facility.

Parity Obligations

Although the City has covenanted not to issue additional obligations payable from Net Revenues senior to the Debt Service Payments, the Indenture permits the issuance of certain indebtedness which may have a lien which is on a parity basis to the lien on Net Revenues contained in the Indenture, if certain coverage tests are met. These coverage tests involve, to some extent, projections of Net Revenues. If such indebtedness is issued or incurred, the debt service coverage for the Debt Service Payments securing the Bonds will be diluted below what it otherwise would be subject to under the coverage tests. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Debt Service Payments and such additional indebtedness. See "SECURITY FOR THE BONDS - Issuance of Parity Obligations" herein and "WATER SYSTEM FINANCIAL INFORMATION - Projected Revenues and Expenses" for a description of anticipated debt service coverage on the Parity Obligations currently expected to be incurred by the City.

Proposition 218

Proposition 218, a state ballot initiative known as the "Right to Vote on Taxes Act" was approved by California voters on November 5, 1996 and, except for certain provisions that became effective on July 1, 1997, became effective on November 6, 1996. Proposition 218 added Article XIII C, entitled "Voter Approval of Local Tax Levies" ("Article XIII C"), and Article XIII D, entitled "Assessment and Property Related Fee Reform" ("Article XIII D"), to the California Constitution. Article XIII C and Article XIII D limit the imposition by a local government of "general taxes," "special taxes," "assessments" and "fees" or "charges." The City is a local government within the meaning of Article XIII C and Article XIII D.

Article XIII C, provides, among other things, that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local fee or charge. This extension of the initiative power is not limited by the terms of Article XIII C to fees and charges imposed after November 6, 1996 and, absent other authority, could result in retroactive reduction in existing fees and charges. Although the terms "fees" and "charges" are not defined in Article XIII C, the California Supreme Court, in *Bighorn-Desert View Water Agency v. Kari Verjil; E.W. Kelley* (July 2006), has stated that there is no basis for excluding from Article XIII C's authorization any of the fees subject to Article XIII D. If fees or charges charged or

collected by the City for its Water System are subjected to the initiative process and the outcome of any initiative proceedings results in a reduction or repeal of such fees or charges, respectively, the ability of the City to generate revenues sufficient to comply with its covenants under the Indenture may be adversely affected. Furthermore, if voters were to approve an initiative lowering the City's water rates or other charges, the City would need voter approval before it could change the rate or charge that had been set by initiative. The City could, however, increase a charge that was not affected by initiative or to impose an entirely new charge without voter approval.

The California Supreme Court further stated in *Bighorn* that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states: "Section 3 of Article XIIC of the California Constitution, as adopted at the November 5, 1996 general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protection by Section 10 of Article I of the United States Constitution." Government Code Section 5854 appears to limit the voters' power to repeal or reduce Water System fees and charges if such reductions would interfere with the City's payment of debt service on the Bonds. If Government Code Section 5854 becomes the subject of a challenge, however, no guarantee can be made that the courts will agree with such interpretation.

Article XIID prohibits the assessment upon any parcel of property or upon any person "as an incident of property ownership" (defined to exclude fees for the provision of electrical or gas service) by a local government of any tax, assessment, fee or charge except voter-approved *ad valorem* property taxes and special taxes, fees or charges as a condition of property development, and assessments and "fees or charges for property related services" levied or imposed in accordance with the provisions of Article XIID.

Under Article XIID, revenues derived from a "fee" or "charge" (defined as "any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service") may not exceed the funds required to provide the "property-related service" and may not be used for any purpose other than that for which the fee or charge was imposed. Further, the amount of a "fee" or "charge" may not exceed the proportional cost of the service attributable to the parcel, no "fee" or "charge" may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question, and no "fee" or "charge" may be imposed for general governmental service where the service is "available to the public at large in substantially the same manner as it is to the property owners."

In addition, in order for a "fee" or "charge" to be imposed or increased, Article XIID provides that, among other things, the parcel upon which a fee or charge is proposed for imposition must be identified, the amount of the fee or charge proposed to be imposed on each such parcel must be calculated, written notice by mail of the proposed fee or charge must be provided to the "record owner" of each identified parcel, and a public hearing must be conducted upon the proposed fee or charge. If written protests against the proposed "fee" or

“charge” are presented by a majority of owners of the identified parcels, the fee or charge may not be imposed. The California Supreme Court in *Bighorn* indicated that once a property owner or resident has paid the connection charges and has become a customer of a public water agency, all charges for water delivery incurred thereafter are charges for a property-related service, whether the charge is calculated on the basis of consumption or is imposed as a fixed monthly fee. Accordingly, the imposition or increase of any fee or charge by the City for water service will be the subject of such a majority protest. If such a majority protest occurs, the ability of the City to generate revenues sufficient to comply with its covenants under the Indenture may be adversely affected.

Article XIID states that, beginning July 1, 1997, all “fees” or “charges” must comply with its provisions. It is unclear how the provisions of Article XIID will be applied to fees or charges established prior to such date. It is also unclear how the provisions of Article XIID will be applied to fees or charges established after such date but prior to the *Bighorn* decision.

As a result of the *Bighorn* decision, there can be no assurance that Proposition 218 will not limit the ability of the City to impose, levy, charge and collect increased fees and charges for water services.

The City believes that its fees for service provided by the Water System will not be adversely affected by the application of the procedural requirements of Proposition 218, and that Proposition 218 will not have any immediate adverse effect on the City’s ability to comply with its covenants under the Indenture or its ability to operate the Water System. Except with respect to certain of its rates approved prior to the approval of Proposition 218 in 1996, the City has followed the notice, hearing and protest procedures in Article XIID in connection with its current rates. The City plans to follow the notice, hearing and protest procedures in Article XIID in connection with all future rate increases. The City cannot predict the impact of Proposition 218 on any such future rate increases.

Numerous recent appellate court opinions interpret and apply Proposition 218 in the context of evaluating the validity of water-related fees and charges. The City is unable to predict at this time how Proposition 218 will ultimately be interpreted by the courts and what, if any, further implementing legislation will be enacted, and there can be no assurance that Proposition 218 will not limit the future ability of the City to impose, levy, charge and collect increased fees and charges for water service.

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIII A and XIII C. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIII A, XIII C and XIID of the California Constitution pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the State or local government of providing the service or product to the payor. Proposition 26 applies to charges

imposed or increased by local governments after the date of its approval. The City believes that its current rates and charges are not taxes under Proposition 26.

Recent appellate court opinions interpret and apply Proposition 26 in the context of evaluating the validity of water-related fees and charges. The Court of Appeal in *Newhall County Water Dist. v. Castaic Lake Water Agency*, 243 Cal. App. 4th 1430 (2016) invalidated a rate structure adopted by Castaic Lake Water Agency in 2013 because that agency could not, in accordance with Proposition 26, properly base its rates for imported water on retail water purveyors' use of groundwater. Castaic Lake Water Agency did not supply groundwater and the Court of Appeal found that it lacked statutory authority to regulate groundwater. The City is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impact will be.

Constitutional Limit on Appropriations

Under Article XIII B of the California Constitution, state and local government entities have an annual "appropriations limit" which limits their ability to spend certain moneys called "appropriations subject to limitation," which consists of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. In general terms, the "appropriations limit" is to be based on certain Fiscal Year 1978-79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and services provided by these entities. Among other provisions of Article XIII B, if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. The City is of the opinion that the rates and use charges imposed by the City in connection with the Water System do not exceed the costs it reasonably bears in providing such services.

No Obligation to Tax

The obligation of the City to pay the debt service payments on the Bonds does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay debt service payments on the Bonds does not constitute a debt or indebtedness of the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restriction.

Geologic and Topographic Conditions; Other Events of Force Majeure

The financial stability of the City can be adversely affected by a variety of factors, particularly those which may affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements and floods) and climatic conditions (such as droughts and tornadoes). [confirm /update While the City is in an active geological area, based on geotechnical investigations, the City is located in an area traditionally characterized by [relatively low to moderate??] seismic activity, and is not expected to be subject to material liquefaction factors.] [Describe faults, past earthquakes causing damage to the Water System, are facilities are designed to withstand earthquakes without major damage, have supplies will

not be interrupted in the event of an earthquake, etc.] The Water Treatment Plant has been constructed at a Level 3 level of seismic performance.

Engineering standards require that certain factors be taken into account, to a limited extent, in the design of City improvements. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur which may result in damage to improvements in varying degrees, and such damage may entail significant repair or replacement costs, and there can be no assurance that such repair or replacement will occur. Under any of these circumstances, the actual value of public and private improvements within the City in general may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

City facilities are also at risk from other events of force majeure, such as fires and explosions, strikes and lockouts, sabotage, wars, riots and spills or hazardous substances, among other events. Although the City maintains certain insurance policies, such required policies do not cover damage and delay from all events that could interrupt the operation of City facilities and may not be maintained in amounts that would be sufficient or be paid in sufficient time in all events to pay all of the City's expenses, including debt service payments on the Bonds. [In addition, the City does not currently maintain earthquake insurance with respect to its facilities. See " - Insurance" below.] No assurances can be given that the City will be able to repair any damage, revise any designs or commence or resume operation of City facilities following an event of force majeure.

Interruption of delivery of water for any reason will not alter the legal obligation of the City to pay Debt Service Payments. However, a reduction in the availability of water could materially adversely affect the Gross Revenues.

Drought

Droughts that have had an adverse effect on California water supplies occurred in 1976, 1977 and 1987 through 1992, 2008 through 2011, and are presently ongoing. California is in its fifth year of drought, one of the worst on record for State.

Due to drought conditions and court-ordered restrictions, which reduced water deliveries from the State Water Project, on January 17, 2014, Governor Jerry Brown declared a State-wide Drought State of Emergency. See "— Environmental Considerations" below. As of such date, the State faced water shortfalls due to the driest year in recorded State history; California's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to expedite existing conservation grant programs, facilitate water transfers, conduct a water conservation and outreach campaign in cooperation with local water agencies and organizations, and take additional drought response and water conservation actions. He further directed State officials to assist agricultural producers and communities that may be economically impacted by dry

conditions. Following the Governor's declaration, the State Water Board issued a statewide notice of water shortages and potential future curtailment of water right diversions.

On April 1, 2015, the Governor issued an executive order mandating certain water conservation measures, including a requirement that the State Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage, through February 28, 2016. See "THE WATER SYSTEM OF THE CITY - Impact of Ongoing Drought" herein. On November 13, 2015, the Governor issued a subsequent executive order mandating that, should drought conditions persist through January 2016, such reductions in urban water usage shall remain in effect through October 31, 2016. As of December 31, 2015, the cumulative statewide reduction in urban water usage was almost 1.1 million acre-feet of water saved, and putting the State 91% of the way to meeting the 1.2 million acre-feet savings goal to be achieved through February 2016.

On May 9, 2016, Governor Brown issued a further executive order pursuant to which certain urban water usage emergency drought regulations, including bans on hosing down driveways and watering laws within 48 hours of a rainstorm, will remain in place indefinitely. Urban water suppliers, including the City, will be required to report their water use to the State each month and to develop plans to get through long-term periods of drought. On May 18, 2016, Governor Brown suspended the statewide 25% reduction in urban water usage, instructing local communities to set their own conservation standards. The City has set a goal to conserve 20% based on the direction provided by the State. Both of the May 2016 executive orders were issued in response to a winter in which an El Niño weather pattern caused excess rainfall in the northern part of the State but did not provide enough rainfall in the southern part of the State to fully ameliorate drought conditions.

No assurance is hereby given that future limitations on water supplies in California will not be imposed by Executive Order.

Impact of State Budget

The State has experienced serious budgetary shortfalls over the past ten Fiscal Years, particularly during the Great Recession beginning in Fiscal Year 2009-10. The City cannot predict what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Given the magnitude of the State's budgetary deficit from time to time, it is possible that future legislation will impact revenues of local agencies. These developments at the State level will most likely adversely affect local governments.

The City currently does not anticipate that the current State budget will materially adversely impact the operation of its Water System or its ability to make Debt Service Payments or pay any of its other obligations as when due.

Statutory Changes and Initiatives

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of (i) reducing Gross Revenues payable to or collected by the City for the Water System, (ii) adversely affecting the City's rights and powers, or (iii) imposing additional limitations or additional legal responsibilities on the City. Furthermore, there is no assurance

that such change in law would not at some future time adversely affect the City's ability to pay debt service on the Bonds.

Insurance

[confirm] The City maintains liability and property insurance. This insurance does not cover damage caused by earthquakes nor does the City maintain self-insurance for such purpose. Though the City believes that its coverages for the Water System are similar to those customarily maintained by similar utilities systems, no assurances can be given that (i) such insurance will be adequate to cover any property damage or liability of the City with respect to the Water System in all circumstances or that (ii) such insurance will be carried in a coverage amount sufficient to prevent a material adverse impact on the Net Revenues resulting from claims against the City with respect to the Water System or property damage sustained by the City and/or the Water System.

Early Redemption of Premium Bonds

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated for federal tax purposes as having amortizable premium. If such Premium Bonds are redeemed prior to maturity (or, in some cases, prior to a scheduled redemption date) as described herein under "THE BONDS – Redemption," not all of the amortized premium may be realized by the Owner. The Premium Bonds are treated as all other Bonds for purposes of selection for redemption prior to maturity as described herein.

Limitations on Remedies Available; Bankruptcy

The enforcement of any rights and remedies provided in the Indenture, including but not limited to the remedy of acceleration of debt service payments, could be substantial and the process lengthy. The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Any suit requesting accelerated payment of debt service and/or money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "THE BONDS – Acceleration" above.

Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights. The legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the Bond documents, including the Indenture, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

Loss of Tax Exemption

As discussed in this Official Statement under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, the United States Congress or the IRS might not change the Tax Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

Absence of Market for the Bonds

There can be no assurance that there will ever be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms that may make the secondary market, and the financial condition of the City.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986 (the "Code") that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Bond Counsel is of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is exempt from State of California personal income taxes.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations

operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Tax Treatment of Original Issue Discount and Premium

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Bond (other than a purchaser who holds such Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Bond constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Bond and the basis of such Bond acquired at such initial offering price by an initial purchaser of each such Bond will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase such Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Bonds. All holders of such Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Bond based on the purchaser's yield to maturity in such Bonds, except that in the case of such a Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond. A purchaser of such a Bond is required to decrease his or her adjusted basis in such Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such a Bond, and with respect to the state and local tax consequences of owning and disposing of such a Bond.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds

issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Form of Opinion

The form of Bond Counsel's anticipated opinion is included as APPENDIX D. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

CONTINUING DISCLOSURE

Current Undertaking. The City has covenanted for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Bonds to the Municipal Securities Rulemaking Board by not later than March 1 of each year (the "Annual Report Filing Deadline") with respect to the City's most-recently-ended Fiscal Year (such financial information, the "Annual Report") and to provide notices of the occurrence of certain enumerated events so long as the Bonds are outstanding. If the Annual Report Filing Deadline falls on a non-business day, then the Annual Report will be submitted on the next regularly scheduled business day. The Annual Report and notices of events will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB"), as repository, and in accordance with the requirements of the Rule.

The above covenants with respect to continuing disclosure have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2 12(b)(5). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT."

Previous Undertakings. [To come.]

Future Undertakings. [confirm The City believes that it has implemented sufficient policies and procedures in order to ensure the timely and correct filing of future Annual Reports and notices of enumerated events required under its existing continuing disclosure obligations, including the obligation pertaining to the Bonds. The City has retained [] to serve as its dissemination agent with respect to its continuing disclosure obligations for the Bonds and the Prior Obligations.

NO LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance or delivery of the Bonds, the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the City taken with respect to any

of the foregoing. The City is not aware of any litigation pending or threatened questioning the existence or powers of the City or the ability of the City to pay principal of or interest on the Bonds.

Although the City is subject to a number of lawsuits in the ordinary conduct of its affairs, there are no claims or actions, threatened or pending, which, if determined against the City, either individually or in the aggregate, would have a material adverse effect on the financial conditions of the City or the Revenue Fund.

CONCLUDING INFORMATION

Underwriting

The City has agreed to sell the Bonds to Hilltop Securities Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of \$_____ (the principal amount of the Bonds, [less net original issue discount] [plus original issue premium] of \$_____ and less an underwriting discount of \$_____). The obligations of the Underwriter are subject to certain conditions precedent, and it will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter intends to offer the Bonds to the public initially at the prices and/or yield set forth on the cover page of this Official Statement, which prices or yields may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers. In reoffering Bonds to the public, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices for Bonds at levels above those which might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

Rating

Standard & Poor's Ratings Group, a Division of McGraw Hill ("Standard & Poor's") is expected to assign its municipal bond rating of "___" to the Bonds, with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by the Insurer. In addition, Standard & Poor's has assigned their municipal bond rating of "___" to the Bonds, notwithstanding the delivery of the Insurance Policy.

Such ratings reflects only the views of the ratings agency and any desired explanation of the significance of such ratings should be obtained from Standard & Poor's at the following address: Standard & Poor's, a Standard & Poor's Financial Services LLC business, 55 Water Street, 45th Floor, New York, NY 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Legal Opinions

All legal matters in connection with the issuance of the Bonds are subject to the approval of Nossaman LLP, Irvine, California, as Bond Counsel. A copy of the approving opinion of Bond Counsel will be provided to the registered owners of the Bonds, and the form of such opinion is attached hereto as APPENDIX D. Certain legal matters will be passed upon for the City by its City Attorney and by Nossaman LLP, Irvine, California, Disclosure Counsel. The Underwriter is being represented by its counsel, The Weist Law Firm, Scotts Valley, California. Certain legal matters will be passed upon for the Insurer by its counsel. From time to time, Bond Counsel and Disclosure Counsel may represent the Underwriter on matters not related to the Bonds.

Municipal Advisor

The City has retained NHA Advisors LLC, San Rafael, California, as financial advisor (the "Municipal Advisor") in connection with the preparation of this Official Statement and with respect to the delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness of fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal or other public securities.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement: "The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information."

Professional Fees

In connection with the execution and delivery of the Bonds, fees payable to Bond Counsel, Disclosure Counsel, the Municipal Advisor and the Trustee are contingent upon the execution and delivery of the Bonds.

Verification of Mathematical Computations

Upon delivery of the Bonds, the Verification Agent will deliver its independent certified public accountants' verification report on the mathematical accuracy of certain computations, contained in schedules provided to it which were prepared on behalf of the City by the Underwriter, relating to (a) the adequacy of the maturing principal of and interest on the Defeasance Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the prepayment prices of and interest on the 2008 Certificates and (b) the computations of yield of the Bonds and the Defeasance Securities in the Escrow Fund which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes. See "TAX MATTERS" above.

The report of the Verification Agent will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them, and that it has no obligation to update its report because of

events occurring, or data or information coming to its attention, subsequent to the date of its report

Miscellaneous

Some of the data contained herein has been taken or constructed from City records. Appropriate officials of each of the City, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. The execution and delivery of this Official Statement has been duly authorized by the City Council.

CITY OF CORCORAN

By: _____
City Manager

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF CORCORAN AND KINGS COUNTY

The following information concerning the City of Corcoran and Kings County are included only for the purpose of supplying general information regarding the area of the City. The Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

General Description and Background

Kings County is located in the south central portion of the San Joaquin Valley. Kings County is home to the Lemoore Naval Air Station and three California State Correctional facilities, two in Corcoran and one in Avenal. The county has four incorporated communities, Avenal, Hanford, Lemoore, and Corcoran.

The City of Corcoran lies in Kings County and is located on California Hwy 43, 178 miles north of Los Angeles, 230 miles south of both San Francisco and Sacramento, and 50 miles south of the City of Fresno. The City, which covers approximately 15.8 square miles, was incorporated August 11, 1914 and is a general law city.

Population

The following table lists population figures for the County and the State for the last ten completed calendar years.

CITY OF CORCORAN, KINGS COUNTY AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2006 through 2015
(as of January 1)

| Calendar Year | City of Corcoran | Kings County | State of California |
|---------------|------------------|--------------|---------------------|
| 2006 | 22,829 | 146,045 | 36,116,202 |
| 2007 | 24,774 | 148,933 | 36,399,676 |
| 2008 | 25,283 | 151,106 | 36,704,375 |
| 2009 | 25,108 | 151,816 | 36,966,713 |
| 2010 | 24,748 | 152,717 | 37,223,900 |
| 2011 | 23,948 | 151,322 | 37,536,835 |
| 2012 | 23,555 | 151,330 | 37,881,357 |
| 2013 | 23,091 | 150,422 | 38,239,207 |
| 2014 | 22,570 | 149,707 | 38,567,459 |
| 2015 | 22,215 | 149,738 | 38,907,642 |

Source: State Department of Finance.

[INSERT APPENDIX A
SUMMARY OF THE INDENTURE]

Employment and Industry

The following table shows the average annual estimated numbers of wage and salary workers by industry for Kings County for the years 2011 through 2015 (the latest year for which such information is available). Figures do not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

HANFORD-CORCORAN MSA Kings County Civilian Labor Force, Employment and Unemployment Calendar Years 2011 through 2015 Annual Averages

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------------------------------|--------|--------|--------|--------|--------|
| Civilian Labor Force (1) | 59,100 | 58,900 | 58,300 | 57,800 | 58,400 |
| Employment | 49,700 | 50,100 | 50,500 | 50,900 | 52,200 |
| Unemployment | 9,400 | 8,800 | 7,800 | 6,900 | 6,100 |
| Unemployment Rate | 15.9% | 14.9% | 13.4% | 11.9% | 10.5% |
| Wage and Salary Employment: (2) | | | | | |
| Agriculture | 6,200 | 6,500 | 6,900 | 6,900 | 7,500 |
| Natural Resources, Mining and Construction | 900 | 800 | 800 | 800 | 900 |
| Manufacturing | 4,300 | 4,400 | 4,500 | 4,600 | 4,900 |
| Wholesale Trade | 600 | 600 | 600 | 600 | 600 |
| Retail Trade | 4,000 | 4,000 | 4,100 | 4,200 | 4,200 |
| Trans., Warehousing and Utilities | 800 | 800 | 900 | 900 | 1,000 |
| Information | 200 | 200 | 200 | 200 | 200 |
| Finance Activities | 1,000 | 1,000 | 900 | 1,000 | 1,000 |
| Professional and Business Services | 1,200 | 1,300 | 1,300 | 1,400 | 1,300 |
| Educational and Health Services | 5,600 | 5,700 | 5,900 | 6,000 | 6,100 |
| Leisure and Hospitality | 2,800 | 2,800 | 2,900 | 3,100 | 3,200 |
| Other Services | 500 | 600 | 600 | 600 | 600 |
| Federal Government | 1,200 | 1,100 | 1,100 | 1,100 | 1,200 |
| State Government | 5,900 | 5,700 | 5,400 | 5,300 | 5,400 |
| Local Government | 7,700 | 7,800 | 7,800 | 7,800 | 7,900 |
| Total, All Industries (3) | 42,800 | 43,200 | 43,900 | 44,400 | 46,100 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The table below lists the largest manufacturing and non-manufacturing employers within the County as of January 2016:

KINGS COUNTY Major Employers

| <u>Employer Name</u> | <u>Location</u> | <u>Industry</u> |
|-------------------------------|-----------------|------------------------------------------|
| Adventist Medical Ctr-Hanford | Hanford | Hospital |
| California State Prison | Corcoran | State Govt-Correctional Institutions |
| Central Valley Meat Co Inc | Hanford | Meat Packers (Mfrs) |
| COVERIS | Hanford | Meat Packers (Mfrs) |
| Del Monte Foods Inc | Hanford | Food Products and Manufacturers |
| Hanford Regional Healthcare | Hanford | Physicians and Surgeons |
| Hanford Sentinel | Hanford | Newspapers (publishers/Mfrs) |
| J G Boswell Co | Corcoran | Cotton Goods-Manufacturers |
| Keller Ford Lincoln | Hanford | Automobile Dealers-New Cars |
| Kings County Admin | Hanford | Government Offices-County |
| Kings County Government Ctr | Hanford | Government Offices-County |
| Kmart | Lemoore | Department Stores |
| Lemoore High School | Lemoore | Schools |
| Leprino Foods Co | Lemoore | Cheese Processors (Mfrs) |
| Marquez Brothers Intl Inc | Hanford | Mexican Food Products-Wholesale |
| Nichol's Farms | Hanford | Farms |
| Olam Spices and Vegetables | Hanford | Agricultural Products |
| Tachi Palace Hotel and Casino | Lemoore | Casinos |
| US Naval Air Station | Lemoore | Federal Government-National Security |
| US Naval Hospital | Lemoore | Hospitals |
| Wal-Mart Supercenter | Hanford | Department Stores |
| Warmerdam Packing | Hanford | Fruits & Vegetables-Growers & Shippers |
| West Hills College-Lemoore | Lemoore | Schools-Universities & Colleges Academic |
| Zepeda's Farm Labor Service | Corcoran | Labor Contractors |

Source: State of California Employment Development Department.

Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

The table below presents the latest available personal income for the County, the State and the United States for the calendar years 2006 through 2010 (the latest date for which such information is available).

KINGS COUNTY PERSONAL INCOME (Calendar Years 2010 through 2014)

| <u>Year and Area</u> | <u>Personal Income (thousands of dollars)</u> | <u>Per Capita Personal Income (dollars)</u> |
|----------------------|---------------------------------------------------|-----------------------------------------------------|
| 2014 | | |
| County | 4,864,335 | 32,371 |
| State | 1,939,527,656 | 49,985 |
| United States | 14,683,147,000 | 46,049 |
| 2013 | | |
| County | 4,533,297 | 30,049 |
| State | 1,849,505,496 | 48,125 |
| United States | 14,064,468,000 | 44,438 |
| 2012 | | |
| County | 4,491,688 | 26,679 |
| State | 1,812,314,643 | 47,614 |
| United States | 13,904,485,000 | 44,266 |
| 2011 | | |
| County | 4,516,364 | 29,701 |
| State | 1,691,002,503 | 44,852 |
| United States | 13,233,436,000 | 42,453 |
| 2010 | | |
| County | 4,051,300 | 26,580 |
| State | 1,583,446,730 | 42,411 |
| United States | 12,459,613,000 | 40,277 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

During calendar year 2013, total taxable transactions in the City were reported to be \$89,599, a 6.2% decrease over the total taxable transactions of \$95,512 that were reported in the City during calendar year 2012. Summaries of historic taxable sales within the City during the past five years for which data is available and the third quarter of 2014 are shown in the following table. Annual figures are not yet available for 2014.

CITY OF CORCORAN Taxable Retail Sales Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

| | <u>Retail Stores</u> | | <u>Total All Outlets</u> | |
|---------------------|----------------------|----------------------|--------------------------|----------------------|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2010 | 103 | \$37,682 | 167 | \$79,706 |
| 2011 | 101 | 41,190 | 165 | 87,923 |
| 2012 | 101 | 42,024 | 164 | 95,512 |
| 2013 | 106 | 41,714 | 167 | 89,599 |
| 2014 ⁽¹⁾ | 101 | 12,298 | 161 | 23,468 |

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

(1) Represents third quarter of 2014 only. Annual figures for 2014 are not yet available.

During calendar year 2013, total taxable transactions in the County were reported to be \$1,459,712, a 5.1% increase over the total taxable transactions of \$1,385,862 that were reported in the City during calendar year 2012. Summaries of historic taxable sales within the County during the past five years for which data is available and the third quarter of 2014 are shown in the following table. Annual figures are not yet available for 2014.

KINGS COUNTY Taxable Retail Sales Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

| | <u>Retail Stores</u> | | <u>Total All Outlets</u> | |
|---------------------|----------------------|----------------------|--------------------------|----------------------|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2010 | 1,408 | \$817,260 | 2,082 | \$1,188,331 |
| 2011 | 1,480 | 910,423 | 2,139 | 1,324,038 |
| 2012 | 1,528 | 930,699 | 2,173 | 1,385,862 |
| 2013 | 1,438 | 986,740 | 2,042 | 1,459,712 |
| 2014 ⁽¹⁾ | 1,482 | 259,220 | 2,098 | 440,769 |

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

(1) Represents third quarter of 2014 only. Annual figures for 2014 are not yet available.

Construction Activity

The following tables show a five year summary from calendar year 2011 through 2015 and through April 2016 of the valuation of building permits issued in the City and the County.

CITY OF CORCORAN Total Building Permit Valuations (Valuations in Thousands)

| Permit Valuation | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 ⁽¹⁾ |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| New Single-family | \$1,710 | \$161 | \$238 | \$4,532 | \$9,239 | \$1,222 |
| New Multi-family | 0 | 0 | 0 | 0 | 0 | 136 |
| Res. Alterations/Additions | 759 | 426 | 606 | 651 | 369 | 84 |
| Total Residential | \$2,469 | \$587 | \$844 | \$5,183 | \$9,608 | \$1,442 |
| New Commercial | \$0 | \$1,440 | \$150 | \$0 | \$0 | \$0 |
| New Industrial | 0 | 15 | 0 | 500 | 0 | 0 |
| New Other | 423 | 92 | 695 | 6,125 | 864 | 22 |
| Com. Alterations/Additions | 455 | 3,250 | 710 | 165 | 283 | 5 |
| Total Nonresidential | \$878 | \$4,797 | \$1,555 | \$6,790 | \$1,147 | \$27 |
| New Dwelling Units | | | | | | |
| Single Family | 11 | 1 | 1 | 27 | 60 | 7 |
| Multiple Family | 0 | 0 | 0 | 0 | 0 | 2 |
| TOTAL | 11 | 1 | 1 | 27 | 60 | 9 |

Source: California Homebuilding Foundation.

(1) Data through April 2016.

KINGS COUNTY Total Building Permit Valuations (Valuations in Thousands)

| Permit Valuation | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 ⁽¹⁾ |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| New Single-family | \$18,733 | \$38,696 | \$36,407 | \$44,538 | \$80,978 | \$27,112 |
| New Multi-family | 6,126 | 0 | 1,500 | 12,759 | 10,423 | 7,122 |
| Res. Alterations/Additions | 6,082 | 5,331 | 5,532 | 3,707 | 5,507 | 1,516 |
| Total Residential | \$30,941 | \$44,027 | \$43,438 | \$61,003 | \$96,908 | \$35,750 |
| New Commercial | \$3,325 | \$9,867 | \$3,120 | \$8,324 | \$9,238 | \$2,477 |
| New Industrial | 1,756 | 4,700 | 1,231 | 2,138 | 0 | 0 |
| New Other | 8,627 | 10,169 | 9,183 | 15,240 | 27,627 | 21,387 |
| Com. Alterations/Additions | 11,234 | 8,982 | 4,224 | 5,728 | 11,691 | 2,543 |
| Total Nonresidential | \$24,942 | \$33,718 | \$17,758 | \$31,429 | \$48,601 | \$26,407 |
| New Dwelling Units | | | | | | |
| Single Family | 115 | 247 | 232 | 265 | 387 | 117 |
| Multiple Family | 80 | 0 | 6 | 160 | 128 | 98 |
| TOTAL | 195 | 247 | 238 | 425 | 515 | 215 |

Source: California Homebuilding Foundation.

(1) Data through April 2016.

Transportation

Transportation includes rail services by Burlington Northern Santa Fe Mainline Railway and Amtrak. Airports within 30 miles include Corcoran Private Airport, Hanford Municipal Airport and the Visalia Municipal Airport. Public transportation is provided by Corcoran Dial-A-Ride and Kings Area Rural Transit. Highways 41 and 43 connect with State Highway 99 and 198. Corcoran is 15 miles west of Highway 99 and 18 miles south of Highway 198 on Highway 43.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR 2014-15

[INSERT APPENDIX D
FORM OF FINAL OPINION OF BOND COUNSEL]

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

CITY OF CORCORAN WATER REVENUE REFUNDING BONDS SERIES 2016A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of August 1, 2016, is executed by the City of Corcoran (the "City") and _____, as dissemination agent (the "Dissemination Agent") in connection with the issuance of the \$_____ aggregate principal amount of the City's Water Revenue Refunding Bonds, Series 2016A (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2016 (the "Indenture"), between the City and U.S. Bank National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters (as defined herein) in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Reports provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Disclosure Representative" shall mean the City Manager or Finance Director of the City, or his or her designee, or such other officer or employee as the City shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Fiscal Year" shall mean the twelve month period beginning on July 1 of each year and ending on June 30 of the following year.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean the MSRB.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, annually not later than March 1 in each year following the end of the City's Fiscal Year, commencing with the report for Fiscal Year ending June 30, 2016, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement. The information contained or incorporated in each Annual Report shall be for the Fiscal Year which ended on the preceding June 30. The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certifications of the City and shall have no liability, duty or obligation whatsoever to review any such Annual Report. Further, the Dissemination Agent shall have no liability for the contents of any such annual report.

(b) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date specified in subsection (a), the Dissemination Agent shall send a notice to the MSRB, in substantially the form attached as Attachment A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) provide notice to the City that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the most recent audited financial statements of the City prepared in accordance with generally accepted accounting principles promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. In addition, the Annual Report shall contain an annual updating of the following tables and information contained in the Official Statement:

- [(i) Service Accounts and Revenues (Table 4);
- (ii) Connection Fee Revenue (Table 10); and
- (iii) Water Enterprise Fund Summary of Revenues and Expenses (Table 12).]

In addition to any of the information expressly required to be provided under this Section, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than 10 business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or

officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4, as provided in Section 4(b).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing:

(i) Notice of the occurrence of a Listed Event described in subsections (a)(1), (4) or (5) shall be given by the Dissemination Agent to the extent it has knowledge thereof, unless the City gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) Notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of the affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the City. If at any time there is no designated Dissemination Agent appointed by the City, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the City shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment requested by the City, provided the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities law, acceptable to the City and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may, and, at the request of any Participating Underwriter or the Owners of at least 25% of the aggregate

principal amount of the outstanding Bonds, shall (but only to the extent funds in any amount satisfactory to the Dissemination Agent have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges whatsoever related thereto, including without limitation, fees and expenses of its attorneys), or any Bond owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under said Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and shall be reimbursed by the City all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not have any duty or obligation to review any information provided to it hereunder or shall be deemed to be acting in any fiduciary capacity for the City, the owners of the Bonds or any other party. The obligations of the City under this section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any document or any further act.

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

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Executed on: August __, 2016

CITY OF CORCORAN

By: _____
City Manager

_____, as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

**NOTICE OF MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Corcoran
Name of Issue: City of Corcoran Water Revenue Refunding Bonds, Series 2016A
Date of Issuance: August __, 2016

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent

By: _____
Authorized Officer

cc: City

APPENDIX F

THE BOOK-ENTRY SYSTEM

The information concerning DTC set forth herein has been supplied by DTC, and the City assumes no responsibility for the accuracy thereof.

Unless a successor securities depository is designated pursuant to the Indenture, DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC and Its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve Enterprise, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing corporation" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfer and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC) as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has been rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants

acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Other Communications. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. **THE CITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.**

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting Rights. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption Proceeds. Payments of principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on interest payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the interest payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE TRUSTEE AND THE CITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER

PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF BONDS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST ON THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNER OF THE BONDS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS (EXCEPT FOR THE MATTERS UNDER THE CAPTION "TAX MATTERS" HEREIN)

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial owner interest in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture.

APPENDIX G
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

City of

CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

**STAFF REPORT
ITEM #: 7-B**

MEMORANDUM

TO: City Council

FROM: Kindon Meik, City Manager

DATE: July 7, 2016

MEETING DATE: July 12, 2016

SUBJECT: Presentation of water rate analysis and report and authorize notice of public hearing regarding proposed modification of City water rates.

Recommendation:

Approve the notice of public hearing regarding the proposed modification of City water rates and authorize that the notice be mailed to property owners and/or water customers.

Discussion:

In March 2016, the City entered into an agreement with IGServices to conduct a water rate analysis. The objective of the rate study was twofold:

1. Establish an equitable cost of service for water based on customer classifications
2. Propose rate increases to ensure that future revenues cover operating expenses, debt payments and debt service requirements, and necessary capital improvements associated with the water system.

IGServices has completed the rate study and in accordance with Proposition 218 of the California Constitution Article XIID, the City is required to provide a notice of public hearing to be held on September 27, 2016.

The Proposition 218 notice informs property owners/water customers of the rate modification and future rate increases and provides information on how the public can review the report produced by IGServices. The notice also outlines the procedure by which property owners/water customers may contest the proposed rates.

Budget Impact:

Costs for the distribution of the Proposition 218 notice will be charged to the water fund.

Attachments:

Proposition 218 notice and rate table.
Cost of Service Report

CITY OF CORCORAN

NOTICE OF PUBLIC HEARING REGARDING PROPOSED MODIFICATION IN WATER RATES (To comply with Proposition 218, California Constitution Article XIIIID, Section 6, the City of Corcoran gives the following notice)

The Corcoran City Council will hold a public hearing to consider proposed modification and increases to water charges for water service furnished by the City, and to hear and consider objections and protests to the proposed modifications and the Report described below.

HEARING DATE: Tuesday, September 27, 2016, at or after 5:30 pm

HEARING LOCATION: City of Corcoran City Council Chambers, 1015 Chittenden Ave, Corcoran, CA 93212

WATER RATE STUDY REPORT: A report by IGService, dated July 6, 2016, describing details of the water rate modifications and increases and the method used to calculate the rate modifications and increases (the "Report") has been prepared, and the contents of the report submitted to the Council. The Report is on file at Corcoran City Hall, 832 Whitley Avenue, and can also be found on the City of Corcoran website.

AMOUNT OF PROPOSED WATER RATE MODIFICATIONS FOR YOU: The amounts of water rates (existing and proposed) are on the reverse side of this Notice as Exhibit "A".

REASON FOR THE PROPOSED MODIFICATION OF WATER RATES: The proposed modification of Corcoran's water rates accomplish two purposes: 1) Fixed and usage rates are adjusted such that customer charges are consistent with the cost of services provided. 2) Overall revenue is increased over four years beginning October 1, 2016, as shown in Exhibit A. Single- and multi-family costs for metered service decrease at the outset whereas the cost to other customer classes increases. The reason for the overall increase in revenue is to provide adequate operating cash to cover expenses as a result of lower water sales from the drought, and also to cover increasing operating costs. The revenue from the modified rates and charges will not be more than the funds required for the City to provide adequate water service to you and other City water customers.

BASIS FOR PROPOSED MODIFICATIONS OF WATER RATES: A description of how the modifications were calculated can be found in the Report on file at Corcoran City Hall and on the City of Corcoran website.

PROCEDURE FOR HEARING AND DETERMINING MAJORITY PROTEST: At the time stated above, the Council will hear and consider all objections and protests, if any, to the proposed water rate modifications and other matters described in the Report. The Council may continue the hearing from time to time. At the close of the hearing, if **written protests** against the proposed modified water rates are presented and not withdrawn by a majority of the record owners of the parcels that would be subject to the modified water rates, the City may not impose the modified water rates; instead, water rates would continue at their existing, previously-approved amounts. If, at the close of the protest hearing, there is no majority protest as described above, the Council may approve the water rate modifications, as proposed or as changed by the Council, to be effective commencing October 1, 2016.

PRESERVING THE RIGHT TO CHALLENGE: Any person who wants to preserve the opportunity to file a lawsuit challenging the proposed water rate modifications, if imposed, or other matters described in the Report **must file a written protest** with the Council, stating the specific grounds of the protest. Any grounds not stated in a **written protest** filed with the Council before the close of the protest hearing on September 27, 2016, will be deemed waived and may not be raised in any subsequent lawsuit.

ADDITIONAL INFORMATION: For additional inquiry about the proposed water rate proceeding, contact Soledad Ruiz-Nuñez, Finance Director, at 559-992-2151 x268, or by email, soledad.ruiz-nunez@cityofcorcoran.org.

HOW TO PROTEST THE PROPOSED RATE INCREASES: All owners and tenants of property receiving City water, and interested persons are invited to attend the Public Hearing noticed above. Written protests must be received (*not postmarked*) by the City Clerk before or during the public hearing. Any protest submitted by e-mail or other electronic means will not be accepted.

The protest must be signed by the property owner(s) or tenant(s) and must include the assessor's parcel number(s) or street address(es) of all property(ies) serviced. Only one written protest per identified parcel or property will be counted for purposes of determining whether there is a majority protest.

EXHIBIT A

City of Corcoran Water Rates and Charges

Proposed Water Rates

| Increases | | Reset ¹ | 3% | 3% | 2% |
|--------------------------------------------------------------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|
| Volumetric Rates (\$/HCF) | Present Rates² | 10/01/16 | 04/01/17 | 04/01/18 | 04/01/19 |
| All Single-Family | \$1.20 | \$1.56 | \$1.61 | \$1.66 | \$1.69 |
| Multi-Family | \$1.20 | \$1.90 | \$1.96 | \$2.02 | \$2.06 |
| Small Commercial | \$1.20 | \$1.09 | \$1.12 | \$1.15 | \$1.17 |
| Lg Commercial, Food Processing, Hydrants | \$1.20 | \$1.97 | \$2.03 | \$2.09 | \$2.13 |
| CDC - Substance Abuse Treatment | \$1.20 | \$1.30 | \$1.34 | \$1.38 | \$1.41 |
| CDC - Corcoran State Prison | \$1.20 | \$1.23 | \$1.27 | \$1.31 | \$1.34 |
| Fixed Monthly Charges for Metered Customers (\$/Mo) | | | | | |
| All Single Family | \$44.90 | \$25.00 | \$26.00 | \$27.00 | \$28.00 |
| Up to 1.5" | \$44.90 | \$35.00 | \$36.00 | \$37.00 | \$38.00 |
| 2", 2.5", & Hydrant | \$44.90 | \$112.00 | \$115.00 | \$118.00 | \$120.00 |
| 3" | \$44.90 | \$210.00 | \$216.00 | \$222.00 | \$226.00 |
| 4" | \$44.90 | \$350.00 | \$361.00 | \$372.00 | \$379.00 |
| 6" | \$44.90 | \$700.00 | \$721.00 | \$743.00 | \$758.00 |
| 8" | \$44.90 | \$1,120.00 | \$1,154.00 | \$1,189.00 | \$1,213.00 |
| 10" | \$44.90 | \$1,610.00 | \$1,658.00 | \$1,708.00 | \$1,742.00 |
| CDC - Substance Abuse Treatment | \$44.90 | \$17,500.00 | \$18,025.00 | \$18,566.00 | \$18,937.00 |
| CDC - Corcoran State Prison | \$44.90 | \$25,000.00 | \$25,750.00 | \$26,523.00 | \$27,053.00 |
| Flat Monthly Charges for Unmetered Customers (\$/Mo) | | | | | |
| Single-Family up to 41 ft in width or 4,000 sq. ft. | \$44.90 | \$44.90 | \$46.00 | \$47.00 | \$48.00 |
| Single-Family 41 to 50 ft in width, or 4,001 to 5,000 sq. ft. | \$50.76 | \$50.76 | \$52.00 | \$54.00 | \$55.00 |
| Single-Family above 51 ft in width, or above 5,000 sq ft. Per added ft width or 100 sq. ft. area | \$1.05 | \$1.05 | \$1.08 | \$1.11 | \$1.13 |
| Multi-Family, per housing unit | \$44.90 | \$33.00 | \$34.00 | \$35.00 | \$36.00 |
| Churches | \$34.74 | \$50.00 | \$52.00 | \$54.00 | \$55.00 |
| Corcoran Schools | \$9,436.45 | \$11,300.00 | \$11,639.00 | \$11,988.00 | \$12,228.00 |
| Notes: | | | | | |

1. October 1, 2016 rate changes vary by rate class. Single family and multi family are a reduction. However, the system average revenue increase, after considering the 8% increase effective February 1, 2016, is an additional 8%.

2. For present rates, the fixed monthly cost includes 600 cubic feet of water per dwelling unit. Proposed rates do not include water volume in fixed monthly cost.



Water Rate Study for City of Corcoran

July 6, 2016

Prepared by:

**Dan Bergmann, Principal
IGService
15 Shasta Lane
Walnut Creek, CA 94597
Email: dan@igservice.com
Office: 925-946-9090**



Water Rate Study for City of Corcoran

July 6, 2016

Purpose

The purpose of this cost of service water study is to review and modify the existing water rate structure to set rates such that each customer class provides revenue to the water enterprise consistent with the cost to serve them. Additionally, overall operating costs, debt, assets, and revenue are analyzed to evaluate reasonableness of costs, and the need to increase overall revenue. These steps are conducted to be consistent with the requirements of California's Proposition 218.

Executive Summary

This rate study is being done in parallel with the city refinancing its existing 2008 variable rate bonds to convert them to fixed rate. To assure compliance with the requirements of the existing bonds, city council approved an eight percent rate increase effective February 1, 2016, and approved transfer of up to \$300,000 to a Rate Stabilization Fund. However, after considering revenue losses associated with the drought, loss of one-time insurance revenue, and the planned budget for FY16/17, this study finds that an additional revenue increase of eight percent is needed, followed by subsequent smaller increases.

A cost of service rate study has not been previously done in Corcoran, and Corcoran's existing rate structure does not associate with customer classes. The result is that revenue is not collected from customer classes with similar usage patterns in a manner consistent with the cost to serve them based on each customer class' usage pattern. The current rate structure, and specifically, the inequity of not charging for actual cost of service, is in direct opposition to Proposition 218 requirements and cannot be allowed to continue. In particular, the cost to single- and multi-family homes are disproportionately high because of the existing relatively high fixed monthly fee (\$44.90) paid per unit of housing. This is exaggerated with multi-family housing because average water consumption per multi-family unit is lower than for a single-family home.

Unmetered customers on flat rates are half by customer count and consume an estimated 24 percent of the volume. Overall revenue from unmetered customers is found to approximate the cost of service results in this study. However, within the group, some rates are found to be high and some low. The groups adjusted are multi-family, churches, and schools.

The impact of the cost of service results, even with the overall revenue increase of eight percent is that average single-family, multi-family, and small commercial rates decrease, whereas large commercial and industrial, and the prison rates increase. The most substantial increase is to large commercial and industrial because of the high summer capacity demand on the water system.

Existing Rate Structure

Corcoran's existing rate structure does not collect revenue such that each customer class provides revenue consistent with the cost to serve them, according to the requirements of California's Proposition 218. In fact, Corcoran's fundamental rate structure pre-dates Proposition 218, which was approved in 1996.¹ Corcoran's rates have been raised several times since 1996; however, the historical rates have been increased in proportion to each other.² Until this rate study, Corcoran's water rates have not been adjusted to cost of service standards.

The primary reason that existing rates are not balanced is that all metered customers pay the same base rate, presently \$44.90 per month, which includes the first 600 cubic feet of water. Further, all metered customers pay the same volumetric rate, presently \$1.20 per hundred cubic feet (HCF). Previous to this study, customers have not been separated into classes based on consumption profiles. This means the base rate and volumetric rate paid by metered, single- and multi-family households is the same as the base rate and volumetric rate paid by a large prison. The consequence has been that single- and multi-family customers have been effectively subsidizing other customer classes. The reason is that \$44.90 per month as a base rate, plus average volumetric usage, is higher than the cost of service to provide water to these two groups. This conclusion is supported by the cost of service analysis.

The existing rate structure is particularly unfair to multi-family customers because average water usage per housing unit in an apartment or condominium complex is lower than for a single-family household. This is because the housing units tend to be smaller and there is less landscape per housing unit compared to a single-family home. Yet the existing rate structure charges multi-family units \$44.90 per each unit within a housing complex.

Corcoran presently has approximately 1,700 customers on flat rates that are yet to have meters installed. These customers are mostly single-family residential, approximately 1,400 of the 1,700. The flat rate for unmetered, single-family customers starts at \$44.90 per month, and then increases based on lot size. The median charge for single-family flat rate based on the 2015 billing data was \$58 per month, compared to \$55 per month for metered single-family. By coincidence, these values are relatively close, except that flat rate customers with large lot sizes that conserve water can benefit by installing meters to thereby pay a lower metered, total rate. It is logical that a flat rate customer should pay a higher monthly amount because with no volumetric charge a flat rate customer has no incentive to conserve water.

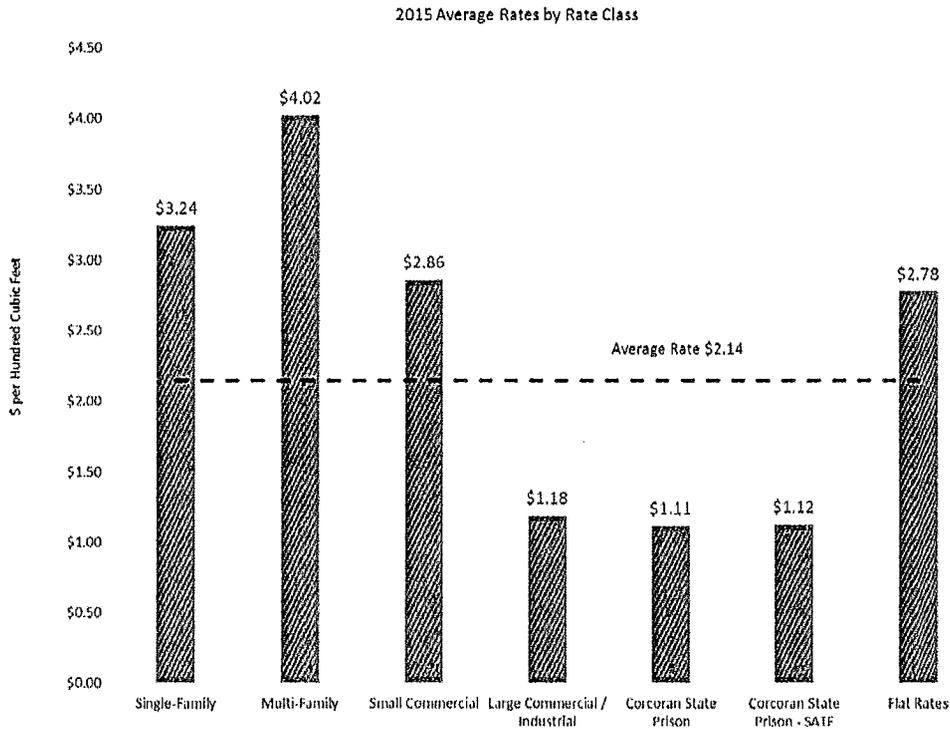
The flat rate for several unmetered, multi-family complexes is also based on \$44.90 per unit. The result, based on comparison to water consumption data for typical multi-family units, is that the multi-family flat rate is too high. By similar comparison analysis, the flat rate designated for churches is low, and the single flat rate for Corcoran's schools is low.

An extensive analysis was conducted based on all customer bills during calendar year 2015, approximately 40,000 billing cycles. The bar chart below shows the average rate contributed after customers are divided into groups based on unique usage profiles, and then the revenue from each

¹ City of Corcoran Resolution No. 1760, dated June 17, 1996, shows the same fundamental water rate structure as the one currently in place as of June 2016.

² The last rate increase was by Resolution No. 2820, dated February 1, 2016, increasing eight percent to all categories.

group divided by the consumption of each group. (See Attachment 1 for supporting data.) This illustrates the large difference in contribution across the classes. The objective and requirement (per Proposition 218 Law) of cost of service analysis is *not* that all customer classes pay the average rate, but rather that each class pay its fair share. In the present case of Corcoran, the cost of service results will show in particular that single- and multi-family are too high above the average, (i.e. pay more than their fair share), and large commercial, industrial, and the prisons are too far below the average (i.e. pay far less than their fair share).

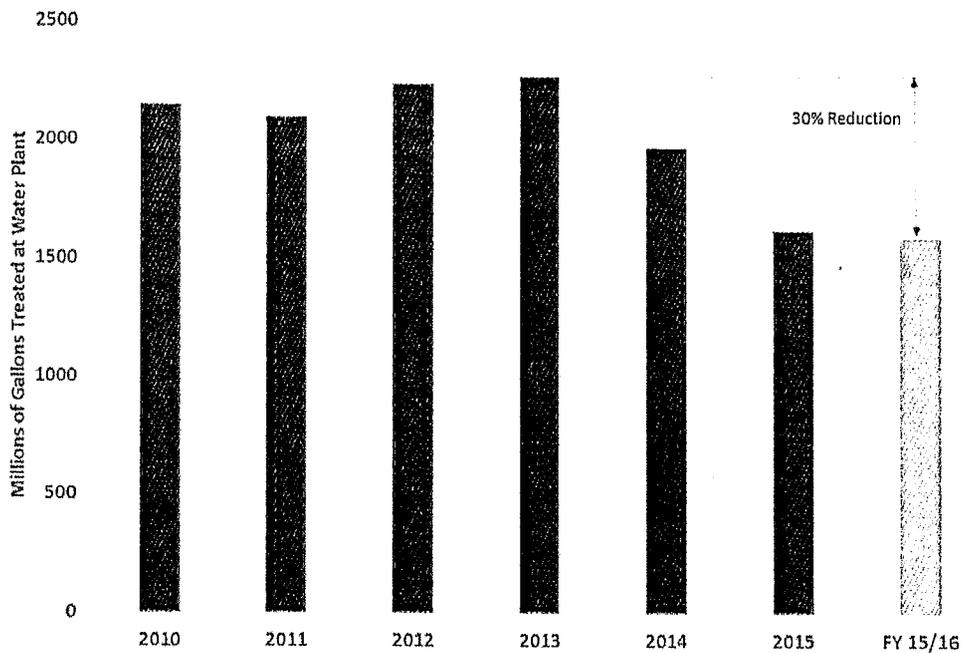


Water Conservation, Volume Projections and Unaccounted-For Water

As a result of the ongoing drought, Corcoran's water production and consumption has decreased over the past few years. Water production in Fiscal Year (FY) 15/16 is anticipated to be 30 percent lower than 2013. The consequence of reduced production is reduced revenue from the volumetric portion of the existing rates; however, for Corcoran, the impact is dampened, as only one-third of the revenue stream is from volumetric sales, whereas the remaining two-thirds is from fixed charges. For the purpose of rate setting, future volumes are fixed at calendar 2015 levels. This assumes that water sales volumes are stabilized at 2015 levels, and that water conservation efforts will stay constant over the next few years.



Annual Water Production City of Corcoran



Lost and unaccounted-for (LUAF) is water that is pumped and metered at the various water supply wells for the system (production), but is not measured in the sum total of all water metered (or estimated metered) and billed to customers. In short, it is the difference between water produced and water billed. Reasons for LUAF are multiple including water use at the water treatment plant, distribution system leaks, customer meters measuring low, water theft, and un-metered fire hydrant use including distribution system flushing.

For Corcoran, a total of 39 percent of water produced is a combination of LUAF and water delivered to unmetered customers. For modeling purposes, 15 percent LUAF is assumed.³ This leaves 24 percent of the remaining volume delivered to unmetered customers. Based on the experience of IGService with other clients, a good target for LUAF is 10 percent, whereas a value over 20 percent is excessive. This is consistent with the value of 15 percent applied to Corcoran, the middle of the range, as also supported by the American Water Works Association (AWWA).

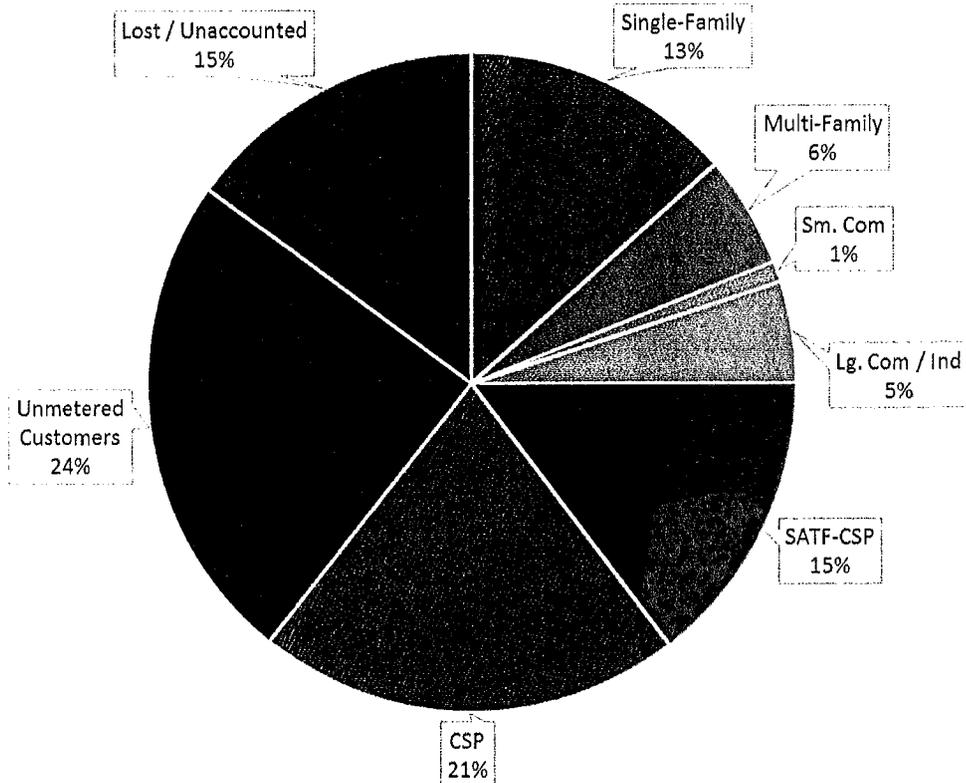
Using the value of 15 percent determines the existing average cost per HCF delivered to unmetered customers on flat rates. In Attachment 1, the result shown is \$2.78 per HCF, slightly lower than the average rate for metered single-family. This suggests higher average water usage per customer in the unmetered category, which is logical considering unmetered customers have no monetary incentive to conserve.

The pie chart below shows the allocation of 2015 water volumes by the newly defined customer classes. This view shows the significance of the two state prisons on Corcoran's water system, at a

³ AWWA States Survey Project (2001) shows ranges between 10 and 20 percent.

combined total of 36 percent of water production into the system.⁴ (See Attachment 2 for supporting data for the pie chart.) For the cost of service analysis, the volumes in each rate class are held constant using the 2015 data as a baseline. “Large Commercial and Industrial” customers are defined as non-residential customers using more than 100,000 cubic feet (743,000 gallons) per year.

2015 Allocation of Water Volumes



Historical Expense and Revenue

The initial step of analysis of the revenue and expense evaluation was to reconcile the detail of revenue and expenses to the audited statements for three previous fiscal years, FY12/13, FY13/14, and FY14/15. The results serve as a financial baseline in the development of future revenue needs. Water enterprise financial performance through June 2015 was fully satisfactory, even with the drop in water volume due to water conservation. Revenue was adequate to cover expenses, and exceeded expenses sufficient to achieve the existing bond debt service coverage ratio in excess of 1.20.⁵⁶ (See Attachment 3.)

⁴ If lost and unaccounted for water is not counted in the percentage, the prisms are a higher 42 percent of the total of water billed.

⁵ The existing Series 2008 bonds require that revenue exceed expenses such that net revenue, before including the cost of principal and interest for bond debt, exceeds the cost of bond debt by 20 percent. This is called the debt service coverage ratio, and is typically expressed as a multiplier, such as “1.20.”

⁶ In the audited financial statements, the ongoing cost of the letter of credit (LOC) associated with the 2008 bonds is shown in the Operating Expense category of Maintenance and Supplies. For the purpose of analysis in this study, the cost of the LOC is associated with bond debt and removed from Maintenance and Supplies.

However, significant insurance settlement payments ended in FY14/15 associated with the past failure of a water well. The result was that in FY15/16, the lack of insurance payments, combined with further reduced water sales, would not have allowed the water enterprise to achieve the required debt service coverage ratio. Consequently, the city council approved Resolution No. 2820 dated February 1, 2016, enacting an eight percent increase of all water rates effective February 1, and approved transfer of up to \$300,000 to a Rate Stabilization Fund to offset any further water increases in the current fiscal year.

In both the historical and forecast analysis, depreciation is not included because it is a non-cash item. Whereas depreciation as an accounting item is not included, it is reasonable (and in accordance with GAAP Financial Best Practice) to include a component of expense to allow the water enterprise to accumulate funds for future repair and replacement projects. As explained below, this is accomplished with surplus annual cash flow because of the bond debt service requirement.

Forecasted Expense and Revenue

For FY16/17, the revenue component of Charges for Services is set at an adequate level, \$4,620,000, and when combined with the other revenue components, covers expenses including debt service and required coverage. After computing the annualized impact of the eight percent increase effective February 1, 2016, the Charges for Services amount of \$4,620,000 is effectively another eight percent revenue increase. Subsequent revenue increases are included in the modeling as follows: Three percent in 2017, three percent in 2018, and two percent in 2019. Although these are increases to revenue needed from rates intended to adjust to inflationary cost increases, the extent of modifications to specific customer rates will vary, as will be shown later in this report. (See Attachment 3.)

For FY16/17, the expense values have been coordinated with city staff consistent with the expected budget. Substantial increases are personnel and general government overhead costs. Personnel is increased because of pay scale increases for water plant employees anticipated to receive license upgrades, and for a slight increase in headcount. The general government allocation is increased because of a recent enterprise cost allocation study. Expense categories are increased at a reasonable rate between two percent for most categories and 3.5 percent for electricity costs to anticipate increased costs moving forward.

Impact and development fees are held at a minimum because future development cannot be forecasted, and because these fees are intended for infrastructure expansion not for operating costs and repair. The revenue component from penalties is increased to a projected \$120,000 because of an increase in late penalty charge from \$2.00 to \$5.00, effective February 1, 2016.

The City anticipates the variable-rate Series 2008 bonds will be refunded to be replaced by fixed-rate Series 2016 bonds. The new bonds will be amortized over 30 years and are expected to have approximately the same annual expense as the 2008 bonds, although for planning purposes the debt service schedule is shown slightly higher in the event interest rates increase prior to funding of the new bonds. For modeling purposes, additional debt is assumed beginning in FY17/18 for the purpose of funding infrastructure improvements. The value of \$119,000 per year is used based on two million dollars amortized over 20 years at 1.75 percent, assuming a low interest loan from the California State Revolving Fund. The bond requirement for debt service coverage provides a surplus of revenue each year. This revenue cannot be used for operating expenses (because by definition, it must be in excess of operating expenses); however, it can be used for capitalized repair and system improvement.



Planned capital projects are upgrade and completion of metering, well 11A construction, water plant improvements, and pipeline replacement.

The balance sheet for the water enterprise is healthy. Current assets shown on the audited statement for FY15/16 exceed six million dollars, more than a year's revenue. A liability in excess of four million dollars exists from the interest rate swap associated with the 2008 bonds; however, this liability is offset in the planned refinance of the bonds because of presently available low interest rates.

Rate Design

The newly proposed rates are developed using the AWWA Cost of Service rate setting methodology. This methodology first groups customers into classes with similar usage profiles on the water system, then allocates costs to serve each class based on the burden of each to the water system. For each customer class, fixed and volumetric rates are then set to collect the revenue needed, and also to provide fairness to customers within each customer class by charging a higher fixed monthly charge for customers with larger meters.

As previously shown customers were divided as follows and counted based on active status as of December 2015.

| Customer Class | Number of Accounts |
|-------------------------------|--------------------|
| Single-Family | 1,450 |
| Multi-Family | 50 |
| Small Commercial | 80 |
| Large Commercial / Industrial | 20 |
| Corcoran State Prison | 1 |
| Corcoran State Prison - SATF | 1 |
| Flat Rates | 1,700 |
| Total | 3,302 |

The various components of the cost of service analysis are attached as follows and summarized here in the order.

| <u>Attachment</u> | <u>Contents</u> |
|-------------------|-----------------------------------------------------------|
| 4 | Cost of Service Table Summary |
| 5 | Functionalization and Classification Detail |
| 2 | Volumetric and Capacity Allocation Factors |
| 6 | Weighting: Distribution, Fire, Billing, and Meter Service |
| 7 | Detailed Notes for Cost of Service inputs and assumptions |

The water distribution system is generally one contiguous area, the City of Corcoran itself, with deliveries weighted to the south side of town due to the locations of the prisons and industry.

Accordingly, the cost to distribute water from the treatment plant to customer is essentially the same for all customers, as a function of volume.⁷

For the purpose of cost allocation, costs associated with distribution piping are separated from cost associated with customer meter service. Distribution piping includes services not specific to customers, such as repair and maintenance of pipes and valves in the streets. Distribution piping includes all pipes downstream of the water plant and storage tanks. Customer meter service includes repair of meters, meter reading, and customer visits for shut-off notices, shut-off procedures, and turn on procedures. Distribution piping is more a function of volume, whereas customer meter service is more a function of one customer. (See Attachment 7 for definitions.)

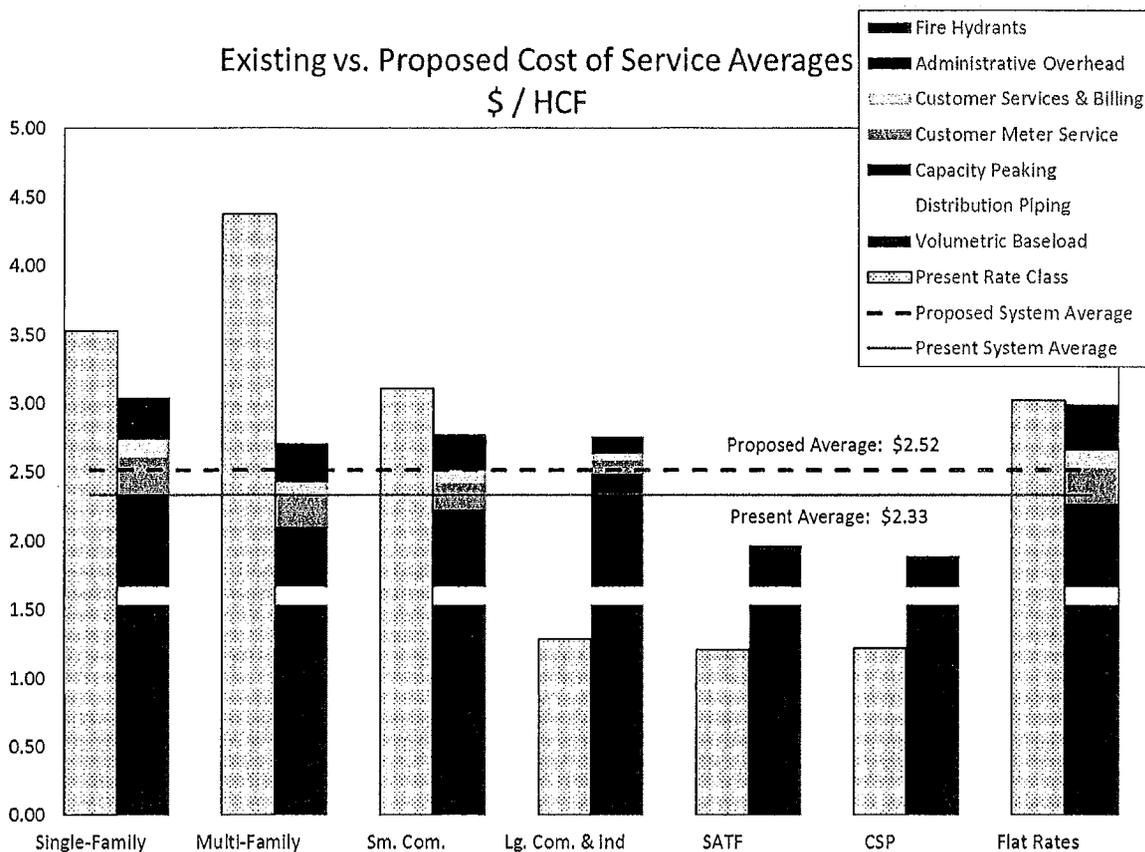
The water treatment plant is supplied by eight primary producing water wells, with support from tank storage at the water plant and immediately downstream of the water plant. For cost modeling, the operating costs are combined for supply wells, the water plant, and tank storage.

The cost of service results, illustrated below, shows the average cost per customer class to be similar, except for the prisons. The average prison cost is lower because their monthly consumption profile is flat across the year and therefore the peaking capacity cost allocated is lower. The prison cost is also lower because other costs such as management overhead, customer services, and meter services is allocated over a very large volume for only these two customers. For the large commercial and industrial sector, the average cost would be lower than small commercial except this group has a very high peaking capacity allocation because of a summer spike in their consumption. The consequence is that large commercial is similar to small commercial.

The cost of service results compared to the existing revenue contribution per customer class reveals large discrepancies. The chart below illustrates the discrepancies, showing the cost of service rates to generally move closer to the average than the existing rates.

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⁷ The exception is that the prisons each have their own water storage tanks with float valves either open or closed. When the valves open, water flows at a high rate into the tanks. In order to maintain water pressure to the prisons and surrounding customers, a booster pump equipped with a variable speed drive located at the water treatment plant automatically increases speed. Incremental costs for booster pumping assignable to the prisons is not calculated; however, an opportunity exists to coordinate with the prisons to reduce peak electricity costs by filling the prison storage tanks outside of summer-peak electric hours.



The proposed billing structure consists of a fixed monthly fee and a volumetric fee for each customer class. The objective of the rate design is to create a fixed-volumetric combination for each customer class that approximates the cost of service to each class.

All single-family homes are proposed to pay the same service fee, even though some may have larger meters for fire protection systems. The rate design should not penalize residential customers required to have fire protection systems. The monthly service fee for single family is lowered to \$25.00 from the existing \$44.90, and does not include 600 cubic feet of water. Setting the fixed monthly fee at \$25.00, by design, provides that an average residential customer on the water system will pay approximately half of a monthly bill as a fixed component, and half as a volumetric component. The combined result of the cost over service overall adjustment downward, and the shift from fixed cost to volumetric cost will provide both lower water bills for most customers and a cost incentive to customers that have low water usage.

Beyond single-family, since instantaneous demand on the system is a function of the sum total of all meter sizes, industry standards suggest to increase the fixed monthly service fee as a function of meter size. The meter size multipliers are not linear, but exponentially related because the capacity of a meter is proportional to the radius of the meter squared. AWWA multipliers were used (One inch basis) for meter sizes for two inches to eight inches. The prisons' fixed monthly fee was set such that the fixed portion of the charges would be approximately one-third of the total, roughly consistent with other customer classes. If this had not been done, and instead the standard ten-inch charge had been used, the prisons' fixed portion would have been only one percent of the total monthly bill, because

of the large volumes flowing to the prisons. A larger fixed monthly fee is to the prisons' advantage because as the fixed monthly fee increases, the volumetric rates decreases.

| Calculation of Fixed Monthly Service Fee and Revenue | | | | | |
|------------------------------------------------------|--------------------|-----------------------|-------------|-----------------|-----------------|
| Meter Size | Number of Accounts | Meter Size Multiplier | Monthly Fee | Revenue (\$/Mo) | Revenue (\$/Yr) |
| All Single Family | 1,450 | 1.0 | \$25.00 | \$36,250 | \$435,000 |
| Up to 1 1/2" | 95 | 1.0 | \$35.00 | 3,325 | 39,900 |
| 2" and 2.5" | 33 | 3.2 | \$112.00 | 3,696 | 44,400 |
| 3" | 6 | 6.0 | \$210.00 | 1,260 | 15,100 |
| 4" | 7 | 10.0 | \$350.00 | 2,450 | 29,400 |
| 6" | 6 | 20.0 | \$700.00 | 4,200 | 50,400 |
| 8" | 3 | 32.0 | \$1,120.00 | 3,360 | 40,300 |
| 10" | 0 | 46.0 | \$1,610.00 | 0 | 0 |
| 10" - SATF | 1 | | \$17,500.00 | 17,500 | 210,000 |
| 10" - CSF | 1 | | \$25,000.00 | 25,000 | 300,000 |
| Totals | 1,602 | | | \$97,041 | \$1,164,500 |

In conjunction with the fixed monthly fees, the volumetric rates were set to achieve the appropriate cost of service results. The following table shows the calculation of the volumetric rates for each customer class.

| Calculated Volumetric Rate to Meet Overall Revenue Requirement | | | | | | |
|----------------------------------------------------------------|---------------------|--------------------|-----------------------|------------|------------------------|------------------------|
| Customer Class | Revenue Requirement | Less Fixed Revenue | Balance at Volumetric | Volume HCF | Calculated Rate \$/HCF | Fixed Percent of Total |
| Single-Family | \$888,948 | \$435,000 | \$453,948 | 291,562 | \$1.56 | 49% |
| Multi-Family | 325,337 | 97,700 | 227,637 | 119,937 | \$1.90 | 30% |
| Sm. Com. | 61,486 | 37,300 | 24,186 | 22,116 | \$1.09 | 61% |
| Lg. Com. & Ind | 295,025 | 84,500 | 210,525 | 106,851 | \$1.97 | 29% |
| SATF | 620,798 | 210,000 | 410,798 | 315,411 | \$1.30 | 34% |
| CSP | 860,613 | 300,000 | 560,613 | 456,032 | \$1.23 | 35% |
| Flat Rates | 1,567,793 | 1,567,793 | 0 | 523,061 | | 100% |
| Totals / Averages | \$4,620,000 | \$2,732,293 | \$1,887,707 | 1,834,969 | | |
| Total Revenue from rates | | \$4,620,000 | | | | |
| Average cost Overall (\$/HCF) | | \$2.52 | | | | |

Rate Design for Unmetered Customers

Regarding the existing flat rate structure, overall revenue from the group approximates the cost of service results before any additional increases, assuming 15 percent LUAF, as previously discussed. In the next few years, the city plans to complete installation of meters, at which time the flat rates will

terminate. A cursory review of the flat rate structure revealed three groups that are proposed to be adjusted: Multi-family, churches, and the combined amount for Corcoran schools.

The existing flat rate of \$44.90 *per unit* is excessive for the multi-family customer class. The evidence of this is revealed in the existing average cost of water delivered, which is the highest of all classes. An evaluation of all metered multi-family customers in Corcoran shows that the average living unit consumes 1,200 cubic feet per month (approximately 9,000 gallons). The cost for 1,200 cubic feet of water at the new cost of service total average rate for metered multi-family yields \$33.00 per month per unit. Consequently, the flat rate for multi-family is proposed to be reduced from \$44.90 to \$33.00 per unit.

The existing flat rate for churches of \$34.74 per month is found to be too low. The proposed replacement flat rate is \$50 per month, based on the fixed monthly charge of \$35.00 for non-single family meters up to 1.5 inches, plus 900 cubic feet per month usage (approximately 7,000 gallons).

Finally, the combined present flat rate of \$9,436.35 for five Corcoran schools is found to be low, and increased to \$11,300.00. The basis for the increase is a comparison of water usage to five schools in both Coalinga and Parlier, similarly sized in the same climate zone. A water usage factor was determined based on comparison square feet of property, and then extrapolated to the square footage of the Corcoran schools remaining on flat rates. The small commercial rate of \$2.78 per HCF was applied to the projected volume.

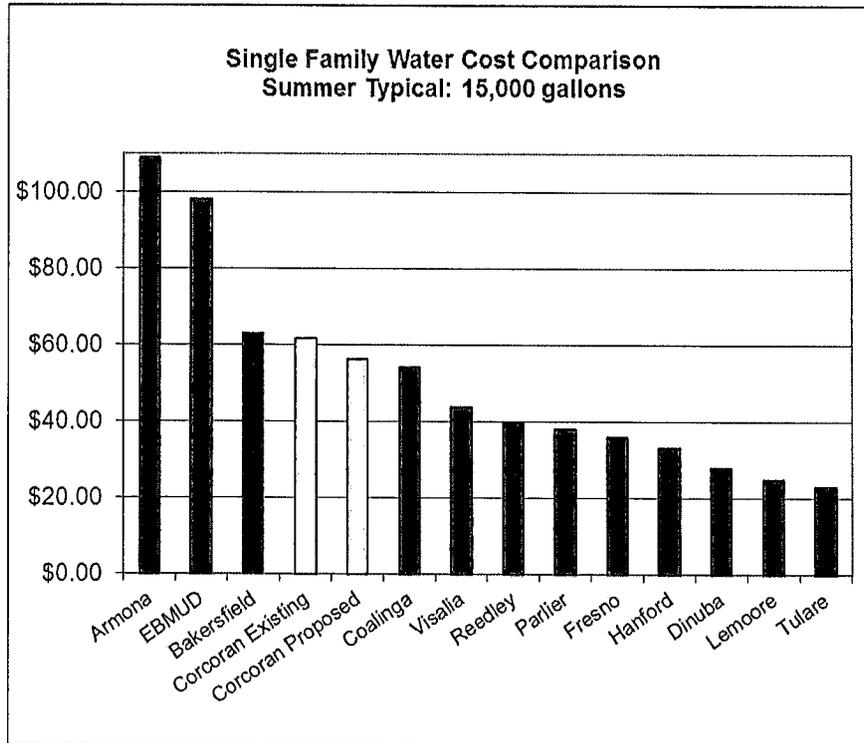
Rate Change Impact to Single-Family Customers

The average monthly cost to a single-family home will be reduced under the proposed rate structure, as shown in the following table up to approximately 25,000 gallons usage per month. A customer using a winter baseload volume of 5,000 gallons will benefit from a 22 percent reduction. A customer using the typical 15,000 gallons in summer will see a nine percent reduction. However, customers using excessive amounts of water over 30,000 gallons per month will have higher bills under the new rate structure. This new rate structure with a higher volumetric rate and lower fixed monthly rate is thereby more beneficial to customers with lower water consumption.

| Impact to Single-Family at Varied Monthly Volumes | | | | |
|---------------------------------------------------|--------------------|---------------|---------------|----------------|
| Thousand Gallons | Hundred Cubic Feet | Existing Cost | Proposed Cost | Cost Reduction |
| 0 | 0.0 | \$44.90 | \$25.00 | 44% |
| 5,000 | 6.7 | \$45.78 | \$35.50 | 22% |
| 10,000 | 13.5 | \$53.85 | \$46.00 | 15% |
| 15,000 | 20.2 | \$61.93 | \$56.49 | 9% |
| 20,000 | 26.9 | \$70.00 | \$66.99 | 4% |
| 25,000 | 33.6 | \$78.08 | \$77.49 | 1% |
| 30,000 | 40.4 | \$86.15 | \$87.99 | -2% |



The following bar chart shows existing and proposed charges for a single-family Corcoran customer compared to surrounding communities, including the large metropolitan area of the East San Francisco Bay Area (EBMUD). The nine percent reduction is shown for 15,000 gallons usage in Corcoran.



Existing and Proposed Rate Table

A rate table showing present and proposed rates through 2019 based on the result of this study is shown as Attachment 8.

Conclusion

The cost of service findings have revealed significant rate changes needed for most of the newly defined customer classes. Residential and smaller customers will benefit from lower rates average rates, even with the needed eight percent increase in overall revenue. However, larger customers will see and increase, because of the eight percent increase, and mores because of the cost of service adjustments. The result of the implementing the proposed new rates will be that each customer class pays its share of the cost to have water service provided.

ATTACHMENT 1

| City of Corcoran Water Billing Data for Calendar Year 2015 | | | | | | | | | |
|------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------|-----------------------|------------------------|------------|--------|--------------|--------------------|--|
| Customer Class | Number of Accounts | Hundred Cubic Feet (HCF) | Volumetric Revenue \$ | Fixed Total Revenue \$ | % Fixed | \$/HCF | % of Average | | |
| Single-Family | 1,450 | 291,562 | \$218,325 | \$727,511 | 76.92% | \$3.24 | 151% | | |
| Multi-Family | 50 | 119,937 | 81,589 | 400,984 | 83.09% | \$4.02 | 188% | | |
| Small Commercial | 80 | 22,116 | 19,259 | 43,975 | 69.54% | \$2.86 | 133% | | |
| Large Commercial / Industrial | 20 | 106,851 | 117,553 | 8,979 | 7.10% | \$1.18 | 55% | | |
| Corcoran State Prison | 1 | 315,411 | 350,783 | 499 | 0.14% | \$1.11 | 52% | | |
| Corcoran State Prison - SATF | 1 | 456,032 | 512,164 | 499 | 0.10% | \$1.12 | 52% | | |
| Flat Rates | 1,700 | 523,061 | | | 100.00% | \$2.78 | 130% | | |
| Total | 3,302 | 1,834,969 | \$1,299,672 | \$1,182,447 | 67% | | | \$3,935,259 | |
| Notes: | | | 33% | | | | | | |
| Number of accounts as of December 2015 | | | | | | | | | |
| Volume for Flat Rates estimated by reducing production by 15% (estimated lost water), then subtracting metered volumes | | | | | | | | | |

ATTACHMENT 2

City of Corcoran Volumetric and Capacity Allocation Factors

| Month | Single-Family | | Multi-Family | | Sm Com. | Lg Com & Ind | SATF-CSP | CSP | Flat Rates | Totals | Production | |
|-----------------------|---------------|------------|--------------|------------|------------|--------------|------------|-------------|------------|---------|---------------------------------------------|----|
| | Cubic Feet | % | Cubic Feet | % | | | | | | | Cubic Feet | MG |
| 1 | 1,486,524 | 932,258 | 138,365 | 574,200 | 2,167,600 | 4,147,326 | 3,074,541 | 12,520,815 | 97,625 | 97,625 | 97,625 | |
| 2 | 1,423,577 | 724,202 | 123,185 | 628,700 | 2,100,000 | 3,826,203 | 2,730,065 | 11,555,932 | 91,330 | 91,330 | 91,330 | |
| 3 | 1,289,954 | 627,135 | 118,866 | 543,500 | 2,014,500 | 2,838,369 | 2,436,833 | 9,869,157 | 120,798 | 120,798 | 120,798 | |
| 4 | 2,372,629 | 937,902 | 183,921 | 740,300 | 2,621,200 | 4,077,406 | 4,208,052 | 15,141,411 | 138,969 | 138,969 | 138,969 | |
| 5 | 2,768,982 | 1,048,568 | 224,750 | 929,900 | 2,811,100 | 3,866,845 | 4,852,529 | 16,502,674 | 150,689 | 150,689 | 150,689 | |
| 6 | 3,052,294 | 805,057 | 199,113 | 689,800 | 2,706,900 | 3,188,369 | 4,903,120 | 15,544,653 | 172,690 | 172,690 | 172,690 | |
| 7 | 3,694,110 | 1,329,337 | 263,587 | 1,087,900 | 3,093,600 | 4,240,107 | 6,385,358 | 20,093,998 | 179,088 | 179,088 | 179,088 | |
| 8 | 3,645,685 | 1,333,429 | 222,139 | 1,450,300 | 3,194,300 | 4,402,674 | 6,329,007 | 20,577,534 | 177,983 | 177,983 | 177,983 | |
| 9 | 3,320,205 | 1,318,254 | 228,404 | 1,242,200 | 2,833,000 | 3,832,219 | 5,895,996 | 18,670,277 | 163,256 | 163,256 | 163,256 | |
| 10 | 3,007,702 | 1,108,513 | 221,876 | 1,400,700 | 2,744,300 | 3,815,909 | 5,232,165 | 17,531,165 | 131,019 | 131,019 | 131,019 | |
| 11 | 1,686,961 | 880,572 | 152,982 | 888,100 | 3,013,900 | 4,040,642 | 3,263,619 | 13,926,776 | 96,608 | 96,608 | 96,608 | |
| 12 | 1,407,570 | 948,454 | 134,409 | 509,500 | 2,240,700 | 3,327,139 | 2,994,768 | 11,562,539 | 94,718 | 94,718 | 94,718 | |
| Total CF | 29,156,192 | 11,993,681 | 2,211,597 | 10,685,100 | 31,541,100 | 45,603,209 | 52,306,054 | 183,496,932 | 1,615 | 1,615 | 1,614,773 | |
| Volumetric Allocation | 16% | 7% | 1% | 6% | 17% | 25% | 29% | 100% | | | | |
| Averages CF | 2,429,683 | 999,473 | 184,300 | 890,425 | 2,628,425 | 3,800,267 | 4,358,838 | 15,291,411 | 74% | | 1,372,557 TG to all accounts | |
| Peak Factor | 1.52 | 1.33 | 1.43 | 1.63 | 1.22 | 1.16 | 1.46 | 1.36 | | | 183,496,932 Cubic Feet to all accounts | |
| Peak - Average | 1,264,427 | 333,956 | 79,287 | 559,875 | 565,875 | 602,406 | 2,026,520 | 5,432,347 | 26% | | -131,190,878 Cubic Feet to metered accounts | |
| Capacity Allocation | 23.3% | 6.1% | 1.5% | 10.3% | 10.4% | 11.1% | 37.3% | 100% | 100% | | 52,306,054 Cubic Feet to Unmetered accounts | |

Flat Rate allocations are extrapolated based on Single- and Multi-Family distributions

| Water Production Allocations, Included LUAF | | | |
|---------------------------------------------|-----------|-------|--|
| Customer Group | HCF | % | |
| Single-Family | 291,562 | 13.5% | |
| Multi-Family | 119,937 | 5.6% | |
| Sm. Com | 22,116 | 1.0% | |
| Lg. Com / Ind | 106,851 | 4.9% | |
| SATF-CSP | 315,411 | 14.6% | |
| CSP | 456,032 | 21.1% | |
| Unmetered Customers | 523,061 | 24.2% | |
| Lost / Unaccounted | 323,818 | 15.0% | |
| Totals | 2,158,787 | 100% | |

ATTACHMENT 3

City of Corcoran Water Enterprise Revenue Expense Planning

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| REVENUES: | | | | | | | | | |
| Charges for Services | 4,439,234 | 4,411,864 | 4,113,000 | 4,060,000 | 4,620,000 | 4,759,000 | 4,902,000 | 5,000,000 | 5,000,000 |
| Penalties | 26,013 | 76,301 | 75,000 | 90,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 |
| Connection Fees | 140 | 179 | 43 | 100 | 100 | 100 | 100 | 100 | 100 |
| Interest Income | (45,600) | 14,529 | 11,254 | 14,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Rental Income | 44,651 | 5,119 | - | - | - | - | - | - | - |
| Insurance Income | 524,781 | 466,054 | 392,835 | - | - | - | - | - | - |
| Other Income | 5,234 | 847 | 630 | 500 | 500 | 500 | 500 | 500 | 500 |
| Impact / Development Fees | 8,061 | 15,119 | 46,480 | 52,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Rate Stabilization Fund | 0 | 0 | 0 | 300,000 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 5,002,514 | 4,990,012 | 4,639,242 | 4,516,600 | 4,770,600 | 4,909,600 | 5,052,600 | 5,150,600 | 5,150,600 |
| EXPENSES: | | | | | | | | | |
| Personnel | 422,214 | 460,433 | 431,446 | 450,000 | 530,000 | 546,000 | 562,000 | 579,000 | 596,000 |
| Outside Professional Services | | | 206,000 | 400,000 | 300,000 | 100,000 | 102,000 | 104,040 | 106,121 |
| Equipment Maintenance & Repair | | | 153,000 | 100,000 | 102,000 | 104,000 | 106,000 | 108,000 | 110,000 |
| Electricity | | | 992,000 | 830,000 | 900,000 | 932,000 | 965,000 | 999,000 | 1,034,000 |
| Maintenance and Supplies | 1,567,699 | 1,817,084 | 226,790 | 290,000 | 296,000 | 302,000 | 308,000 | 314,000 | 320,000 |
| Chemicals | | | 111,000 | 125,000 | 128,000 | 131,000 | 134,000 | 137,000 | 140,000 |
| General Government incl Cust Svc and Billing | 296,238 | 303,396 | 316,117 | 310,000 | 428,000 | 437,000 | 446,000 | 455,000 | 464,000 |
| Total Operating Expenses (2) | 2,286,151 | 2,580,913 | 2,436,353 | 2,505,000 | 2,684,000 | 2,552,000 | 2,623,000 | 2,696,040 | 2,770,121 |
| Net Revenues Pledged | 2,716,363 | 2,409,099 | 2,202,889 | 2,011,600 | 2,086,600 | 2,357,600 | 2,429,600 | 2,454,560 | 2,380,479 |
| 2008 Certificates (3) | 1,248,336 | 1,110,483 | 1,183,081 | 1,152,000 | | | | | |
| 2012 Certificates | 309,581 | 326,672 | 308,038 | 308,388 | 308,588 | 308,638 | 308,538 | 308,288 | 307,888 |
| Potential 2016 Certificates | | | | | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 |
| Potential State Revolving Fund Low Interest Loans (5)(2M, 20 Yrs, 1.75%) | | | | | | 119,000 | 119,000 | 119,000 | 119,000 |
| Total Senior Debt Service | 1,557,917 | 1,437,155 | 1,491,119 | 1,460,388 | 1,558,588 | 1,677,638 | 1,677,538 | 1,677,288 | 1,676,888 |
| DS Coverage | 1.74 | 1.68 | 1.48 | 1.38 | 1.34 | 1.41 | 1.45 | 1.46 | 1.42 |
| Subordinate Davis Grunsky Loan(4) | 69,398 | \$69,241 | \$69,223 | \$69,266 | 69,300 | 69,300 | 69,300 | 69,300 | n/a |
| Total Operating Gain After Paying Debt Service | | | 642,548 | 481,946 | 458,712 | 610,662 | 682,762 | 707,972 | 703,591 |

Footnotes

- (1) Excludes depreciation and amortization.
- (2) Fees for 2008 Bonds Letter of Credit are included as "Maintenance and Supplies" in audited statements, but are removed here and included below with 2008 Certificates values
- (3) Debt service is net of capitalized interest.
- (4) Loan obtained from the State in 1974 for water system improvements; loan repayment is not secured by a pledge of Water System revenues, however the City makes payments from such revenues.
- (5) Single Family and Multi family rates are decreased while other classes are increased. Cumulatively, the revenue increase is 8% in addition to the 8% effective February 1, 2016.

Water Enterprise Revenue Requirement Allocation Table

| Cost Component (\$/yr) | Total | Single-Family | Multi-Family | Sm. Com. | Lg. Com. & Ind | SATF | CSP | Flat Rates |
|--------------------------------------|--------------------|--------------------|------------------|-----------------|--------------------|--------------------|--------------------|--------------------|
| Volumetric Baseload | \$2,819,780 | \$448,040 | \$184,306 | \$33,985 | \$164,197 | \$484,689 | \$700,780 | \$803,782 |
| Capacity Peaking | 852,287 | 198,378 | 52,395 | 12,440 | 87,839 | 88,781 | 94,512 | 317,943 |
| Distribution Piping | 234,795 | 37,307 | 15,347 | 2,830 | 13,672 | 40,359 | 58,352 | 66,929 |
| Customer Meter Service | 256,438 | 77,466 | 26,712 | 4,274 | 10,685 | 534 | 534 | 136,232 |
| Fire Hydrants | 28,700 | 1,829 | 3,154 | 1,009 | 1,262 | 0 | 0 | 21,446 |
| Customer Services & Billing | 120,000 | 36,250 | 12,500 | 2,000 | 5,000 | 250 | 250 | 63,750 |
| Administrative Overhead | 308,000 | 89,679 | 30,924 | 4,948 | 12,369 | 6,185 | 6,185 | 157,711 |
| Total Revenue Requirement | \$4,620,000 | \$888,948 | \$325,337 | \$61,486 | \$295,025 | \$620,798 | \$860,613 | \$1,567,793 |
| Revenues at Present Rates | \$4,278,000 | \$1,028,120 | \$524,557 | \$68,736 | \$137,540 | \$381,843 | \$557,264 | \$1,579,564 |
| Balance/(Deficiency) of Funds | (\$342,000) | \$139,171 | \$199,220 | \$7,250 | (\$157,484) | (\$238,955) | (\$303,349) | \$11,770 |
| Summary Statistics | | | | | | | | |
| Treated Water Sales (HCF) | 1,834,969 | 291,562 | 119,937 | 22,116 | 106,851 | 315,411 | 456,032 | 523,061 |
| Cost of Service (\$/HCF) | 2.52 | 3.05 | 2.71 | 2.78 | 2.76 | 1.97 | 1.89 | 3.00 |
| Present Rate Class (\$/HCF) | 2.33 | 3.53 | 4.37 | 3.11 | 1.29 | 1.21 | 1.22 | 3.02 |
| Change (%) | 8.0% | -14% | -38% | -11% | 115% | 63% | 54% | -1% |

ATTACHMENT 5

Functionalization and Classification of Revenue Requirement

| Account Description | Total Goal | Total Calculated | Volumetric | Capacity | | Distribution | | Customer | | Fire Hydrants | Comments |
|----------------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|---------------|-------------------------------------|
| | | | | Peaking | Piping | Meter Service | Administrative Overhead | | | | |
| Electricity - Pumping | \$ 900,000 | \$ 900,000 | 738,000 | 162,000 | \$ - | \$ - | \$ - | \$ - | - | - | 82/18 based on PG&E Peak vs Average |
| Personnel - PW | 530,000 | 530,000 | 206,590 | 76,410 | 45,240 | 193,060 | 8,700 | - | - | - | Fixed allocations |
| Professional Services | 300,000 | 300,000 | 222,000 | 78,000 | - | - | - | - | - | - | 74/26 |
| Chemicals | 128,000 | 128,000 | 128,000 | - | - | - | - | - | - | - | 100% Volumetric |
| Parts and Supplies | 296,000 | 296,000 | 192,696 | 67,704 | - | 15,600 | 20,000 | - | - | - | 74/26, with others fixed |
| Maint and Repair | 102,000 | 102,000 | 56,980 | 20,020 | 25,000 | - | - | - | - | - | 74/26, with others fixed |
| Customer Service & Billing | 120,000 | 120,000 | - | - | - | - | - | 120,000 | - | - | 1:1 |
| Administrative Overhead | 308,000 | 308,000 | - | - | - | - | - | - | 308,000 | - | 1:1 |
| Davis Grunsky Loan | 69,000 | 69,000 | - | - | 69,000 | - | - | - | - | - | 100% Distribution Pipe |
| Series 2012 Bonds | 309,000 | 309,000 | 228,660 | 80,340 | - | - | - | - | - | - | 74/26 |
| Series 2016 Bonds | 1,250,000 | 1,250,000 | 925,000 | 325,000 | - | - | - | - | - | - | 74/26 |
| Debt Service Coverage | 308,000 | 308,000 | 121,854 | 42,813 | 95,555 | 47,778 | - | - | - | - | 74/26, with others fixed |
| Totals | \$ 4,620,000 | \$ 4,620,000 | \$ 2,819,780 | \$ 852,287 | \$ 234,795 | \$ 256,438 | \$ 28,700 | \$ 120,000 | \$ 308,000 | | |

Notes for Cost of Service Model**Revenue Requirement Allocation Table
And
Functionalization and Classification Table****Volumetric Baseload**

Costs contained in the volumetric baseload category are those predominately associated with core, baseload operations of water pumping from water wells, operation of the water treatment plant, and associated debt service payments. The allocation of volumetric baseload costs to customer classes is based directly on the volume of water going to each class. The calculations for the volumetric percentages for each customer class are shown in the table "Volumetric and Capacity Allocation Factors."

Capacity Peaking

Capacity peaking costs represent a portion of designated costs to be assigned to each customer class as a function of peak-month consumption compared average month consumption (Capacity Factor). Customer classes with higher capacity factors are assigned a larger percentage of capacity costs in proportion to other customer classes with lower capacity factors. If a customer class used the same amount of water every month of the year and had no peaking factor, that customer class would be assigned no peaking costs. In Corcoran, the customer class with the largest peaking factor is large commercial & industrial because of the large demand associated with summer food processing. The magnitude of the total capacity peaking amount is based primarily on the percentage of water production capacity needed to meet peak loads above the average, approximately 27 percent. However, electricity capacity peaking costs are based on the average cost difference between summer and winter electricity costs. The calculations for the capacity peaking percentages for each customer class are shown in the table "Volumetric and Capacity Allocation Factors."

Distribution Piping

Costs associated with distribution piping between the water plant and customer meters contains allocated costs for personnel, maintenance, repair, bond debt that is distribution associated, and an allocation of debt service coverage available funds for future pipe replacement. The personnel allocation is based on a head count of 2.5 workers spending approximately 25 percent of their time working on distribution piping, primarily leak and valve repair, and valve exercising. The maintenance and repair cost is an estimate of the cost to repair five leaks in the street per year. The Davis-Grunsky Loan dates back to 1971, ends in 2020, and was specifically directed at the distribution system. The allocation of distribution piping costs to customer classes is based directly on the volume of water going to each class, using the same percentages as for the volumetric baseload.

Customer Meter Service

Customer meter service includes repair of meters, meter reading, and customer visits for shut-off notices, shut-off procedures, and turn on procedures. This category is labor intensive and is based on a head count of 2.5 workers spending 75 percent of the time, plus one full time

equivalent reading meters. The parts and supplies category assumes one meter replacement per week at a cost of \$300 each. The debt service coverage allocation of approximately \$48,000 is an amount representative of the debt burden associated with \$1 million amortized over 30 years at 2.5 percent. This is an estimate of the project cost to complete the installation of meters, and modify all meter to accommodate automated monthly reading in some form. The allocation of customer meter service costs is based on customer count, as opposed to volume. The weighting factors are not empirical, but rather based on judgment of the author. The baseline weight is "1" for single-family and small commercial customers. Higher weighting factors are used for the other customer classes that have larger meters.

Fire Hydrants

The cost component for fire hydrants is minimal in the cost model, under \$30,000. This amount is made up of a token five percent of distribution personnel cost, plus the estimate of cost to replace five hydrants per year at \$4,000 each. Hydrant cost is allocated to the customer classes based on customer count, is weighted toward larger customers, and no hydrant costs are allocated to the prisons because they have their own fire protection systems.

Customer Services & Billing

Customer services and billing costs allocated to the water enterprise includes one-third of the cost for: Two customer services personnel working at city hall, 60 percent of the cost of the finance director, 60 percent of the cost of the city accountant, and assigned costs associated with supplies to issue billing statements, a portion of the annual audit, costs for software, and fees associated with the use of credit cards. The basis for applying one-third is that the water enterprise is one of three major enterprise funds (water, sewer, refuse) handled by customer services. Customer services and billing is allocated based on customer count, and cost are weighted toward larger customers.

Administrative Overhead

Administrative overhead costs are for the portion of administrative overhead that is focused on the water enterprise, but outside specific expense categories within the water enterprise. These are costs for financial audits, computer support (IT), finance department, city council, city manager, city attorney, customer services and billing (but these are separated into the Customer Services and Billing category), public works director, buildings, and equipment services. The combined total dollar amount assigned to administrative overhead is based on values provided from the finance department for the FY16/17 budget. The allocation to the customer classes is based on customer count, and weighted based on attention given to each class.

ATTACHMENT 8

| City of Corcoran Water Rates and Charges | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|
| Proposed Water Rates | | | | | |
| | Increases | Reset ¹ | 3% | 3% | 2% |
| Volumetric Rates (\$/HCF) | Present Rates² | 10/01/16 | 04/01/17 | 04/01/18 | 04/01/19 |
| All Single-Family | \$1.20 | \$1.56 | \$1.61 | \$1.66 | \$1.69 |
| Multi-Family | \$1.20 | \$1.90 | \$1.96 | \$2.02 | \$2.06 |
| Small Commercial | \$1.20 | \$1.09 | \$1.12 | \$1.15 | \$1.17 |
| Lg Commercial, Food Processing, Hydrants | \$1.20 | \$1.97 | \$2.03 | \$2.09 | \$2.13 |
| CDC - Substance Abuse Treatment | \$1.20 | \$1.30 | \$1.34 | \$1.38 | \$1.41 |
| CDC - Corcoran State Prison | \$1.20 | \$1.23 | \$1.27 | \$1.31 | \$1.34 |
| Fixed Monthly Charges for Metered Customers (\$/Mo) | | | | | |
| All Single Family | \$44.90 | \$25.00 | \$26.00 | \$27.00 | \$28.00 |
| Up to 1.5" | \$44.90 | \$35.00 | \$36.00 | \$37.00 | \$38.00 |
| 2", 2.5", & Hydrant | \$44.90 | \$112.00 | \$115.00 | \$118.00 | \$120.00 |
| 3" | \$44.90 | \$210.00 | \$216.00 | \$222.00 | \$226.00 |
| 4" | \$44.90 | \$350.00 | \$361.00 | \$372.00 | \$379.00 |
| 6" | \$44.90 | \$700.00 | \$721.00 | \$743.00 | \$758.00 |
| 8" | \$44.90 | \$1,120.00 | \$1,154.00 | \$1,189.00 | \$1,213.00 |
| 10" | \$44.90 | \$1,610.00 | \$1,658.00 | \$1,708.00 | \$1,742.00 |
| CDC - Substance Abuse Treatment | \$44.90 | \$17,500.00 | \$18,025.00 | \$18,566.00 | \$18,937.00 |
| CDC - Corcoran State Prison | \$44.90 | \$25,000.00 | \$25,750.00 | \$26,523.00 | \$27,053.00 |
| Flat Monthly Charges for Unmetered Customers (\$/Mo) | | | | | |
| Single-Family up to 41 ft in width or 4,000 sq. ft. | \$44.90 | \$44.90 | \$46.00 | \$47.00 | \$48.00 |
| Single-Family 41 to 50 ft in width, or 4,001 to 5,000 sq. ft. | \$50.76 | \$50.76 | \$52.00 | \$54.00 | \$55.00 |
| Single-Family above 51 ft in width, or above 5,000 sq ft. Per added ft width or 100 sq. ft. area | \$1.05 | \$1.05 | \$1.08 | \$1.11 | \$1.13 |
| Multi-Family, per housing unit | \$44.90 | \$33.00 | \$34.00 | \$35.00 | \$36.00 |
| Churches | \$34.74 | \$50.00 | \$52.00 | \$54.00 | \$55.00 |
| Corcoran Schools | \$9,436.45 | \$11,300.00 | \$11,639.00 | \$11,988.00 | \$12,228.00 |
| Notes: | | | | | |
| 1. October 1, 2016 rate changes vary by rate class. Single family and multi family are a reduction. However, the system average revenue increase, after considering the 8% increase effective February 1, 2016, is an additional 8%. | | | | | |
| 2. For present rates, the fixed monthly cost includes 600 cubic feet of water per dwelling unit. Proposed rates do not include water volume in fixed monthly cost. | | | | | |

City of

CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

STAFF REPORT
ITEM #: 7-C

MEMORANDUM

TO: City Council

FROM: Kevin Tromborg: Community Development Director

DATE: July 5, 2016

MEETING DATE: July 12, 2016

SUBJECT: Consider Resolution 2859 authorizing continued collection of fees for the Abandon Vehicle Abatement Program (AVA) for a period of 10 years.

Recommendation: Approval of Resolution 2859 authorizing the City of Corcoran's continued participation in the AVA program for the period 2017 - 2026

Discussion:

Funding for the City of Corcoran abandoned vehicle abatement reimbursement program, in the form of a \$1.00 surcharge on vehicles registered within Kings County, is expiring and due for renewal. A Council resolution is necessary to continue funding the program for an additional 10 year period.

Background:

The City of Corcoran, Community Development Department, has participated in the statewide Abandoned Vehicle Abatement program since 1996. This voluntary program authorizes participating jurisdictions to assess a \$1.00 per vehicle surcharge on each vehicle registration issued within the relevant county. Those funds are collected by the DMV and remitted through the Secretary of State to each joint Abandoned Vehicle Abatement Service Authority. In Kings County, the Kings County Association of Governments (KCAG) is the designated AVA Service Authority. Each quarter, the Service Authority allocates the funds back to the City of Corcoran, according to a complex formula, to reimburse the City for actual costs involved in removed abandoned and other derelict motor vehicles from the community.

The original authorization to DMV to collect the \$1.00 per vehicle registration, approved by the Corcoran City Council in 1996 was valid for a period of 10 years. The City Council authorized by resolution (2306) In 2006 to extend the program an additional 10 years through 2016. The Service Authority may elect to extend the fee in increments of up to ten years each if the Kings County Board of Supervisors, by a two-thirds vote, and a majority of the cities having a majority of the incorporated population within the county, adopt resolutions providing for the extension.

If renewal is approved, the program will continue as is for another 10 years until 2016. At that time, the county and cities would have the option to extend again.

Resolution No. 1753 was signed by Corcoran City Council on the 6th day of May of 1996. This was the original Resolution establishing the Kings County Service Authority for Abandoned Vehicle Abatement.

Budget Impact:

The Estimated reimbursement of City of Corcoran's costs for vehicle abatement activities over the ten year period from 2017 to 2026 could exceed \$200,000.00. This is based on the reimbursement figures over the past 6 years the City of Corcoran has participated in the AVA program.

RESOLUTION NO. 2859

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN
IN THE MATTER OF EXTENDING THE SERVICE FEE FOR THE KINGS COUNTY
ABANDONED VEHICLE ABATEMENT PROGRAM AND SERVICE AUTHORITY**

WHEREAS, the Abandoned Vehicle Abatement Program was established under Section 22710 of the California Vehicle Code: and,

WHEREAS, the Kings County Abandoned Vehicle Abatement Program and Service Authority was created pursuant to a joint power agreement between the County Kings and the cities of Avenal, Corcoran, Hanford and Lemoore; and,

WHEREAS, pursuant to its authority under Section 9250.7 of the California Vehicle Code, the County of Kings established a service fee of one dollar (\$1.00) on vehicles registered to owners in Kings County to fund the Service Authority; and,

WHEREAS, pursuant to Section 9250.7 of the California Vehicle Code, the service fee shall remain in effect only for a period of ten (10) years from the date that the actual collection of the fee commenced unless the fee is extended pursuant to this subdivision, and the fee may be extended in increments of up to 10 years each if the board of supervisors of the county, by a two-third vote, and a majority of the cities having a majority of the incorporated population within the county adopts resolutions providing for the extension of the fee; and,

WHEREAS, the service fee was extended in 2007; and,

WHEREAS, without a new extension, the service fee will expire on May 31, 2017; and

WHEREAS, the City of Corcoran finds the service fee is necessary to provide funding for the proper removal and disposal of abandoned vehicles.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Corcoran approves the extension of the one dollar (\$1.00) vehicle registration service fee for a period of 10 years upon the expiration of the current fee.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 12th day of July, 2016, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

**STAFF REPORT
ITEM #: 7-D**

MEMORANDUM

TO: City Council

FROM: Kindon Meik, City Manager

DATE: July 5, 2016

MEETING DATE: July 12, 2016

SUBJECT: Consider Resolution No. 2860 implementing Water Conservation Stage 1

Recommendation:

Staff requests approval of Resolution No. 2860 implementing Water Conservation Stage 1 and a three-day outdoor irrigation schedule.

Discussion:

In May of this year, the mandatory water conservation requirement imposed by the State for urban water suppliers was suspended. Instead, urban water suppliers are required to set a locally developed conservation standard.

Based on the guidance provided by the State, the City has determined that it will reduce water consumption by 20% as compared to prior benchmark use.

With the noted changes, the Council may implement a less restrictive watering schedule. Currently the City is adhering to two-day irrigation schedule as outlined in Section 8-1-5 of the Code. Resolution No. 2860 approves the implementation of Water Conservation Stage 1 and adopts a three-day watering schedule.

Budget Impact:

Staff anticipates a slight increase in water revenues. Some administrative costs will be incurred to transition from a two-day to a three-day watering schedule.

Attachment:

Resolution No. 2860

RESOLUTION NO. 2860

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN IMPLEMENTING WATER CONSERVATION STAGE 1 AS OUTLINED IN ORDINANCE NO. 625 AMENDING CHAPTER 1 OF TITLE 8 OF THE MUNICIPAL CODE.

WHEREAS, the City of Corcoran recognizes the continued need to conserve water; and,

WHEREAS, on January 17, 2014 the Governor proclaimed a statewide emergency as a result of the drought and on April 1, 2015 the Governor issued an executive order directing the State Water Resources Control Board to implement mandatory water reductions across the state; and,

WHEREAS, in May 2016 the State suspended the mandatory conservation requirements and instead directed each water provider to determine its own conservation goal; and,

WHEREAS, the City of Corcoran has established a water conservation goal of 20%.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Corcoran hereby approves the implementation of Water Conservation Stage 1 in its entirety; and,

BE IT FURTHER RESOLVED that the City hereby adopts the following three-day outdoor irrigation schedule as follows:

- Residential and commercial properties and with addresses ending in an even number (0, 2, 4, 6, 8) may irrigate on Mondays, Wednesdays and/or Sundays.
- Residential and commercial properties with addresses ending in an odd number (1, 3, 5, 7, 9) may irrigate on Tuesdays, Thursdays, and/or Saturdays.
- Schools may irrigate on Tuesdays, Thursdays and/or Sundays or by agreement with the City.
- Parks may irrigate on Mondays, Wednesdays, and/or Fridays or by agreement with the City.
- Churches may irrigate on Mondays, Wednesdays, and/or Fridays.
- Multi-family complexes may irrigate on Tuesdays, Thursdays, and/or Saturdays.

BE IT FURTHER RESOLVED that the aforementioned outdoor watering schedule will be duly noticed following approval by the Council;

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran duly called and held on the 12th day of July 2016, by the following vote of the members thereof:

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVED: _____
Jerry Robertson, Mayor

ATTEST: _____
Marlene Lopez, City Clerk

CLERKS CERTIFICATE

City of Corcoran }
County of Kings } ss.
State of California }

I, Marlene Lopez, City Clerk of the City of Corcoran, hereby certify that this is a full, true and correct copy of Resolution No. 2860 duly passed by the City Council of the City of Corcoran at a regular meeting thereof held on the 12th day of July 2016, by the vote as set forth therein.

DATED: July 12, 2016

ATTEST:

Marlene Lopez, City Clerk

**STAFF REPORT
ITEM #: 7-E**

MEMO

TO: Corcoran City Council

FROM: Joseph Faulkner, Public Works Superintendent-Interim

DATE: July 5, 2016 **MEETING DATE:** July 12, 2016

SUBJECT: Waste Water Treatment Plant (WWTP) Primary Digester Cleaning Project

Recommendation: That council authorizes staff to contract with Fluid Resource Management for the cleaning of the primary digester.

Discussion: Background
Digester function:

The sludge and scum from the Primary Clarifiers are pumped from the Effluent/ Sludge Pump Station to the Anaerobic Digester. The anaerobic digester is used to reduce the mass volume of organic solids in the sludge and to produce a stabilized humus suitable for landfill disposal.

Digestion is accomplished by maintaining a population of bacteria in suspension with the organic solids at an elevated temperature in the absence of oxygen (anaerobic conditions). Under these conditions special species of bacteria develop. These bacteria decompose the organic solids converting them from sticky, smelly mixture into a mixture that is relatively odor free, readily dewaterable, and suitable for disposal without causing a nuisance.

Reason for Cleaning: If we prolong cleaning the Digester, accumulated sludge will offset and give abnormal results in our monthly samples sent to the State Water Boards.

The Digester was last cleaned roughly 13 years ago. It is not mandatory however, highly recommended for digester to be cleaned every 7 to 10 years. There are no requirements per the State of California on how often the Digester must be cleaned, so long as the WWTP continues to maintain state waste discharge requirements each month.

(Beneficial Consequences of Digester Cleaning)

- Increase detention time of bio-solids in the vessel
- Reduce fuel costs from heating solids
- Increase digestion
- Increase life of sludge pumps

(Problems as a result of Digester not being cleaned)

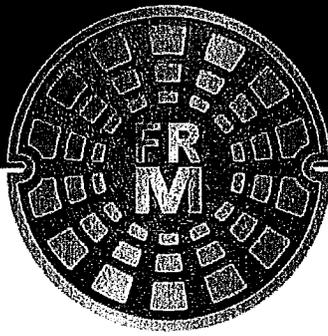
- Gas line obstruction due to accumulated excess sludge
- Digester drain must be unplugged every month due to accumulated sludge
- Abnormal test results

Scope of Work:

- Drain sludge from Digester tank, pump remaining sludge / debris
- Sand blast tank interior / lid
- Check for tank damage / cracks
- Make necessary repairs
- Re-coat tank and lid with a high grade epoxy paint

Budget:

The quote from Fluid Resource Management is \$45,076.72. The work will be paid from waste water capital funds.



BID PROPOSAL

TO: City of Corcoran

JOB: WWTP Primary Digester Cleaning

Bid Date N/A

Work Description:

FRM proposes to furnish labor, equipment and materials to perform the following scope of work:

Drain and clean the contents of the existing primary digester at the wastewater treatment plant

1. Digester Cleaning

- a. FRM shall furnish hydraulic submersible pumping equipment necessary to drain the contents of the digester and remove any remaining solids.
- b. The contents of the digester along with wash down water shall be pumped to the adjacent drying beds for ultimate disposal by others.
- c. The interior shall be hose cleaned to remove any remaining contents prior to completion.

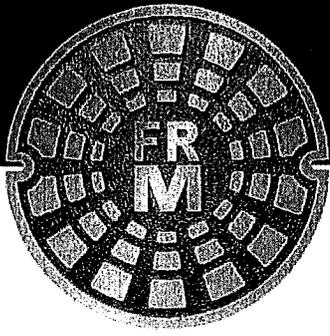
Assumptions:

- * Project to be prevailing wage
- * FRM to furnish certified payroll reports
- * FRM to furnish confined space equipment and trained personnel
- * Work to be performed during normal business hours
- * Work to be performed in accordance with OSHA regulations and industry standards
- * Client to provide access to 120V electrical and plant water for cleaning purposes
- * Client to provide clear and uninhibited access to the work area at all times
- * FRM to provide sanitary facilities for onsite personnel
- * Client shall not decant the digester prior to mobilization
- * Client to remove the existing digester hatch covers
- * FRM to utilize the existing drying beds

Exclusions:

- * Bonding
- * Insurance requirements outside of FRM's standard coverage
- * Liquidated damages
- * Permits/permit fees
- * Third party inspection services/inspection fees
- * Site specific safety plans
- * Differing site conditions
- * Degassing of the digester
- * Repairs or refurbishment of the concrete structure, digester equipment or appurtenances
- * Inspection/assessment reports
- * Line jetting post cleaning
- * Resealing of the digester
- * Pressure testing
- * Start up assistance
- * Ultimate disposal of the digester contents
- * Retention of final payment





OPERATIONS • MAINTENANCE • MECHANICAL

Disclaimer: Due to the unknown contents and condition of the existing digester FRM has assumed furnishing a (3) man crew for a total of (4) days of pumping and cleaning. Extraordinary circumstances requiring additional cleaning due to excessive solids loading shall be treated as an add service. Add service pricing shall be negotiated and approved in writing.

Total Of Bid Items \$45,076.72

Addendum(s) Acknowledged N/A

Respectfully Submitted,

Digitally signed by Robin Ransford
Date: 2016.05.19 12:55:59 -07'00'

Robin Ransford

Fluid Resource Management

Accepted By: _____

Date: _____

PO Number: _____



City of

CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

**STAFF REPORT
ITEM #: 7-F**

MEMORANDUM

TO: City Council

FROM: Kindon Meik, City Manager

DATE: July 6, 2016

MEETING DATE: July 12, 2016

SUBJECT: Draft Budget for FY 2016-2017

Recommendation:

Staff is requesting additional direction on the FY 2016-2017 budget.

Discussion:

At the June 14, 2016 and the June 28, 2016 meetings, Council provided direction on the FY 2016-2017 budget. The current budget summary includes the following changes:

- Additional revenue resulting from the termination of the triple-flip.
- Additional revenue from CUSD for School Resource Officer and use of municipal pool for CHS athletic teams.
- Additional revenue for NTF overtime.
- Reduction in re-alignment monies for police overtime.

Staff seeks direction from Council in order to finalize the budget for the upcoming fiscal year.

Budget Impact:

Discussion and direction will determine final budget impact for the fiscal year.

Attachment:

Budget summary will be presented at the council meeting.

City of

CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

**STAFF REPORTS
ITEM #: 7-G**

MEMO

TO: City Council

FROM: Kindon Meik, City Manager

DATE: July 6, 2016

MEETING DATE: July 12, 2016

SUBJECT: County-wide Transactions and Use Tax Memorandum of Understanding (MOU)

Recommendation:

Approve the county-wide transactions and use tax MOU between the City of Corcoran and the County of Kings, the City of Avenal, the City of Hanford, and the City of Lemoore.

Discussion:

In 2012, Governor Brown initiated Proposition 30 which, in part, allowed for a 0.25 percent increase in the state sales tax for a period of four years.

With the understanding that Proposition 30 will expire at the end of 2016, the County of Kings has proposed that a county-wide transactions and use tax of 0.25 percent (1/4 cent increase) be submitted to the voters on the November ballot. If approved, the transaction and use tax would take effect when Proposition 30 sunsets.

As outlined, the transaction and use tax would be a special tax dedicated to public safety activities. To be adopted, the transactions and use tax would require two-thirds voter. The City's expenditure plan (included as part of the MOU) outlines the use of the tax for personnel costs, programs, supplies and equipment, facilities, and training related to public safety.

The MOU establishes a revenue sharing methodology between the City of Corcoran and the four other government entities.

CITY OFFICES:

832 Whitley Avenue * Corcoran, CA 93212 * Phone 559-992-2151 * www.cityofcorcoran.com

Budget Impact:

If approved, the transactions and use tax will generate additional revenues for the City of Corcoran that will be used to offset public safety costs. The amount of new revenues will be based on the overall sales tax generated within the county.

Attachments:

Memorandum of Understanding

City of

CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

**STAFF REPORTS
ITEM #: 7-G**

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TO: City Council

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DATE: July 6, 2016

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Attachments:

Memorandum of Understanding

AGREEMENT NO. _____

**MEMORANDUM OF UNDERSTANDING (“MOU”)
BETWEEN THE COUNTY OF KINGS AND
THE CITIES OF AVENAL, CORCORAN, HANFORD, AND LEMOORE,
REGARDING EQUITABLE DISTRIBUTION OF
PUBLIC SAFETY TRANSACTIONS AND USE TAX REVENUES**

THIS AGREEMENT is entered into on this _____ day of _____, 2016 by and between the County of Kings (“County”) and the Cities of Avenal, Corcoran, Hanford, and Lemoore (collectively, the “Cities,” and collectively with County, the “Parties”).

1. PURPOSE

This MOU is entered into pursuant to the Joint Exercise of Powers Act, chapter 5, division 7, title 1 of the Government Code, beginning at section 6500.

It is not the intent of the Parties in entering into this MOU to establish a separate entity pursuant to Government Code section 6503.5, and the MOU shall not be construed to create such an entity.

If approved by County’s Board of Supervisors (“Board”) and the electorate, County anticipates establishing a County wide transactions and use tax (the “Tax”) pursuant to Revenue and Taxation Code section 7285.5, and collected at a rate of one-quarter of one percent (0.25%). Because the tax will be collected countywide, and recognizing that the public safety needs of all of the jurisdictions in Kings County are interrelated, County intends to share the revenues of the Tax equitably between the Parties.

The purpose of this MOU is to provide for such equitable distribution.

2. RECITALS

WHEREAS, the Parties agree that the purposes of this MOU are as stated above in Paragraph 1; and

WHEREAS, each of the Parties has participated in the creation of the Tax; and

WHEREAS, in consideration for such participation and for the mutual covenants and conditions hereby imposed, each Party desires and agrees to be bound by this MOU; and

WHEREAS, each governing body approving this MOU finds that the Tax is in the public interest.

THEREFORE, it is hereby agreed as follows:

3. DISTRICT

County shall be the “district” for purposes of the Tax, but County and Cities hereby accept responsibility for the administration of the Tax to the extent called for herein. County shall contract with the State Board of Equalization to administer and collect the Tax, as provided for in state law.

4. AUDITOR’S DUTIES

A. Pursuant to Government Code section 50075.1, subdivision (c), County’s Auditor shall maintain a separate fund to receive and disburse Tax revenues in accordance with the ordinance adopting the Tax (“Ordinance”), the terms of this MOU, any and all contracts with the state for collection and administration of the Tax, and any resolution or indenture or similar document providing for the issuance of bonds or other obligations of any Party under section 3A of the Ordinance.

B. The first disbursement by the Auditor to each of the Parties shall be made as soon as reasonably possible after the end of the calendar quarter immediately following the first calendar quarter in which County receives Tax revenues from the State Board of Equalization. As used herein, a “calendar quarter” includes any of the following periods: January 1 to March 31, April 1 to June 30, July 1 to September 30, and October 1 to December 31. Thereafter, disbursements shall be made at regular quarterly intervals.

C. Annually, County’s Auditor shall generate the report required by Government Code section 50075.3, which shall state the amount of Tax funds collected and expended in the fiscal year closing prior to the issuance of the report, and shall describe the status of any project herein required or authorized to be funded. The report shall be submitted to the Citizens’ Oversight Committee described in Paragraph 8 of this MOU.

D. Each Party hereby agrees to cooperate expeditiously and fully with any requests for information made to that Party by County's Auditor in order to gather information necessary to prepare the annual report required by Government Code section 50075.3. The Auditor in his or her discretion may request that a City's officials prepare that portion of the annual report that relates to the City's operations, and said request likewise shall be complied with expeditiously and fully.

F. The Parties may by separate agreement allow for equitable distribution of the Auditor's expenses in performing the duties described in this Paragraph 4.

5. PARTIES' OBLIGATIONS

In addition to every other obligation created by this MOU or any other relevant source of law, each fiscal year County will appropriate funds from the special fund created pursuant to Paragraph 4.A above to the Parties according to the formula described in Paragraph 6 below, except where the Auditor has authority to repay bonds and related expenses directly from a Party's apportionment. Each Party shall then deposit its allocation in a special fund within its own treasury, which shall be used only for the purposes described in Paragraph 6. Allocations to Cities shall be deemed and treated as irrevocable grants from County, and unless otherwise required by state or federal law, County shall exercise no supervision over a City's use of said grant funds. However, if any action or omission by any Party impairs the ability of County or of any other Party to receive or use Tax revenues, the Parties shall meet and confer in good faith an attempt to resolve the situation before resorting to alternative dispute resolution or judicial action.

6. EXPENDITURE PLAN

A. Funds shall be distributed among the Parties according to the following formula:

1. Each fiscal year in which the Tax is collected, using data of the California Department of Finance, the Auditor shall determine the unincorporated population of County and population of each City. The Department of Finance annual population report released most recently prior to the beginning of the fiscal year in question shall be used for this purpose. Thus, for example, for the fiscal year beginning on July 1, 2017, if the Department of Finance's annual population report as of January 1, 2017, is issued and made publicly available prior to July 1, 2017, then the Auditor would use that report as the basis for calculation. If for any reason (e.g., a change in statutory deadlines) the annual report as of January 1, 2017, were not available by July 1, 2017, then the Auditor would rely upon the annual report as of January 1, 2016.

2. Using California Department of Rehabilitations and Correction prison population data (available as of June 2016, at: http://www.cdcr.ca.gov/Reports_Research/Offender_Information_Services_Branch/Monthly/Monthly_Tpop1a_Archive.html) for the December 31 prior to the January 1 from which the population data used for purposes to Paragraph 6.A.1 above is derived, the Auditor shall subtract from the populations of Avenal and Corcoran the populations of the state prisons located within those cities and add the subtracted totals to the unincorporated population. Thus, for example, if January 1, 2017 Department of Finance population figures are used to determine jurisdictions' populations for the fiscal year beginning on July 1, 2017, then prison population data as of December 31, 2016, would be used to make the prison population adjustments described herein.

3. Using the population totals derived as described above in Paragraph 6.A.1, as adjusted pursuant to Paragraph 6.A.2, the Auditor shall determine the percentage of County's total population residing in each City and in the unincorporated area of County. Said percentages shall be rounded to the nearest tenth of one percent, but adjusted as necessary to total 100 percent. For example, the numbers 6.30, 8.46, 37.37, 16.48, and 31.39, would round to 6.3, 8.5, 37.4, 16.5, and 31.4. However, the latter rounded series would total 100.1 percent, so that the lowest fractional portion of a number to be round up would need to be adjusted downward as follows: 6.3, 8.4, 37.4, 16.5, and 31.4.

4. Each Party's final adjusted percentage, as determined pursuant to Paragraph 6.A.3 above, shall form the basis of that Party's allocation of Tax revenues.

5. If any of the statistics required by this Paragraph 6.A to be used to calculate the Parties' allocations of Tax revenues should become unavailable, then the County Administrative Officer and city manager of each City shall collectively agree upon a source of data to use instead, and should consult with the director of the Kings County Association of Governments to identify recommended sources of data.

6. Within 30 days after the annual making of the calculations required by this Paragraph 6.A, the Auditor shall transmit the calculations in writing to the Cities' finance directors. If no objection is made to the Auditor in writing within 30 days after the date on which the Auditor sent the data, then the Auditor's calculations shall be conclusive. If an objection is made, the Auditor shall recheck the calculations. If the Auditor agrees with an objection, then the calculations shall be adjusted accordingly, and the Auditor shall provide written notice of the change to all City finance directors. If the Auditor disagrees, written notice of that determination shall likewise be provided.

If any Party disputes such an adjustment, or if no adjustment is made in response to an objection because the Auditor disagrees with the objection, any judicial action or other formal dispute resolution proceedings shall be initiated within 30 days after receipt of notice of the Auditor's determination by the finance director of the Party disputing that determination. Upon resolution, any necessary adjustment to disbursements previously made in reliance upon calculations determined to be incorrect shall be made in the next quarterly disbursement, but no interest shall be due thereon. Notices and calculations provided to the finance directors of the Cities pursuant to this Paragraph 6.A.6 shall be identical for all Cities. The source of all data used in the calculations is a matter of public record, as described herein; however, the Auditor will respond to questions from Cities regarding those sources and the manner in which the calculations were made.

7. In the event that any Party's governing body fails to ratify this MOU, the Party's annual allocation shall be allocated equitably between the remaining Parties in proportion to the ratio of each of the remaining Parties' population to the total combined population of those Parties, determined using methods substantially consistent with the methods described above in Paragraphs 6.B.1 to 6.B.6.

B. Funds allocated to each of the Parties shall be used as described in this Paragraph 6.B. As used herein, the term "frontline equipment" means any equipment used in the community for police or fire operations, but does not include such items as office furniture or supplies. Any reference herein to repayment of bonds with future Tax revenues includes payment of principal, interest, origination fees, debt servicing, and related fees and expenses. Pursuant to Section 16 of the Ordinance, no reference herein to supplantation shall prevent any Party from using Tax revenues to fund legitimate public safety expenses that previously were paid for through grants or other special funding that has ceased. As used herein, the term "legitimate public safety purpose" means any of the following:

1. Training for public safety personnel.
2. Creation or expansion of neighborhood crime prevention programs and anti-gang, anti-drug, and anti-bullying programs. Such programs may be carried out by a Party directly, or the Party may offer grants to, or work cooperatively with, neighborhood associations, schools, or similar organizations.
3. Any other public safety purpose reasonably calculated to –
 - a. Improve police and fire response times;

- b. Reduce recidivism;
- c. Help government agencies, private businesses, and residents prepare for and prevent fires or crimes; or
- d. Otherwise reduce crime rates or improve fire or police/Sheriff services within the community.

County: Exactly half of County's allocation shall be appropriated annually by the County Board of Supervisors for use by the Kings County Sheriff's Office ("KCSO"), and half shall be appropriated to the Kings County Fire Department ("KCFD"). These two agencies shall use the funds as follows:

1. KCSO:

The initial revenues shall be used for staffing. KCSO will use Tax revenues to hire more deputy sheriffs on patrol and in the County jail. Current estimates would allow the Sheriff to hire minimally six (6) more deputy sheriffs. With the recent expansion of the jail facilities AB900 (Assembly Bill 900 phase II) and SB1022 (senate Bill 1022) the Sheriff is in need of more sworn deputy sheriffs to staff the opening of the expansions. During the recession of 2008/2009, in an agreement between the former Sheriff and the Board of Supervisors, six (6) patrol deputy positions were frozen. This caused a reduction in staffing for the outlying areas of Corcoran and Kettleman City, and these reductions are still affecting staffing today. The tax proceeds would also be used to bolster patrol staffing positions throughout the county, including the outlying areas.

After meeting the staffing needs described above, any Tax revenue received in any fiscal year not needed for personnel expenses may be used by the Sheriff with approval from the Board of Supervisors as follows: (1) to build or rehabilitate facilities to house KCSO operations; (2) to replace aging and/or outdated frontline equipment; (3) to hold funds in reserve to purchase frontline equipment in future years; and/or (4) for any other legitimate public safety purpose relating to crime prevention. For the purpose of building or rehabilitating facilities, the County is hereby authorized to issue bonds to be repaid from any and all Tax revenues received in future years that are determined by the Sheriff, with the concurrence of the Board of Supervisors, not to be needed for personnel expenses or other priorities.

Expenditures of Tax revenues under this plan will not supplant existing general fund or other fund expenditures.

2. KCFD:

Currently KCFD has four (4) fire stations that have only one (1) firefighter during the 24 hour duty shift. This poses a safety concern and limits the operational capability of units responding to emergencies. KCFD will use Tax revenues to hire additional firefighters to eliminate one-person staffing of fire stations and to ensure that an effective response force is available for emergencies.

After meeting the staffing needs described above, any Tax revenue received in any fiscal year not needed for personnel expenses may be used by the Fire Chief with approval from the Board of Supervisors as follows: (1) to build or rehabilitate facilities to house KCFD operations; (2) to replace aging and/or outdated frontline equipment; (3) to hold funds in reserve to purchase frontline equipment in future years; and/or (4) for any other legitimate public safety purpose relating to fire safety. For the purpose of building or rehabilitating facilities, the County is hereby authorized to issue bonds to be repaid from any and all Tax revenues received in future years that are determined by the Fire Chief, with the concurrence of the Board of Supervisors, not to be needed for personnel expenses or other priorities.

Expenditures of Tax revenues under this plan will not supplant existing general fund or other fund expenditures.

Avenal:

The City of Avenal anticipates future needs as follows: (1) additional police officers and support staff; (2) construction of new and/or expanded facilities; (3) rehabilitation of existing facilities; and (4) additional frontline police equipment. To meet these needs, each year in which the City receives revenue from the Tax, the City Council will approve on the recommendation of the City Manager and Police Chief an expenditure plan, which may be included as part of the annual City budget. Expenditures of Tax revenues under the plan will not supplant existing general fund or other fund expenditures.

In developing the annual expenditure plan, any Tax revenues determined by the City Council not to be needed for personnel costs may be used to purchase frontline police equipment, may be held in reserve to purchase such equipment in a future year, or may be used for other legitimate public safety purposes.

In order to meet the City's need for new and/or expanded facilities or the rehabilitation of aging existing facilities, each year any and all Tax revenues may also be allocated for the construction and rehabilitation of facilities to house and support police operations; therefore, the City is hereby authorized to issue bonds for facility construction to be repaid from Tax revenues in future years.

Corcoran:

Revenues generated through the Tax will be entirely dedicated to public safety purposes in the City of Corcoran. This plan is intended to create the flexibility needed to maintain and improve public safety activities in Corcoran through locally generated funds, but expenditures of Tax revenues under the plan will not supplant existing general fund or other fund expenditures. Each year in which the City receives Tax revenue, the City will allocate the use of funds through the budgetary process. The City Council reserves the right to allocate revenues from the Tax at its discretion based upon the approved plan, and will determine with City staff the local public safety priorities and needs of the community. Tax revenues may be used for any of the following:

1. Public safety personnel costs, including training of safety personnel;
2. The implementation or expansion of local public safety programs and initiatives;
3. Frontline supplies and equipment;
4. Rehabilitation of existing public safety facilities or construction of new public safety facilities; for which purpose the City is hereby authorized to issue bonds for facility construction to be repaid from any and all Tax revenues received in future years; and
5. Any other legitimate public safety purpose.

Hanford:

The City's current police station is outdated and insufficiently small to meet current needs, and the City anticipates building an additional fire station to reduce response times citywide. The City also has the following unmet and anticipated public safety needs: (1) to hire additional sworn police officers and firefighters; (2) to purchase additional frontline police and fire equipment; and

(3) to rehabilitate existing police and fire facilities. In the future, the City may have need for additional new police and fire facilities not currently anticipated.

To meet these needs, each year in which the City receives revenue from the Tax, the City Council will approve on the recommendation of the City Manager and Police and Fire Chiefs an expenditure plan, which may be included as part of the annual City budget. Expenditures of Tax revenues under the plan will not supplant existing general fund or other fund expenditures.

Each year, any and all Tax revenues may be allocated for the construction and rehabilitation of facilities to house police and fire operations, and the City is hereby authorized to issue bonds for facility construction to be repaid from Tax revenues in future years. Any funds determined by the City Council not to be needed to rehabilitate and construct facilities or to repay bonds authorized herein should be used to hire additional sworn police officers and/or firefighters, or to pay the salaries and benefits of police officers and firefighters hired in previous years with Tax revenues. Any Tax revenues determined by the City Council not to be needed for personnel costs may be used to purchase frontline police or fire equipment, may be held in reserve to purchase frontline police or fire equipment in a future year, or may be used for any other legitimate public safety purpose.

Lemoore:

Each year in which the City receives Tax revenue, the City Council will, as part of its annual budget, adopt a plan allocating Tax revenues for public safety needs as demonstrated by the findings of the City Council. Expenditures of Tax revenues under this plan will not supplant existing general fund or other fund expenditures. If Tax revenues are used for the construction and rehabilitation of facilities to house police and fire operations, the City is hereby authorized to issue bonds for facility construction to be repaid from Tax revenues in future years. The City may also hold Tax revenues in reserve for future projects to rehabilitate or construct public safety facilities.

Tax funds may also be used to hire additional sworn police officers and firefighters, to pay the salaries and benefits of police officers and firefighters hired in previous years using Tax revenues, or to purchase frontline police or fire equipment. Tax revenues may also be held in reserve to purchase frontline police or fire equipment in future years, or for any legitimate public safety purpose determined by the City Council to be the best use of the funds.

C. It is understood and agreed by the Parties that the State Board of Equalization will withhold administrative, preparation, and other expenses from allocations of Tax revenues made to County. County's actual receipts shall be used for purposes of dividing revenues between the Parties rather than gross receipts actually collected by the State Board of Equalization. If in the future the State Board of Equalization's fees are directly billed to County rather than withheld from Tax collections, then disbursements to the Parties under this Paragraph 6 shall be calculated and made after deducting fees from total collections.

7. BONDING AUTHORITY

A. To the extent that this MOU and Paragraph 3A of the Ordinance authorizes any Party to issue bonds to be repaid with Tax revenues, any Party wishing to issue such bonds is responsible for consulting with its own legal and financial experts regarding its authority to do so and the manner in which any bonding authority should be exercised. Nothing contained herein, in the Ordinance, or in any written or oral statement between the Parties prior to the execution of this MOU should be construed as a guarantee that any bonding authority exists.

B. For any City wishing to issue bonds to be repaid through Tax revenues, County hereby delegates to that City, to the fullest extent allowed by law, those duties County may have as the "authority" pursuant to Revenue and Taxation Code section 7285.5, subdivision (b) and chapter 1 (commencing with section 55800) of part 3 of division 2 of title 5 of the Government Code. For any duty determined to be nondelegable, County shall cooperate with the City in an expeditious manner to assist the City in issuing bonds as approved by that City's city council, in consideration whereof the City shall hold County harmless and indemnify and defend it in any action challenging the issuance of the bonds.

C. A City that issues bonds to be repaid from Tax revenues, or upon whose behalf such bonds are issued, shall reimburse County for any and all expenses incurred by County relating to bond issuance, debt servicing, or related expenses.

D. No Party shall take any action that would commit another Party's allocation of Tax revenues to the repayment of bonds, except by separate agreement of those Parties.

8. CITIZENS' OVERSIGHT COMMITTEE

A. There shall be appointed a Citizens' Oversight Committee (the "Committee"), which shall meet at least annually to review the Auditor's report created pursuant to Government Code section 50075.3, and to make any recommendations thereon. Recommendations made by the Committee shall be forwarded to each of the Parties' governing bodies.

B. Meetings of the Committee shall be open to the public and subject to the Brown Act. A designee of County's Administrative Officer shall staff the Committee as its secretary, and the Committee shall function according to its own bylaws and rules of procedure not inconsistent herewith. County Counsel shall serve as the Committee's legal advisor and parliamentarian.

C. The governing body of each Party may appoint one member of the body to serve as a liaison to, and non-voting ex officio member of, the Committee. Each governing body shall appoint one public member to serve as a voting member of the Committee. Non-voting ex officio members shall not be counted for purposes of establishing a quorum of the Committee, and shall serve at the pleasure of their respective governing bodies. Voting members of the Committee shall each be appointed to serve not more than two consecutive two-year terms.

D. In no event shall the Committee be deemed or treated as a separate entity from County.

E. County shall incur in-kind the reasonable cost of providing meeting space, staffing, and copies of agenda, minutes, and the Auditor's annual report to Committee members. In the event that County incurs extraordinary costs relating to the work of the Committee, the Parties shall meet and confer in good faith to devise means to equitably share those extraordinary costs.

9. ELECTION COSTS

County's Elections Division shall conduct the election necessary to approve the Tax. Regardless of whether the proposed Tax measure meets the required two-thirds threshold for adoption, the Parties agree to divide election costs in the following proportions: County shall incur 50 percent of the cost of the election in-kind, Avenal shall reimburse County for 5 percent of the cost, Corcoran for 6 percent, Hanford for 27 percent, and Lemoore for 12 percent.

10. INDEMNITY

A. In the event of an action solely against County challenging the Ordinance or the election seeking approval of the Tax, the Cities shall indemnify County for a share of County's reasonably incurred attorneys' fees and costs, in proportion to the percentage of Tax revenues each Party anticipates receiving in the first fiscal year in which the Tax is to be levied. If fewer than all of the Parties are named in such an action under circumstances where all the Parties would benefit by the defense of the action, Parties not named as defendants in the action likewise shall, except as otherwise provided herein, indemnify the named Parties for a pro rata share of reasonably incurred attorneys' fees and costs.

B. Except as provided above in Paragraph 10.A or below in Paragraph 10.C, in the event of a challenge to the Ordinance, the election, this MOU, or the collection or use of Tax revenues, the Parties shall cooperate in the defense of said action, and any Party may contract with any other Party to handle its defense. Each Party shall bear its own attorneys' fees and costs unless one or more of the Parties is obligated to indemnify one or more other Party(ies) hereunder, or unless the Parties meet and confer and agree upon some equitable apportionment based upon a discrepancy between Parties' costs and benefits to be realized thereby.

C. Each Party will indemnify the other Parties with respect to all claims, causes of action, damages, and costs (including attorneys' fees and other legal costs) arising out that the Party's sole willful misconduct, or arising principally from the Party's use or misuse of funds received hereunder.

D. No Party shall bring an action against any other Party arising out of allegations that the latter Party's actions or omissions caused the Tax not to pass into law or take effect.

Nor shall any Party be entitled to consequential or expectation damages resulting from any non-malicious error or omission on the part any other Party that prevents Tax revenues from being collected or received by County for distribution amongst the Parties. Nothing contained in this Paragraph 10.D should be construed to abrogate any Party's indemnification obligations under this MOU.

E. Notwithstanding any other provision of this MOU, no duty to indemnify or defend another Party shall arise under this MOU where the circumstances otherwise giving rise to that duty are the result of the sole willful misconduct the indemnitee.

11. ASSIGNMENT

Except as provided for in this MOU, no Party may assign or delegate its rights or obligations pursuant to the MOU without the prior written consent of the other Parties, and any assignment or delegation in violation of this paragraph shall be void.

12. NOTICE

Any notice necessary to the performance of this Agreement shall be given in writing by personal delivery or by prepaid first-class mail addressed to the city manager or County Administrative Officer of the Party to whom notice is directed (or finance director where notice is given pursuant to Paragraph 6.A.6 above), with a copy to that Party's counsel (i.e., County Counsel or the Party's designated city attorney). If notice is given by personal delivery, notice is deemed received as of the date of personal delivery. If notice is given by mail, notice is deemed received as of three days following the date of mailing or as of the date of delivery as reflected on a return receipt, whichever occurs first. A defect in providing notice may be affirmatively waived by a Party, and absent prejudice to any Party, clear and convincing evidence of actual notice shall be sufficient to establish substantial compliance with these notice requirements.

13. CHANGES AND AMENDMENTS; TERMINATION

Except to correct a clerical error, Paragraph 6 of this MOU may be amended only upon the unanimous consent of the governing bodies of all the Parties, with the concurrence of two-thirds of the electorate. Clerical errors in Paragraph 6 and provisions of the remaining paragraphs of this MOU may be amended only upon the unanimous consent of the governing bodies of all the Parties.

This MOU shall not terminate so long as Tax revenues are being collected, and shall thereafter continue into force as long as is necessary to give effect to the MOU's covenants and conditions.

As used in this Paragraph 13, "clerical error" refers only to those defects of a mechanical, mathematical, or clerical nature that do not alter the substance of this MOU, or where it can be shown clearly from the face of the MOU that the literal construction of the erroneous language would produce a result that is so fundamentally absurd or anomalous and contrary to the purposes of this MOU that the parties could not have intended it.

14. CHOICE OF LAW

This agreement shall be governed by the laws of the state of California.

15. INTEGRATION; COUNTERPARTS; CONTRIBUTION OF ALL PARTIES

This MOU, including any exhibits referenced herein, constitutes the entire agreement between the Parties, and there are no inducements, promises, terms, conditions, or obligations made or entered into by the Parties other than those contained herein. This MOU may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument. This Agreement represents the contributions of all Parties, who are each represented by competent counsel, and it is expressly agreed and understood that the rule stated in Civil Code section 1654, that ambiguities in a contract shall be construed against the drafter, shall have no application to the construction of this MOU.

16. CALIFORNIA ENVIRONMENTAL QUALITY ACT

No Party is, by cooperating in the submission of the Tax measure to the voters, committing itself to any project. Specific projects will be approved only if the Tax measure is adopted by the voters, and will depend upon actual receipts, other available resources, and public safety needs that arise from year to year. As such, the Parties agree that there are no currently foreseeable significant environmental impacts of the Ordinance, this MOU, or any action relating to placing the Tax measure before voters, all of which are exempt from environmental review under California Code of Regulations, title 14, section 15061(b)(3).

17. CONSTRUCTION; INCORPORATION OF EXHIBITS

Unless otherwise provided in this MOU, or unless the context so requires, the following definitions and rules of construction shall apply herein:

- A. Captions. The captions of this MOU are for convenience in reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction or meaning of the provisions of this MOU.
- B. Number and Gender. Wherever the context so requires in this MOU, the neuter gender includes the feminine and masculine, and vice versa, the feminine includes the masculine and vice versa, the singular includes the plural, and the word “person” includes corporations, partnerships, firms or associations.
- C. Mandatory and Permissive. The terms “shall” and “will” and “agrees” are mandatory. “May” is permissive.
- D. Term Includes Extensions. All references to the term of this MOU shall include any extensions of such term.
- E. Exhibits. Any exhibits mentioned herein and attached hereto are specifically incorporated herein by this reference and made a part of this MOU.
- F. Parties’ Intent. In the event that any provision of this MOU is capable of more than one interpretation or is otherwise found to contain a latent or patent ambiguity, the interpretation that best effectuates the objects of the MOU, as expressed in the Ordinance and by the Parties in Paragraphs 1 and 2 above, shall govern to the extent that such interpretation does not render the MOU or any material provision thereof void or otherwise unenforceable, and even if that interpretation conflicts with the most literal or grammatically correct construction of the MOU.

18. SEVERABILITY; CHANGES IN STATE OR FEDERAL LAW

If any of the provisions of this MOU is found to be unenforceable, the remainder shall be enforced as fully as possible, and the unenforceable provision shall be deemed modified to the limited extent required to permit enforcement of the Agreement as a whole.

Should any change in state or federal law affect the enforceability of any provision of this MOU, the MOU shall be deemed to incorporate the change in law to the extent necessary to effectuate the objects and purposes of the MOU.

THIS AGREEMENT is entered into by and between the Parties as of the date by which all Parties have executed it.

COUNTY
Dated: _____

CITY OF AVENAL
Dated: _____

Doug Verboon,
Chairman of the Board of Supervisors

Mayor

ATTEST

ATTEST

Catherine Venturella, Clerk of the Board

City Clerk

APPROVED AS TO FORM

APPROVED AS TO FORM

Colleen Carlson, County Counsel

City Attorney

CITY OF CORCORAN
Dated: _____

CITY OF HANFORD
Dated: _____

Mayor

Mayor

ATTEST

ATTEST

*City Clerk

APPROVED AS TO FORM

APPROVED AS TO FORM

City Attorney

City Attorney

CITY OF LEMOORE

Dated: _____

Mayor

ATTEST

City Clerk

APPROVED AS TO FORM

City Attorney

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City of

CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

STAFF REPORT
ITEM #: 7-H

MEMO

TO: Corcoran City Council

FROM: Kindon Meik, City Manager

DATE: July 6, 2016

MEETING DATE: July 12, 2016

SUBJECT: Consider cancelation of July 26, 2016 council meeting.

Recommendation: (Voice Vote)

Council discussion to determine summer schedule.

Discussion:

Staff is requesting that Council cancel the July 26, 2016 council meeting.

In past years, Council has chosen to cancel meetings during the summer months. In order to accommodate pre-determined travel plans, Staff recommends canceling the above noted meeting.

Budget Impact:

None

City Offices

City of

CORCORAN

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MATTERS FOR MAYOR AND COUNCIL ITEM #: 8-A

MEMORANDUM

MEETING DATE: July 12, 2016
TO: Corcoran City Council
FROM: Kindon Meik, City Manager
SUBJECT: Matters for Mayor and Council

UPCOMING EVENTS / MEETINGS

- July 12, 2016 (Tuesday) City Council Meeting – 5:30 PM, Council Chambers
- August 9, 2016 (Tuesday) City Council Meeting – 5:30 PM, Council Chambers
- August 23, 2016 (Tuesday) City Council Meeting – 5:30 PM, Council Chambers
- September 14, 2016 (Wednesday) City/County Coordinating Meeting – 6:00 PM hosted by the City of Lemoore

- A. Information Items
 - 1. Housing Related Parks Grant Award
 - 2. League of California Cities Annual Conference – Long Beach (October 5-7)
- B. Council Comments – *This is the time for council members to comment on matters of interest.*
 - 1. Staff Referral Items
- C. Committee Reports
- D. Council Goals:

City Offices



**COUNCIL REQUESTS OR REFERRAL ITEMS
PENDING FURTHER ACTION or RESOLUTION BY STAFF**

| DATE Sent to Council/ Request made | REQUEST | STATUS | DEPARTMENT RESPONSIBLE Dept/Division |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------------------------------------------|
| 07/01/13 | <p>UPDATE:</p> <p>06/28/16 Council voted to hold a public hearing to consider a local sales tax initiative.</p> <p>06/14/16 Council provided direction on options available to the City to reduce expenses, recover costs, and generate revenues.</p> <p>05/24/16 Fiscal Sustainability report presented to Council.</p> <p>02/17/15 Council authorized NHA Advisors to prepare financial strategic plan. Plan will discuss city revenues and projected expenses.</p> <p>09/16/13 Staff presented revenue generating options to Council. Council requested additional information on specific items.</p> | Ongoing | City Manager |
| 03/16/15 | <p>UPDATE:</p> <p>05/18/16 State suspends mandatory water conservation requirement. City required to set its own water conservation goal.</p> <p>Water reduction percentages for 2015: Cumulative 30.8% reduction</p> <p>04/12/16 City returned to a two-day watering schedule.</p> <p>11/02/15 The City adopted a one-day irrigation schedule to take effect December 1, 2015.</p> <p>06/10/15 Direct mailer with Stage 2 rules and restrictions finalized and sent to printer.</p> <p>05/26/15 Council approved Ordinance No. 625 amending Chapter 1 of Title 8 and approved Resolution No. 2778 implementing Water Conservation Stage 2.</p> | Ongoing | City Manager/ Public Works/ Community Development |
| 1/19/16 | <p>02/16/16 Council adopted Resolution No. 2824 changing the council meeting date/time to the second and fourth Tuesdays of the month beginning at 5:30 p.m.</p> <p>Council discussed the option of changing the day/time of the council meetings. The item will be included on a future agenda for a decision.</p> | Ongoing | City Manager/City Clerk |