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**CITY OF SUSANVILLE**  
**66 North Lassen Street ♦ Susanville CA**  
**Kevin Stafford, Mayor**  
**Joseph Franco, Mayor pro tem**  
**Brian Moore \* Mendy Schuster \* Brian R. Wilson**

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SUSANVILLE COMMUNITY DEVELOPMENT AGENCY    SUSANVILLE MUNICIPAL ENERGY CORPORATION  
SUSANVILLE PUBLIC FINANCING AUTHORITY

**Susanville City Council**  
**Regular Meeting ♦ City Council Chambers**  
**July 17, 2019 – 6:00 p.m.**

*Call meeting to order*

*Roll call of Councilmembers present*

*Next Resolution No. 19-5679*

*Next Ordinance No. 19-1017*

- 1     **APPROVAL OF AGENDA:** (Additions and/or Deletions)
- 2     **PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS** (if any): Any person may address the Council at this time upon any subject for discussion during Closed Session.
- 3     **CLOSED SESSION:**
  - A     Threat to Public Services – Government Code section §54957 – Consultation with:  
Susanville Police Chief
- 4     **RETURN TO OPEN SESSION:** (recess if necessary)
  - *Reconvene in open session at 7:00 p.m.*
  - *Pledge of allegiance*
  - *Report any changes to agenda*
  - *Report any action out of Closed Session*
  - *Moment of Silence or Thought for the Day: Mayor Stafford*
  - *Proclamations, awards or presentations by the City Council:*
- 5     **BUSINESS FROM THE FLOOR:**

Any person may address the Council at this time upon any subject on the agenda or not on the agenda within the jurisdiction of the City Council. However, comments on items on the agenda may be reserved until the item is discussed and any matter not on the agenda that requires action will be referred to staff for a report and action at a subsequent meeting. Presentations are subject to a five-minute limit
- 6     **CONSENT CALENDAR:**

All matters listed under the Consent Calendar are considered to be routine by the City Council. There will be no separate discussion on these items. Any member of the public or the City Council may request removal of an item from the Consent Calendar to be considered separately.

  - A     Approve minutes from the City Council's May 23, June 5, 13, and 19, 2019 meetings
  - B     Approve changes to the City of Susanville Approved Position List
- 7     **PUBLIC HEARINGS:** No business.

8 **COUNCIL DISCUSSION/ANNOUNCEMENTS:**

Commission/Committee Reports:

9 **NEW BUSINESS:**

- A Consider approval of vendor warrants numbered 204329 through 204416 for a total of \$354,676.67 including \$209,327.48 in payroll warrants
- B Consider **Resolution No. 19-5676** authorizing City Administrator to execute agreement with Computer Logistics for managed IT Services
- C Consider **Resolution No. 19-5677** authorizing issuance of Series 2019 Water Revenue Bonds and Series 2019 Natural Gas Revenue Refunding Bonds
- D Consider **Resolution No. 19-5678** authorizing budget transfer from Risk Management to the Airport CIP fund to establish emergency fund
- E Consider appointment of League Delegate for the 2019 League of California Cities Annual Conference on October 16-18, 2019

10 **SUSANVILLE COMMUNITY DEVELOPMENT AGENCY:** No business.

11 **SUSANVILLE MUNICIPAL ENERGY CORPORATION:** No business.

12 **CONTINUING BUSINESS:**

13 **CITY ADMINISTRATOR'S REPORTS:**

- A Approved Position List Update \* Police Department

14 **COUNCIL ITEMS:**

- A AB1234 travel reports:

15 **ADJOURNMENT:**

- ***The next regular meeting of the Susanville City Council will be held on August 7, 2019 at 6:00 p.m.***

*Reports and documents relating to each agenda item are on file in the Office of the City Clerk and are available for public inspection during normal business hours and at the meeting. These reports and documents are also available at the City's website [www.cityofsusanville.org](http://www.cityofsusanville.org), unless there were systems problems posting to the website.*

*Accessibility: An interpreter for the hearing-impaired may be made available upon request to the City Clerk seventy-two hours prior to a meeting. A reader for the vision-impaired for purposes of reviewing the agenda may be made available upon request to the City Clerk. The location of this meeting is wheelchair-accessible.*

I, Gwenna MacDonald, certify that I caused to be posted notice of the regular meeting scheduled for July 17, 2019 in the areas designated on July 12, 2019.

  
Gwenna MacDonald, City Clerk

Reviewed by:  City Administrator

- Motion Only
- Public Hearing
- Resolution
- Ordinance
- Information

**Submitted By:** Gwenna MacDonald, City Clerk

**Action Date:** July 17, 2019

**CITY COUNCIL AGENDA ITEM**

**SUBJECT:** Minutes of the City Council's May 23, June 5, 13, and 19, 2019 meetings

**PRESENTED BY:** Gwenna MacDonald, City Clerk

**SUMMARY:** Attached for the Council's review are the minutes of the City Council's May 23, June 5, 13, and 19, 2019 meetings.

**FISCAL IMPACT:** None

**ACTION REQUESTED:** Motion to waive oral reading and approve minutes of City Council's May 23, June 5, 13, and 19, 2019 meetings.

**ATTACHMENTS:** Minutes: May 23, 2019  
June 5, 2019  
June 13, 2019  
June 19, 2019

**SUSANVILLE CITY COUNCIL**  
**Special Meeting Minutes**  
**May 23, 2019 – 3:00 p.m.**

Meeting called to order at 3:00 p.m. by Mayor Stafford.

Roll Call: Brian Wilson, Joe Franco, Brian Moore, Mendy Schuster and Mayor Kevin Stafford.

Staff Present: Mike Wilson, City Administrator, Kevin Jones, Police Chief; James Moore, Fire Chief; Dan Newton, Public Works Director; Deborah Savage, Finance Manager; Quincy McCourt, Project Manager and Gwenna MacDonald, City Clerk.

**1 APPROVAL OF THE AGENDA**

Motion by Councilmember Schuster, second by Councilmember Moore to approve the agenda as submitted; motion carried unanimously. Ayes: Franco, Wilson, Moore, Schuster and Stafford.

**2 PUBLIC COMMENT** No comments.

**3 SCHEDULED MATTERS:**

**3A Economic Development Presentation** Mr. Wilson introduced Lisa McKay, Vice President of Buxton Company.

Ms. McKay provided a background of the services provided by Buxton Company through customer analytics. She explained that analytics is the in-depth analysis of customer data to identify, attract and retain customers, describing the process of tracking and capturing browsing and buying patterns through credit card transactions, online shopping carts, customer loyalty programs and user-generated reviews. The data is used to recruit retail businesses and industry to areas, based upon proven customer bases and populations. Ms. McKay discussed the process of how this information is utilized by City for the promotion of economic growth, and reviewed just a few of the numerous success stories from municipalities throughout the region. She described the support and customer service benefits that the City would gain through the partnership with Buxton Company.

There was a lengthy general discussion regarding the importance of establishing short and long term economic vitality objectives, and the investment in the City's future that is critical to the long term financial health of the City. It was the consensus of the City Council to move forward with a contract with the Buxton Company.

**3B Budget workshop: Fiscal Year 2019 – 2020** Ms. Savage explained that the workshop would be focusing on the General Fund. She presented a power point, beginning with a slide depicting that the City's general fund is increasing annually by approximately 1.8 percent, while the expenses are growing at a rate of 4.14 percent annually. Over the past several years, the City has been very lucky to balance the annual budget by taking advantage of cost savings realized through vacant positions, risk management dividend payments, and one-time windfall payments which has allowed the City to build up its reserves. The current balance in the reserve is \$1,369,711 which exceeds the 20 percent reserve objective as established by the City's budget policies.

Ms. Savage reviewed the Departments which are funded by the General Fund, which include the Police and Fire departments and Administrative Services Department. The Administrative Services Department includes

the City Council, Administration, City Attorney, City Clerk and Personnel, the Finance Division, Building and Planning services, Parks, and debt service. Ms. Savage reviewed a slide illustrating general fund spending for the period of 2014/2015 through the proposed 2019/2020 budget, with estimated figures for 2018/2019 since the year has not closed out yet, and proposed for fiscal year 2019/2020, noting the percentage of expenditures were 49.10 percent for Police, 24.86 percent for Fire and 26.03 percent for Administrative Services. Ms. Savage presented a breakdown of personnel cost and operational costs for each Department.

Ms. Savage reviewed the proposed changes to the budget for fiscal year 2019/2020. Those included net increases to salaries and benefits, CalPERS pension costs, police and fire overtime, debt service, dispatch/animal control contracts, building department training and publications, a net decrease in transfers to Streets to meet the Maintenance of Effort requirements, and a net decrease to transfers out to the Golf Course fund. Ms. Savage noted that the proposed budget does not include any increases in bargaining units currently in negotiations.

Ms. Savage reviewed the list of needs that are not requested or included in the proposed budget. They included repair/replacement of the City Hall roof, generator for City Hall, replacement of the Building Official vehicle, full general fund maintenance of effort contribution, replacement of fire hall heating system, remodel of the City Community Center, replacement of the City Hall server, upgrade to the Police Department records management system, and economic development professional services. Ms. Savage also reviewed slides related to the CalPers obligation, noting the increase in costs projected over a 30 year period to fiscal year 2046/2047. At the current rate of spending, without any increases to revenue, the City's reserve fund will be exhausted in just a few short years and the City will be unable to pay its bills, as indicated by the projected increase in the deficit.

Ms. Savage reviewed options for discussion including freezing unfilled positions, reducing services to the public, reductions in Departmental spending, freezing current salaries and benefits and increasing taxes and revenues. She invited comments and questions from the Council.

Councilmember Wilson asked where the City was in discussions with the Rancheria.

Mr. Wilson provided an update regarding discussions, and the positive response to the option of purchasing equipment to include vehicles for the Department.

Mayor pro tem Franco commented that the last attempt at passing a tax measure failed at the ballot.

There was a lengthy discussion regarding the possibility of placing a tax measure on the 2020 ballot, the importance of generating public trust and engaging the community in the process which will affect everyone if the City fails in its efforts to increase revenue. The Council discussed a general tax versus special tax, the difficulty to convince voters to support a tax if there was not a notable increase in service levels to the community.

**Kurt Bonham** stated that the City's obligation is to establish a separate budget for public safety only, to guarantee to the community that any revenue generated by a special tax is only going to support public safety. The City needs to provide police and fire protection to the community, and the streets have to be saved. The City should have put a tax on the ballot years ago, because there are not going to be any second chances.

Councilmember Schuster asked if staff has continued to look at selling some of the surplus properties, even though that would not be a long term solution, it would help in the short term.

Mr. Wilson responded that staff would be looking at obtaining appraisals for the identified properties.

Mayor pro tem Franco commented that the City is at the point where it would be looking at freezing positions and reducing services, and how that message most effectively conveyed to the public.

Councilmember Moore stated that he does not want to risk the departments being under-staffed, which puts employee at risk.

Mayor Stafford stated that the City needs to look at all options, including reviewing the MOU's, looking at the overtime budget and departments reducing costs because every option has to be considered.

Mr. Bonham suggested the Council go back and look at the 2004/2005 budget, and not try to reinvent the wheel. The Council made a lot of tough decisions and they did a tremendous job and by 2006 they were headed in a great direction.

Mayor pro tem Franco added that it was the Council's responsibility to do what they can to keep the doors open.

There was additional general discussion regarding services related to dispatch and animal control and the additional items requested in the proposed budget.

Councilmember Wilson commented that it may be time to look at the cost to revert the City's Calpers benefit back to what it was prior to the change implemented in the early 2000's.

Ms. Savage responded that initial research has shown that it would be very complicated and difficult to undo. She requested Council direction regarding the proposed 2019/2020 budget.

It was the direction of the City Council to include the requested training budget for the Building Department. Mr. Newton commented that it may be necessary to bring back the Maintenance of Effort funding for RMS funding based upon the final discussions with the State regarding eligible MOE spending by the Department.

**5 ADJOURNMENT:** Motion by Mayor pro tem Franco, second by Councilmember Wilson, to adjourn the meeting; motion carried unanimously. Ayes: Moore, Schuster, Franco, Wilson and Stafford.

The meeting adjourned at 5:43 p.m.

Respectfully submitted by

\_\_\_\_\_  
Kevin Stafford, Mayor

\_\_\_\_\_  
Gwenna MacDonald, City Clerk

Approved on: \_\_\_\_

**SUSANVILLE CITY COUNCIL**  
**Regular Meeting Minutes**  
**June 5, 2019– 7:00 p.m.**

Meeting was called to order at 7:00 p.m. by Mayor Stafford.

Roll call of Councilmembers present: Brian Wilson, Joseph Franco, Brian Moore, Mendy Schuster and Mayor Kevin Stafford.

Staff present: Mike Wilson, City Administrator; Jessica Ryan, City Attorney; Daniel Gibbs, City Engineer; Ryan Cochran, Police Captain; James Moore, Fire Chief; Deborah Savage, Finance Manager and Gwenna MacDonald, City Clerk

**1      APPROVAL OF AGENDA:**

Motion by Mayor pro tem Franco, second by Councilmember Wilson, to approve the agenda as submitted; motion carried unanimously. Ayes: Franco, Schuster, Wilson, Moore and Stafford.

**2      PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS:** No comments.

**3      CLOSED SESSION:** No business.

**4      RETURN TO OPEN SESSION:**

Captain Ryan Cochran provided the Thought of the Day.

Mayor Stafford presented a Certificate of Recognition to Lassen High School's 2019 Valedictorian Ryan Elison and Salutatorian Jordanna Jones.

**5      BUSINESS FROM THE FLOOR:**

**Yvonne Peterson** provided information to the City Council regarding feral cat populations. She discussed the care and effort that she and others like her have dedicated to making sure that the stray cat populations are kept healthy and fed. She disputed the information in a recent article where the feral cat population was described as starving and diseased.

**Jason Weir** stated that he lives on Hall Street, and there is a vacant property around the corner, and even though it is tagged there are still people living in it.

**Kevin Singletary**, Vice President of the Susanville Peace Officers Association (SPOA) requested the discussion regarding a sales tax measure be placed on the next City Council agenda for discussion.

**6      CONSENT CALENDAR:**

- A      Approve minutes from the City Council's April 22 and May 1, 2019 meetings
- B      Approve **Resolution No. 19-5661** approving fiscal year 2018/2019 Risk Management services budget amendment
- C      Approve **Resolution No. 19-5659** approving Supplement Agreements
- D      Approve **Resolution No. 19-5657** authorizing SB1 Project Approval
- E      Approve **Resolution No. 19-5663** approving contract with Plumas Sierra Rural Electric for Fiber Optic services at 66 North Lassen Street
- F      Approve sale of City Surplus Vehicles and Equipment through Public Auction

Motion by Councilmember Wilson, second by Mayor pro tem Franco, to approve the Consent Calendar; motion carried unanimously. Ayes: Wilson, Schuster, Moore, Franco and Stafford.

**7 PUBLIC HEARINGS:**

**7A Consider Resolution No. 19-5634 establishing and adopting Schedule of Fees for Fiscal year 2019/2020** Ms. Savage explained that the City annually reviews the fees for services provided, and makes adjustments as needed. The fees are from a wide variety of purposes from park use fees to building plan check fees, and the amount of the fee cannot exceed the cost for providing the service. Ms. Savage summarized the proposed changes for fiscal year 2019/2020 as follows:

- Police Mitigation Fees
- Streets Mitigation Fees
- Fire Mitigation Fees
- NSF Returned Fee and Stop Payment
- New (Administrative Fee for small claims and collections) Finance
- New (Minor Permit Fee for small projects) Building
- New (Towed Vehicle Release, Property Return Fee and Daily Gun Storage) Police
- Various Fire Department Fees

The amount estimated to be collected for all fees is approximately \$240,000.

At 7:17 p.m., Mayor Stafford opened the public hearing and requested comments.

There being no comments, Mayor Stafford closed the public hearing at 7:18 p.m.

Councilmember Wilson asked about the fee for gun storage.

Chief Jones responded that the costs is for confiscated guns or sometimes people give the guns to the PD for storage.

Motion by Councilmember Schuster, second by Mayor pro tem Franco to approve Resolution No. 19-5634; motion carried unanimously. Ayes: Schuster, Franco, Moore, Wilson and Stafford.

**7B Consider Resolution No. 19-5664 authorizing Weed and Rubbish assessment and liens against certain real properties located within the City of Susanville: APN: 103-330-18/63 N. Weatherlow**

Chief Moore reported that a weed and rubbish nuisance was abated at a property located at 63 North Weatherlow in accordance with Susanville Municipal Code Chapter 8.28 Weed and Rubbish Abatement. In addition to the cost of abatement, a \$200 administrative fee has been assessed, for a total of \$600 to be reimbursed to the Code Enforcement budget.

Mayor Stafford opened the public hearing at 7:20 p.m. and requested public comments.

There being no comments, Mayor Stafford closed the public hearing at 7:21 p.m.

Mayor pro tem asked if there were other properties that are scheduled for abatement.

Chief Moore responded that the Department has established a weed abatement deadline, and after the deadline passes, will be implementing the yearly abatement process, and bring those properties to the Council for consideration as a group.

Motion by Councilmember Moore, second by Councilmember Wilson, to approve Resolution No. 19-5664; motion carried unanimously. Ayes: Moore, Wilson, Franco, Schuster and Stafford.

8 **COUNCIL DISCUSSION/ANNOUNCEMENTS:** Commission/Committee reports: No business.

9 **NEW BUSINESS:**

9A **Consider approval of vendor warrants numbered 203887 through 204063 for a total of \$740,631.66 including \$470,202.05 in payroll warrants** Ms. Savage presented the vendors warrants for review.

Motion by Mayor pro tem Franco, second by Councilmember Moore, to approve the vendor warrants as presented; motion carried unanimously. Ayes: Franco, Moore, Wilson and Stafford. Abstain: Schuster.

9B **Consider approval of Resolution No. 19-5655 awarding 2012 STIP SC4 Project No. 18-01 project to Dig It Construction, Inc.**

9C **Consider approval of Resolution No. 19-5656 awarding 2012 STIP SCS Project No. 18-02 Dig It Construction** Mr. Gibbs suggested that Items 9B and 9C be presented together, since they are related to STIP projects SC4 and SC5 to install asphalt over existing City streets at various locations. The projects were advertised and the company of Dig It Construction, Inc. was the lowest responsible bidder for each project.

Councilmember Wilson stated that he would abstain from the vote since his street is included in the project.

Motion by Councilmember Schuster, second by Mayor pro tem Franco, to approve Resolution No. 19-5655 and 19-5656; motion carried unanimously. Ayes: Schuster, Franco, Moore and Stafford. Abstain: Wilson

9D **Consider approval of Resolution No. 19-5658 awarding bid for Main Street sidewalk repairs and replacement to Impact Construction** Mr. Gibbs reviewed bids received for the annual sidewalk repairs that are funded by Caltrans. Impact Engineering was the lowest responsible bidder.

Motion by Mayor pro tem Franco, second by Councilmember Schuster to approve Resolution No. 19-5658; motion carried unanimously. Ayes: Franco, Schuster, Moore, Wilson and Stafford.

9E **Consider approval of Resolution No. 19-5660 approving and adoption Debt Management Policy** Ms. Savage explained that as part of the process for refinancing the Water and Natural Gas debt, the City must have adopted debt policies that set parameters for issuing debt, management of the City's debt portfolio and provide guidance to decision makers. Staff has been working with bond counsel to develop the policy.

Motion by Councilmember Wilson, second by Mayor pro tem Franco, to approve Resolution No. 19-5660; motion carried unanimously. Ayes: Wilson, Franco, Moore, Schuster and Stafford.

9F **Consider approval of Resolution No. 19-5662 accepting HUSA Annual Report and setting Public Hearing** Mr. Wilson reported that per the terms of the Streets and Highways Code requires the City to consider the annual fiscal report of the Historical Uptown Susanville Association (HUSA) and approve it by resolution. The Council then sets a public hearing to consider the levy of assessment for the upcoming fiscal year. Per the noticing requirements established by the government code, the public hearing could be set for July 3<sup>rd</sup> at 7:00 p.m.

**Melanie Westbrook**, HUSA President, stated that the City has been very helpful in the collection of assessments, and she asked if the Council had any questions regarding the report.

Councilmember Wilson noted that he receives feedback from some of the assessees that are not satisfied

with the District, and at some point it might be prudent to go back to the businesses and see if they still want the District.

Ms. Westbrook stated that the business owners should be more engaged in the process and this time, there are only four seats filled on the 9-member board.

**David Teeter**, Margie's Book Nook, informed the Council that if it chooses to not move forward with HUSA, then a commitment of effort needs to be made by the City for Economic Development. He is frustrated by the idea that people can not show up and participate in the hearing, but rather complain behind the scenes to a Council member and cause the District to be dissolved. He talked about the goals of HUSA beyond simply just a parking District, the events that are put on that are tremendously popular for the community, such as Safe and Sane Halloween and the Magical Country Christmas.

Mayor pro tem Franco discussed the feedback he has received from businesses located in Zone B and the limited benefit they receive from these events.

Ms. Westbrook talked about the obligation of the business owners during the events, and how the event brings people to the uptown, reminds them that the businesses are there, and gets them in the door. It is up to the business owners to make those contacts and take the opportunity to promote their business.

Mr. Teeter added that it will not matter if the City is successful in passing a sale tax measure, if there are no merchants there to make sales.

Councilmember Wilson commented that it is not a debate about whether or not HUSA is doing a good job promoting the events. The events are very popular, and the government process does not require that citizens personally represent themselves at City Council meetings in order to have a voice. The Council is elected to represent the constituents on many topics, and the Council is being asked to vote to impose a fee on business owners who are often speaking to the Council about their dissatisfaction with the District.

There was a general discussion regarding participation in the District by businesses, options to incentivize small business owners to locate in the historic uptown, and the economic benefit provided by HUSA events.

Motion by Mayor Stafford, second by Councilmember Wilson to approve Resolution No. 19-5662; motion carried by polled vote. Ayes: Stafford, Wilson and Schuster. No: Moore and Franco.

**9G Consider approval of Resolution No. 19-5665 approving and adopting Lassen County and City of Susanville Emergency Operations Plan (EOP)** Chief Moore reviewed the actions of the Lassen County Disaster Council and the City of Susanville to update the Emergency Operations Plan (EOP). The Integrated Emergency Operations Plan it is an all-hazard plan that describes how Lassen County and the City of Susanville will organize and respond to emergencies and disasters in the community. Lassen County Emergency Services Chief Ewing was the project leader and worked with Disaster Council members and stakeholders to develop a draft EOP. The draft Plan was tested during a table top exercise involving department members from both Lassen County and the City of Susanville. The scenario was a Hazardous Materials (HazMat) Incident during a Red Flag Warning occurring within the City limits. The Transportation-related HazMat incident resulted in shut down of the highway, along with health and life safety concerns. The document is available at the County Clerk's office, City Clerk's office, and on the Lassen County website under the OES page.

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve Resolution No. 19-5665; motion carried unanimously. Ayes: Franco, Schuster, Moore, Wilson and Stafford.

**9H Consider approval of contract with Buxton Company and Local Store Marketing and authorizing Mayor to execute agreement** Mr. Wilson explained that City staff met with Buxton Company to discuss the benefit and options for partnering with Buxton to improve the City's economic development plan. Buxton provides a total marketing strategy that enables the community leaders to understand the consumer profile of their residents and to identify specific retailers and restaurants who seek a market with household purchasing habits that match the City's. Buxton company VP Lisa McCay provided a presentation at the City's May 23<sup>rd</sup> budget workshop, and staff was directed to move forward with entering into an agreement with Buxton Company. The City will have access to the same analytical information that retailers rely on to make site selection decisions. Mr. Wilson evaluated the City's economic strategy objectives, describing the role that Buxton will fill and the benefits provided by utilizing their services.

Councilmember Wilson stated that he was excited about the opportunity to add another layer in the economic vitality effort.

Mayor pro tem Franco added that it may not be the best timing wise for the cost of utilizing their services, but it's important to make every effort to move forward with attracting businesses to the community. He asked where the City was taking the money from to fund the services.

Ms. Savage responded that the cost would be coming from fund balance, and that it was important for the City to invest in its future.

Motion by Mayor pro tem Franco, second by Councilmember Wilson, to approve the agreement with Buxton Company; motion carried unanimously. Ayes: Franco, Wilson, Moore, Schuster and Stafford.

**10 SUSANVILLE COMMUNITY DEVELOPMENT AGENCY:** No business.

**11 SUSANVILLE MUNICIPAL ENERGY CORPORATION:** No business.

**12 CONTINUING BUSINESS:** No business.

**13 CITY ADMINISTRATOR'S REPORTS:** No business.

**14 COUNCIL ITEMS:**

**14A AB1234 travel reports:**

Councilmember Schuster requested that staff looking into the options for providing a second access route to Lassen College by the extension of Dave Anderson Drive southerly to tie into the Skyline Bypass road. In the event of a disaster, there is no way out of the campus if Highway 139 is blocked.

Mayor pro tem Franco addressed the comments made by Ms. Peterson at the beginning of the meeting regarding feral cats. The Council had discussed the problem with feral cats at the May 15<sup>th</sup> meeting, and while they are a problem in some neighborhoods, he wants people to be responsible for their animals. Some of the cats are fed and cared for, but that is not always the case.

Councilmember Wilson requested that staff follow up with LMUD regarding a grant to put a charging station in the community. He also requested that the discussion for a Sales Tax measure be added to the next meeting for consideration.

Mayor Stafford agreed with Mr. Wilson's request for the Sales Tax measure discussion.

**15     ADJOURNMENT:**

Motion by Mayor pro tem Franco, second by Councilmember Moore, to adjourn; motion carried unanimously. Ayes: Franco, Moore, Schuster, Wilson and Stafford.

Meeting adjourned at 8:22 p.m.

Respectfully submitted by

\_\_\_\_\_  
Gwenna MacDonald, City Council

\_\_\_\_\_  
Kevin Stafford, Mayor

*Approved on:* \_\_\_\_\_

**SUSANVILLE CITY COUNCIL**  
**Special Meeting Minutes**  
**June 13, 2019 – 3:00 p.m.**

Meeting called to order at 3:00 p.m. by Mayor Stafford.

Roll Call: Brian Wilson, Joe Franco, Brian Moore, Mendy Schuster and Mayor Kevin Stafford.

Staff Present: Mike Wilson, City Administrator; Jessica Ryan, City Attorney; Deborah Savage, Finance Manager; Dan Newton, Public Works Director; Dan Weaver, Assistant Fire Chief; Anthony Hanner, Building Official, Quincy McCourt, Project Manager and Gwenna MacDonald, City Clerk.

**1 APPROVAL OF THE AGENDA**

Motion by Mayor pro tem Franco, second by Councilmember Moore to approve the agenda as submitted; motion carried unanimously. Ayes: Franco, Wilson, Moore, Schuster and Stafford.

**2 PUBLIC COMMENT**

**Kevin Singletary**, Vice President of the Susanville Peace Officer Association (SPOA), discussed the necessity of a sales tax measure, the support of SPOA in providing public outreach and education about the measure, and the jurisdictions that have been successful in passing a tax measure.

Mr. Wilson presented three Civic Contribution requests that have been received from the Lassen Fair, the Bluegrass Festival and the Lassen Arts Council. These were submitted by the organizations who requested they be considered as part of the budget discussions.

It was the consensus of the Council to agendize the requests for the June 19, 2019 meeting.

**3 SCHEDULED MATTERS:**

**3A Budget workshop: Fiscal Year 2019/2020** Mr. Wilson reported that the City conducted a budget workshop on May 23, 2019 to obtain input from the public and City Council regarding the proposed 2019/2020 budget. The workshop reviewed information related to the major funds for the City, revenue and expense projections and the anticipated increase in Calpers pension costs. The Council requested that a second workshop be scheduled, with the final adoption of the budget anticipated for the June 19, 2019 regular City Council meeting.

Ms. Savage added that one of the items that had been requested was to identify the cost savings for the City to revert back to the prior Calpers rate, or if that was possible based upon the current contract with the State. Ms. Savage explained that the bulk of the expense for the pension cost is based upon the retirees, and not existing City employees. There would be no cost savings as there are very few existing employees that are legacy members.

Mayor Stafford stated that the City needs to freeze open positions, freeze salaries, and direct the Department heads to come up with 20 percent reductions in spending for their Departments. The City cannot continue to kick the can down the road.

Councilmember Moore stated that he is not a big fan of pay cuts and freezing positions since it puts the existing safety employees at risk.

Councilmember Schuster added that while it is not a long-term solution, she would like to see the City sell some of its excess properties before considering cutting positions.

Mayor Stafford clarified that he did not suggest cutting positions, but freezing unfilled open positions.

Mayor pro tem Franco commented that the City can only spend what it has, and it is irresponsible for the City to spend what it doesn't have. There is no guarantee that even if a tax measure is put on the ballot that it will pass, and the City had a period of time in the past where there were frozen positions and no pay increases for employees.

Chief Jones stated that his Department does not currently have any vacancies, and he discussed possible options to cut costs with animal control and dispatch services.

Victoria Estrada, Susanville Police Department, spoke about her responsibilities at the Police Department, and how scary it is to consider cutting positions. She listens to the radio all day long and there are times when the officers do not have backup and there are more calls coming in.

Mayor pro tem Franco discussed the positive benefit of community involvement, the formation of neighborhood watch groups, and the Council is not suggesting that there be cuts in public safety, only that the issue of deficit spending must be addressed and discussed.

Mayor Stafford stated that the Departments understand their budgets better than the Council, and they need to identify ways to cut costs.

Councilmember Wilson concurred, stating that staff must identify options for cutting costs, and suggest solutions to Council. He is looking for a road map of how the City can move forward through the next few years and cope with increasing expenses and no guarantees on increased revenues. There is no single solution, including adding retail. Retail in the center of town was non-existing a few years ago, and now there are several new businesses however the increase in revenues is not as significant as would be expected.

Mr. Wilson discussed developing relationships, taking new approaches, and the futility of re-creating the same wheel. He talked about the team approach to working on bringing the City out of its current financial situation.

Mayor Stafford asked if staff was close to coming to an agreement with the MOU that the City has to provide safety services to the Susanville Indian Rancheria.

Mr. Wilson responded that staff is continuing to work with the Rancheria but has not finalized an MOU for services.

There was a general discussion regarding the deficit, savings in the form of the Tobacco grant, selling City real estate, and the importance of having a plan to navigate the next three years to avoid closing the City's doors. It was the consensus of the City Council to have staff work on the plan, and bring it to Council for consideration at the September 18<sup>th</sup> meeting.

**3B Sales Tax Measure Discussion** Mr. Wilson provided a breakdown of revenues generated by California's state-mandated sales tax of 7.25 percent, with one percent of the revenue going towards local

City/County operating funds. If the City opts to place a sales tax measure on the ballot, it must coincide with an election where City Council members are on the ballot, which is March 3, 2020, and if it is a public safety tax then as a special tax it will require a 66 percent vote in favor to pass. Mr. Wilson stated that from his perspective, he would have preferred to have a few years to work on building public support, however if the City is going to move forward, it will be critical to have the support and backing of SPOA and other public safety groups in order to give it the best chance of passing.

Mayor Stafford commented that it is important to be transparent and make sure people know what the additional tax will be supporting.

Mayor pro tem Franco noted that the sales tax would help support existing staffing and services, but it will not mean that the City could afford to add five more officers, in reality we are struggling to maintain the ones that we currently have.

Dan Newton stated that the big Calpers hit has not happened yet, it's still increasing and ramping up, and it's important to include that discussion in the talks regarding a tax measure.

Mr. Wilson stated that from the perspective of attracting businesses to the community and promoting economic vitality, it's probably best to put forth a lower percentage of increase on the ballot to not deter businesses from wanting to locate to Susanville.

Councilmember Schuster asked Mr. Bonham to speak to the concept of a Public Safety fund.

Kurt Bonham responded that any ballot measure has to be presented as a public safety fund if there is any chance of it being successful. The money needs to be set aside in a newly-created Public Safety fund, with a clear and understandable accounting of where the money is going. He encouraged the Council to establish short and long term goals for spending, and the costs needed to achieve those goals. Accountability has to be a part of it or the voters are not going to consider supporting it. He added that it would be nice to see numbers.

Councilmember Wilson remarked that Susanville is a union town, and the City should be reaching out to all public safety agencies to gain their support, since it will affect everyone if the City isn't able to meet its financial obligations in three years.

There were no other questions or comments.

**5 ADJOURNMENT:** Motion by Councilmember Schuster, second by Councilmember Moore, to adjourn the meeting; motion carried unanimously. Ayes: Moore, Schuster, Franco, Wilson and Stafford.

The meeting adjourned at 4:23 p.m.

Respectfully submitted by

\_\_\_\_\_  
Kevin Stafford, Mayor

\_\_\_\_\_  
Gwenna MacDonald, City Clerk

Approved on: \_\_\_\_\_



**SUSANVILLE CITY COUNCIL**  
**Regular Meeting Minutes**  
**June 19, 2019– 6:00 p.m.**

Meeting was called to order at 6:00 p.m. by Mayor Stafford.

Roll call of Councilmembers present: Brian Wilson, Joseph Franco, Brian Moore, Mendy Schuster and Mayor Kevin Stafford.

Staff present: Mike Wilson, City Administrator and Gwenna MacDonald, City Clerk.

**1 APPROVAL OF AGENDA:**

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve the agenda as submitted; motion carried unanimously. Ayes: Franco, Schuster, Wilson, Moore and Stafford.

**2 PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS:** No comments.

**3 CLOSED SESSION:** At 6:01 p.m. the Council entered into Closed Session to discuss the following:

A CONFERENCE WITH LABOR NEGOTIATORS - pursuant to Government Code Section §54957.6

Agency Negotiator: Michael Wilson

Bargaining Unit: Susanville Peace Officers Association (SPOA)

B PUBLIC EMPLOYMENT – Pursuant to Government Code Section §54957

1 Contract City Attorney Services

2 Approved Position List

**4 RETURN TO OPEN SESSION:**

At 7:00 p.m. the City Council reconvened in Open Session.

Staff present: Mike Wilson, City Administrator; Dan Newton, Public Works Director; Kevin Jones, Police Chief; Dan Weaver, Assistant Fire Chief; Quincy McCourt, Project Manager; Deborah Savage, Finance Manager; Anthony Hanner, Building Official; Marlin Johnson, City Planner and Gwenna MacDonald, City Clerk.

Mr. Wilson reported that prior to Closed Session, the agenda was approved as submitted. The City Council met in Closed Session and no reportable action was taken.

Mayor pro tem Franco provided the Thought of the Day.

Chief Jones introduced Officer Terra Avilla who presented a Certificate of Recognition for Police Explorer Captain Dakota Faith Benjamin Sohoo. Officer Avilla discussed the activities and accomplishments, adding that Captain Sohoo served a valuable leadership role for the group.

**5 BUSINESS FROM THE FLOOR:**

**John Chan** discussed the June 8<sup>th</sup> We Heart Memorial Park event. It was a church-focused event with approximately 200 people in attendance and they collected over 100 signatures. Another event is planned for July 13<sup>th</sup> that is more community focused, and he invited the police department and those in attendance to participate.

**6**      **CONSENT CALENDAR:**

- A      Approve minutes from the City Council's May 15, 2019 meeting
- B      Approve Letter of Understanding with the Susanville Police Officers Association (SPOA)

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve the Consent Calendar; motion carried unanimously. Ayes: Franco, Schuster, Moore, Wilson and Stafford.

**7**      **PUBLIC HEARINGS:**

**7A**      **Consider Resolution No. 19-5666 adopting Budget for Fiscal year 2019/2020** Ms. Savage reported that the City conducted budget workshops on May 23<sup>rd</sup> and June 13<sup>th</sup> to solicit input from the community and receive direction from the City Council regarding the proposed fiscal year 2019/2020 budget. The budget is being presented as Exhibit A for adoption and reflects the financial data presented during the workshops. She reviewed the department requests that were included as follows:

- Police Department revenue increase \$7,500 for SLOT grant
- Police Department net expense increase of \$38,363 for dispatch/animal control, gasoline, etc.
- Fire Department net expense decrease \$2,188
- Building Department expense increase of \$10,153 for training and new code books
- Transfer out to Streets increase \$66,000 for Road Maintenance and Rehabilitation Account Maintenance of Effort (RMRA MOE)

Ms. Savage noted that the changes have increased the General Fund deficit spending to (\$568,911), and maintains the current level of City services.

Councilmember Wilson asked if the deficit includes funding received through the Tobacco grant. Ms. Savage responded that it did not.

Chief Jones added that a new round of Tobacco Grant funding would be coming soon and the City would be applying.

Councilmember Wilson requested that the commitment to bring back a spending plan that was discussed at the June 13<sup>th</sup> budget workshop be included in the language of the resolution adopting the budget. The resolution could be modified to include that condition of having the plan by September 18<sup>th</sup> without bringing back for Council approval.

At 7:12 p.m. Mayor Stafford opened the public hearing and requested comments from the public.

There being no comments, Mayor Stafford closed the public hearing at 7:13 p.m.

Mayor Stafford commented that he did not feel comfortable with the deficit budget, and did not feel as if the Council should wait until September to take action regarding possible freezing of positions, freezing salaries, and cutting additional department costs.

Mayor pro tem Franco stated that he sees the City moving in that direction, but he does not see a problem with bringing back a plan in September.

Motion by Mayor pro tem Franco, second by Councilmember Moore, to approve Resolution No. 19-5666; motion carried. Ayes: Franco, Moore, Schuster and Wilson. No: Stafford.

**7B Consider Resolution No. 19-5667 establishing appropriations for Fiscal Year 2019/2020** Ms. Savage reported that by law, Cities are limited to annual appropriations for revenue that are funded by proceeds of taxes for the fiscal year. The appropriation is calculated by various factors, and the limit for 2019/2020 for the City is \$11,533,787. It is anticipated that the City will collect approximately \$5,256,000 in revenue for the fiscal year.

At 7:16 p.m. Mayor Stafford opened the public hearing and requested comments.

There being no comments, Mayor Stafford closed the public hearing at 7:17 p.m.

Motion by Councilmember Wilson, second by Councilmember Schuster, to approve Resolution No. 19-5667; motion carried unanimously. Ayes: Wilson, Schuster, Franco, Moore and Stafford.

**7C Consider Resolution No. 19-5668 conducting Cost Hearing for abatement at 250 N. Spring Street** Mr. Hanner reviewed the work and cost that has been expended to abate a nuisance at 250 North Spring Street. The Municipal Code sets forth the procedure for the City to abate nuisance properties when the owners are unresponsive to the orders by the City to clean up their weeds, rubbish and other nuisances. The owner of 250 N. Spring Street was notified on numerous occasions of the nuisance on his property, and at a public hearing the Susanville Planning Commission heard testimony and issued a Nuisance Abatement Order. The costs of that abatement must be presented to the City Council for approval. If approved, the costs will be a personal debt against the property owner.

Councilmember Wilson asked if the property owner responded to the letters and notices that were sent.

Mr. Hanner stated that he did not speak to him personally, however he signed the consent notice to allow the City access to abate the property.

At 7:19 p.m. Mayor Stafford opened the public hearing and requested comments.

There being no comments, Mayor Stafford closed the hearing at 7:20 p.m.

Motion by Councilmember Schuster, second by Mayor pro tem Franco, to approve Resolution No. 19-5668; motion carried unanimously. Ayes: Schuster, Franco, Moore, Wilson and Stafford.

**8 COUNCIL DISCUSSION/ANNOUNCEMENTS:** Commission/Committee reports: No business.

**9 NEW BUSINESS:**

**9A Consider approval of vendor warrants numbered 204064 through 204163 for a total of \$274,372.06 including \$207,477.13 in payroll warrants** Ms. Savage reviewed the vendor warrant report.

Motion by Mayor pro tem Franco, second by Councilmember Moore, to approve the vendor warrants as submitted; motion carried unanimously. Ayes: Franco, Moore, Schuster, Wilson and Stafford.

**9B Consider Resolution No. 19-5669 approving copier lease agreement with Ray Morgan Company and authorizing Mayor to sign** Ms. Savage reported that the copiers at City Hall and the Police Department are getting older and breaking down regularly, with both copiers having over a million copies produced. The Finance Department machine prints thousands of bills each year, and is in need of replacement. The cost for leasing two machines for the Finance Department and Police Department is budgeted for fiscal year 2019/2020, and the lease option quote would save the City \$1,016.59 for higher capacity, faster machines.

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve Resolution No. 19-5669; motion carried unanimously. Ayes: Franco, Schuster, Moore, Wilson and Stafford.

**9C Consider Resolution No. 19-5670 accepting receipt of donated funds from SIR and Five Tribes Development Holdings** Chief Jones explained that the City has been in negotiations with the Susanville Indian Rancheria (SIR), and with the help of City Administrator Wilson, the Department has been fortunate to receive the generous contribution of cash from SIR in the amount of \$69,000 for the purchase of two new vehicles for the Police Department. A resolution accepting the donation must be approved by the City Council.

Mayor Stafford asked if the City was getting closer to negotiating a Public Safety MOU with SIR.

Mr. Wilson responded that negotiations are still in progress.

Motion by Councilmember Wilson, second by Mayor pro tem Franco, to approve Resolution No. 19-5670; motion carried unanimously. Ayes: Wilson, Franco, Moore, Schuster and Stafford.

**9D Consider Resolution No. 19-5671 authorizing the purchase of two vehicles for the Susanville Police Department** Chief Jones stated that this agreement ties in with the acceptance of funds from the Susanville Indian Rancheria. Staff has received quotes from Susanville Auto Center to purchase two vehicles in the amount of \$57,917.08 and a budget authorization is required. It will take approximately 2 to 3 months to fully equip the vehicles.

Motion by Councilmember Moore, second by Councilmember Schuster, to approve Resolution No. 19-5671; motion carried unanimously. Ayes: Moore, Schuster, Franco, Wilson and Stafford.

**9E Consider request for Civic Contribution donation from the Lassen County Arts Council** Mr. Wilson explained that the Lassen County Arts Council has requested financial assistance to assist with their transition back to financial solvency. The Council has a new Interim Board in place, and with the help of many qualified community members, are working towards cleaning up past debts. The Lassen County Arts Council supports arts in education programs, provides gallery space for numerous art exhibitions, and they would like to expand their art instruction to the local community.

**Karen Simon** stated that she has returned to the community after several years away, and she is very excited to work on bringing the Arts Council back to the community.

Councilmember Wilson asked how much money was left in the 2018/2019 Civic Contribution fund, and if the Fair would be requesting money for the Fair events.

Ms. Savage responded that the balance remaining is \$5,000, and the Lassen County Fair contribution would be funded from the 2019/2020 budget.

Councilmember Wilson commented that it has been several years since the City has received a request from the Arts Council, and is happy to see it back together, as it is an important group in the community.

Motion by Councilmember Wilson, second by Mayor pro tem Franco, to approve the civic contribution request in the amount of \$2,000; motion carried unanimously. Ayes: Wilson, Franco, Moore, Schuster and Stafford.

**9F Consider request for Civic Contribution donation from the Lassen County Fair for the Bluegrass Festival** Mr. Wilson stated that the City received a sponsorship request from the Bluegrass Festival Director in the amount of \$5,000 for the upcoming 2019 Bluegrass Festival. Last year's event reportedly brought over 500 people to the community, including 93 campers, and it is anticipated that this year's festival which is scheduled for June 21 – 23, 2019, will attract similar numbers.

Jim Wolcott, Lassen County Fair Manager, thanked the City Council for its generous support of the Fair Events and the Bluegrass Festival. He stated that any amount that the City could contribute for the upcoming weekend events would be very much appreciated. There are currently 73 campers at the fairgrounds, and it is expected that there will be more by the weekend.

Gary Felt asked if the campers are charged a fee or Transient Occupancy Tax for their stay at the fairgrounds.

Councilmember Wilson and Mayor Stafford both stated that the City does not charge fees for campers at the Fairgrounds, and the question would have to be directed to the County.

Mayor pro tem Franco stated that it is a great event that brings people to the community to spend money on food, gas, and he asked if it was anticipated that the event would ultimately pay for itself.

Mr. Wolcott responded that the event has seen its ups and downs, but the ultimate goal is for it to be a self-sustaining event for the community.

Councilmember Schuster commented that it is a very nice event for the whole family, and good for the community.

Motion by Councilmember Moore, second by Councilmember Schuster, to approve the donation for the Bluegrass festival in the amount of \$3,000; motion carried unanimously. Ayes: Moore, Schuster, Franco, Wilson and Stafford.

**9G Consider Ordinance No. 19-1016 adding Chapter 5.40 entitled "Mobile Food Truck" to the City of Susanville Municipal Code: Waive first reading and introduce** Mr. Johnson reported that the City Council has expressed an interest in supporting the operation of food trucks within the City limits, and the current Zoning Code allows mobile food trucks by Use Permit. The Use Permit process adds a layer of Planning Commission approval and considering the amount of State and County regulations that are required for food trucks to legally operate, including State inspections, approval of the County Health Department, and in many cases an inspection by the Fire Department, and a City business license, it seems to be a cumbersome process. The proposed ordinance is modeled after an ordinance passed by Lake Elsinore, and it imposes common courtesy and common sense regulations while providing a clear path to the operation without adding a special use permit. Mr. Johnson noted a section where staff recommended adding Mobile Food Carts to the definition of food trucks.

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to waive the first reading and introduce Ordinance No. 19-1016; motion carried unanimously. Ayes: Franco, Schuster, Moore, Wilson and Stafford.

**10 SUSANVILLE COMMUNITY DEVELOPMENT AGENCY:** No business.

**11 SUSANVILLE MUNICIPAL ENERGY CORPORATION:** No business.

## **12 CONTINUING BUSINESS:**

**12A Consider establishment of City Mission/Vision Statement and Core Values** Mr. Wilson reported that staff was directed by Council at its April 17, 2019 meeting to pursue the establishment of a City Mission Statement, Vision Statement and Core Values Statement. Staff opened the discussion by requesting feedback from City employees, and many suggestions were received. Mr. Wilson reviewed the ideas submitted by staff.

Councilmember Schuster stated that she liked the following Mission Statement suggestion:

*We are committed to providing quality public service in a fiscally responsible manner while preserving Susanville's vibrant history. We believe in treating our community with the upmost respect and making Susanville a safe place to live, learn, work, and raise a family all while enjoying the natural beauty of Northeastern California.*

Mayor pro tem Franco suggested that staff continue to work on development of the concepts, and that the City really couldn't go wrong with any of the ideas.

It was the consensus of the Council for staff to continue working on the development of City Mission/Vision Statement and Core Values.

## **13 CITY ADMINISTRATOR'S REPORTS:**

**13A Discuss an ordinance that allows camping within the City of Susanville with certain restrictions** Chief Jones reviewed the Susanville Municipal Code section regarding camping within the City of Susanville, or the storage of personal property, camp facilities and paraphernalia. He stated that the City Attorney prepared a brief regarding how recent case law affects the City's camping ordinance, and how the Code sections prohibiting camping or storing personal property in public places could be interpreted as criminalizing homelessness. Chief reviewed the case of *Martin v. City of Boise*, where the 9<sup>th</sup> Circuit Court of Appeal held that the Eighth Amendment's prohibition on cruel and unusual punishment bars a city from prosecuting people criminally for sleeping outside on public property when those people have no home or other shelter to go to.

Chief Jones reviewed the details of the Boise case where it was determined that there were not enough beds among the shelters to house the entire homeless population, and although there may be shelter available in Susanville for those in need, the shelter may not always be available. To enforce the City's ban on camping on public property may subject the City to litigation. An ordinance could be passed to modify the City's Municipal Code so that restrictions could be in place to prohibit camps from certain areas, and to make unlawful camping a misdemeanor and not infraction.

Councilmember Schuster referred to the attachment which stated that the number of documented homelessness that had received assistance was low. It seems that the problem is more an issue of transient than homeless, and she liked the way the proposed ordinance was written. It is a multi-prong approach that addresses a growing problem. There are a lot of churches in town that provide assistance in addition to Crossroads, and it does not seem that many of them stay long.

Chief Jones responded that he would like to agree that it is a transient problem, however in his experience the majority of the people his department deals with have lived in Susanville for years.

Mayor pro tem Franco commented that he had watched a video regarding the homeless problem in larger cities such as Seattle and Santa Barbara, it seems that often it is a drug problem, and not necessarily a homeless problem. The focus should be on identifying the problem, and get them the help they need.

Homelessness is often a component of a drug problem, but all homeless people are not necessarily addicted to drugs.

Chief Jones added that while drug problems are increasing, a majority of the time it is a mental health problem, and many do not take advantage of the help that is available.

**Thomas Wasson** discussed his experience with getting to know the population along the river to identify what the problems might be, and in many cases they are from out of the area. They come to Susanville because it's a nice place to hang out, there are services that they are able to convert to money to buy drugs, and they are well versed on the law, the protocol and they can work the system to support their drug habits.

Mayor pro tem Franco stated that it would be important to identify the gathering places, focus on routine patrolling of those areas, and make it unpleasant for people to congregate. The City cannot turn a blind eye and needs to be proactive and let them know that the activity is not welcome.

Chief Jones responded that the Municipal Code does not address loitering, and the officers can encourage people to move along but there are really no teeth in the existing ordinance to be able to cite them.

Councilmember Wilson commented that he does not like identifying specific areas in town where camping would be allowed, because it is taking the problem from one neighborhood and moving it to another. The court case is not settled, so at this point it may be a bit premature to update the ordinance.

**14 COUNCIL ITEMS:**

**14A AB1234 travel reports:**

Councilmember Schuster asked staff to pass along to the Parks Superintendent Dow Davis that the parks look great.

Councilmember Moore talked about his attendance at a recent Eagle Scout ceremony, and the valuable contribution that the youth are making in the community.

**15 ADJOURNMENT:**

Motion by Councilmember Wilson second by Councilmember Moore, to adjourn; motion carried unanimously. Ayes: Wilson, Moore, Franco, Schuster and Stafford.

Meeting adjourned at 8:12 p.m.

\_\_\_\_\_  
Kevin Stafford, Mayor

Respectfully submitted by

*Approved on.* \_\_\_\_\_

\_\_\_\_\_  
Gwenna MacDonald, City Council

Reviewed by:        City Administrator  
                         Public Works Director

- X   Motion Only
- Public Hearing
- Resolution
- Ordinance
- Information

**Submitted By:** Dan Newton, Public Works Director

**Action Date:** July 17, 2019

**CITY COUNCIL AGENDA ITEM**

**SUBJECT:** Consider changes to approved position list

**PRESENTED BY:** Mike Wilson, City Administrator

**SUMMARY:** The approved position list currently contains two full-time temporary positions within the Public Works Department. These positions are listed as temporary but do not meet the legal standard for temporary employees, staff is requesting that Council approve consolidating both temporary positions into one full-time regular position.

Only one of the two positions are filled. The position is shared between the Streets Division and the Gas Division. The uncertainty of the RSTP Exchange Dollars in previous years in partially the reason that both positions are not filled. However; with the availability of Senate Bill 1 funds through the Road Maintenance and Rehabilitation Program there is adequate budget capacity to convert the one filled temporary position to a regular full-time position and eliminate the second position. The regular full-time position is proposed to be shared between natural gas and streets 50/50.

**FISCAL IMPACT:** The proposed modification to the Approved Position List will result in a savings of approximately \$17,200 annually; however, the approved FY 19/20 budget already reflects the cost of making this change.

**ACTION REQUESTED:** Motion to approve eliminating one existing Temporary Maintenance Worker I/II position and to convert one existing Temporary Maintenance Worker I/II to one Regular Full-Time Maintenance Worker Position all within the Public Works Department.

**ATTACHMENTS:**

Approved Position List

Last Approved on 6/19/2019

Department/Position	Range	Step A	Step G & H	Unit
<b>REGULAR, FULL-TIME</b>				
<b>ADMINISTRATIVE SERVICES</b>				
City Administrator	175	\$ 92,432.86	\$ 123,868.94	Contract
Finance Manager	164	\$ 83,343.00	\$ 111,687.42	Pro/Tech
Building Official	157-158	\$ 70,238.74	\$ 94,126.50	Pro/Tech
City Clerk	152	\$ 62,191.74	\$ 83,343.00	Pro/Tech
City Planner	152	\$ 62,191.74	\$ 83,343.00	Pro/Tech
Assistant to City Administrator	148	\$ 58,388.46	\$ 82,158.44	Admin
Project Manager	146	\$ 55,608.02	\$ 78,246.22	Admin
Building Permit Tech	140	\$ 48,036.04	\$ 67,591.68	Admin
Park/Facilities Maint Superintendent	140-143	\$ 45,554.60	\$ 68,946.80	PWorks
Account Tech II	142-144	\$ 47,832.46	\$ 67,305.42	Misc
Account Tech I	133-135	\$ 38,391.86	\$ 54,021.50	Misc
Administrative Staff Assistant	124-126	\$ 30,832.62	\$ 43,385.42	Misc
Account Tech	124-126	\$ 30,832.62	\$ 43,385.42	Misc
Account Tech	124-126	\$ 30,832.62	\$ 43,385.42	Misc
<b>FIRE</b>				
Fire Chief	168	\$ 88,031.32	\$ 115,164.14	Mgmt
Assistant Fire Chief	154 - 156	\$ 68,566.42	\$ 91,885.56	Pro/Tech
Fire Captain	141 - 143	\$ 48,699.04	\$ 71,950.58	Fire
Fire Captain	141 - 143	\$ 48,699.04	\$ 71,950.58	Fire
Administrative Assistant	138-140	\$ 43,853.42	\$ 61,048.00	Misc
Fire Fighter I	129 - 139	\$ 36,339.94	\$ 65,261.30	Fire
Fire Fighter I	129 - 139	\$ 36,339.94	\$ 65,261.30	Fire
Fire Fighter I - Engineer	129 - 139	\$ 36,339.94	\$ 65,261.30	Fire
Fire Fighter I - Engineer	129 - 139	\$ 36,339.94	\$ 65,261.30	Fire
<b>POLICE</b>				
Police Chief	168	\$ 88,031.32	\$ 115,164.14	Mgmt
Police Captain	154-156	\$ 65,908.44	\$ 92,736.28	Pro/Tech
Police Sergeant	143-148	\$ 51,507.30	\$ 81,902.34	SPOA
Police Sergeant	143-148	\$ 51,507.30	\$ 81,902.34	SPOA
Police Sergeant	143-148	\$ 51,507.30	\$ 81,902.34	SPOA
Police Sergeant	143-148	\$ 51,507.30	\$ 81,902.34	SPOA
Police Officer	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer (Detective)	136-141	\$ 43,434.56	\$ 69,024.80	SPOA

Police Officer (Detective)	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Police Officer (SRO)	136-141	\$ 43,434.56	\$ 69,024.80	SPOA
Administrative Assistant	138	\$ 45,748.82	\$ 64,373.14	Admin
Community Services Officer	132-134	\$ 37,478.22	\$ 52,735.28	Misc
<b>PUBLIC WORKS</b>				
Public Works Director	168	\$ 85,937.28	\$ 115,164.14	Mgmt
City Engineer	160	\$ 75,594.48	\$ 101,303.80	Pro/Tech
Assistant Civil / Air Quality Engineer	140/144/150	\$ 48,036.04	\$ 86,266.44	Admin
Water Utility Supervisor	140-143	\$ 45,554.60	\$ 68,946.80	PWorks
Assistant Engineer	140	\$ 47,560.50	\$ 66,922.70	Admin
Gas Utility Supervisor	140-143	\$ 45,554.60	\$ 68,946.80	PWorks
Streets Maintenance Super.	140-143	\$ 45,554.60	\$ 68,946.80	PWorks
Admin Specialist	134-136	\$ 39,351.78	\$ 55,372.20	Misc
Gas Technician II - III	130 - 138	\$ 35,693.32	\$ 61,048.00	PWorks
Gas Technician II - III	130 - 138	\$ 35,693.32	\$ 61,048.00	PWorks
Gas Technician II - III	130 - 138	\$ 35,693.32	\$ 61,048.00	PWorks
Street Maint Operator II - III	130 - 138	\$ 35,693.32	\$ 61,048.00	PWorks
Water System Op II - III	130 - 138	\$ 35,693.32	\$ 61,048.00	PWorks
Water System Op II - III	130 - 138	\$ 35,693.32	\$ 61,048.00	PWorks
Utilities Services Technician	125-128	\$ 31,584.54	\$ 47,832.46	Pworks
Admin Staff Assistant	124-126	\$ 30,832.62	\$ 43,385.42	Misc
Mechanic I - III	121 - 138	\$ 28,648.10	\$ 61,048.00	PWorks
Maintenance Worker I - II	121 - 128	\$ 28,648.10	\$ 47,832.46	PWorks
Maintenance Worker I - II	121 - 128	\$ 28,648.10	\$ 47,832.46	PWorks
Maintenance Worker I - II	121 - 128	\$ 28,648.10	\$ 47,832.46	PWorks
<b>Maintenance Worker I - II (50/50 streets/gas)</b>	121 - 128	\$ -	\$ -	PWorks

#### PART-TIME

##### ADMIN

		Hourly Wage		
Parks Maintenance Worker - F/T	922	\$ 15.12	\$ 17.10	n/a
Parks Maintenance Worker - P/T	910	\$ 11.24	\$ 12.72	n/a
Human Resources Investigator	954	\$ 33.31	\$ 37.69	n/a
Human Resources Investigator	954	\$ 33.31	\$ 37.69	n/a
Human Resources Investigator	954	\$ 33.31	\$ 37.69	n/a
Construction Technician	951	\$ 30.93	\$ 35.00	n/a

##### POLICE

Community Service Officer - P/T	918	\$ 13.69	\$ 15.49	n/a
Youth Services Officer - P/T grant funded	926	\$ 16.69	\$ 18.88	n/a

##### PUBLIC WORKS

Maintenance Worker I-II / Streets F/T	922	\$ 15.12	\$ 17.10	n/a
Maintenance Worker I-II / Gas F/T	922	\$ 15.12	\$ 17.10	n/a

##### POOL

Pool Manager/Director	938	\$ 22.44	\$ 25.39	n/a
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Assistant Pool Director	935	\$	20.84	\$	23.58	n/a
Head Swim Instructor	923	\$	15.49	\$	17.53	n/a
Head Lifeguard	922	\$	15.12	\$	17.10	n/a
Head Lifeguard	922	\$	15.12	\$	17.10	n/a
Head Program Instructor	922	\$	15.12	\$	17.10	n/a
Lifeguard/Swim Instructor	911	\$	12.10	\$	13.03	n/a
Lifeguard/Swim Instructor	911	\$	12.10	\$	13.03	n/a
Lifeguard/Swim Instructor	911	\$	12.10	\$	13.03	n/a
Lifeguard/Swim Instructor	911	\$	12.10	\$	13.03	n/a
Lifeguard/Swim Instructor	911	\$	12.10	\$	13.03	n/a
Lifeguard/Swim Instructor	911	\$	12.10	\$	13.03	n/a

**GOLF COURSE**

Golf Course Business Manager P/T 20 Hours	937	\$	21.89	\$	24.77	n/a
Golf Course Superintendent P/T 20 Hours	937	\$	21.89	\$	24.77	n/a
Pro Shop Worker	910	\$	12.10	\$	12.72	n/a
Pro Shop Worker	910	\$	12.10	\$	12.72	n/a
Pro Shop Worker	910	\$	12.10	\$	12.72	n/a
Maintenance	910	\$	12.10	\$	12.72	n/a
Maintenance	910	\$	12.10	\$	12.72	n/a
Maintenance	910	\$	12.10	\$	12.72	n/a
Maintenance	910	\$	12.10	\$	12.72	n/a
Carts	910	\$	12.10	\$	12.72	n/a
Carts	910	\$	12.10	\$	12.72	n/a
Cook (not incl. in current budget)	910	\$	12.10	\$	12.72	n/a
Restaurant Waitress/Waiter (not incl. in current budget)	910	\$	12.10	\$	12.72	n/a

**TEMPORARY**

**ADMIN**

Hourly Wage

Intern	921	\$	14.75	\$	16.69	n/a
Intern	921	\$	14.75	\$	16.69	n/a
Intern	921	\$	14.75	\$	16.69	n/a
Intern	921	\$	14.75	\$	16.69	n/a
Intern	921	\$	14.75	\$	16.69	n/a
Intern	921	\$	14.75	\$	16.69	n/a

**POLICE**

Reserve Police Officer: <i>Up to 5 positions funded thru salary savings</i>	919	\$	14.04	\$	15.88	n/a
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**FIRE**

Fire Captain (Side Letter)	924	\$	15.88	\$	17.97	n/a
Fire Captain (Side Letter)	924	\$	15.88	\$	17.97	n/a
Fire Captain (Side Letter)	924	\$	15.88	\$	17.97	n/a
Fire Captain (Side Letter)	924	\$	15.88	\$	17.97	n/a

Fire Captain (Side Letter)

924	\$	15.88	\$	17.97	n/a
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**PUBLIC WORKS**

Assistant Engineer

944	\$	26.02	\$	29.44	n/a
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Gas Technician II (Gas Surveyor)

931	\$	18.88	\$	21.36	n/a
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Intern (PW)

921	\$	14.75	\$	16.69	n/a
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**VARIOUS**

Summer Laborer

911	\$	12.10	\$	-	n/a
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Summer Laborer

911	\$	12.10	\$	-	n/a
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Summer Laborer

911	\$	12.10	\$	-	n/a
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Summer Laborer

911	\$	12.10	\$	-	n/a
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Summer Laborer

911	\$	12.10	\$	-	n/a
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**CONTRACT POSITIONS**

**POLICE**

Officer Trainee

132	\$	1,515.25			
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*Per month based on est. hours*

City Attorney - \$125 per hour

	15 hours	25 hours	
	\$ 1,875.00	\$ 3,125.00	n/a

Airport Manager - \$1,896.86 per month

Annual cost: \$ 22,762.32

Reviewed by:  City Administrator

- Motion only
- Public Hearing
- Resolution
- Ordinance
- Information

**Submitted by:** Deborah Savage, Finance Manager

**Action Date:** July 17, 2019

**CITY COUNCIL AGENDA ITEM**

**SUBJECT:** Vendor and Payroll Warrants

**PRESENTED BY:** Deborah Savage, Finance Manager

**SUMMARY:** Warrants dated June 22, 2019 through July 5, 2019 numbered 204329 through 204416.

**FISCAL IMPACT:** Accounts Payable vendor warrants totaling \$ 145,349.19 plus \$ 209,327.48 in payroll warrants, for a total of \$ 354,676.67.

**ACTION REQUESTED:** Motion to receive and file.

**ATTACHMENTS:** Payments by vendor and transmittal check registers.

Report Criteria:  
 Report type: GL detail  
 Check.Voided = False

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
06/19	06/27/2019	204329	9475	49ER COMMUNICATIONS	SUPPLIES- FD	48558	1	1000-422-10-44	RADIOS - REPAIR & MAINTENA	6,672.24	6,672.24
Total 48558:										6,672.24	6,672.24
06/19	06/27/2019	204330	9432	ALL SEASON HEATING	WOODSTOVE REBATE	062519	1	8407-430-10-48	GRANTS	3,000.00	3,000.00
Total 062519:										3,000.00	3,000.00
06/19	06/27/2019	204331	44	ARAMARK UNIFORM SE	CUSTODIAL SUPPLIES-PW	636827265	1	7620-430-10-44	LINEN SERVICE	33.53	33.53
Total 636827265:										33.53	33.53
06/19	06/27/2019	204331	44	ARAMARK UNIFORM SE	UNIFORM SERVICE-STREETS	636827266	1	2007-431-20-44	LINEN SERVICE	55.67	55.67
Total 636827266:										55.67	55.67
06/19	06/27/2019	204331	44	ARAMARK UNIFORM SE	UNIFORM SERVICE-GAS	636827267	1	7401-430-62-44	LINEN SERVICES	49.54	49.54
Total 636827267:										49.54	49.54
06/19	06/27/2019	204331	44	ARAMARK UNIFORM SE	UNIFORM SERVICE-WATER	636827268	1	7110-430-42-44	LINEN SERVICE	41.92	41.92
Total 636827268:										41.92	41.92
06/19	06/27/2019	204331	44	ARAMARK UNIFORM SE	CUSTODIAL SUPPLIES-PW	636840909	1	7620-430-10-44	LINEN SERVICE	33.53	33.53
Total 636840909:										33.53	33.53
06/19	06/27/2019	204331	44	ARAMARK UNIFORM SE	UNIFORM SERVICE-STREETS	636840910	1	2007-431-20-44	LINEN SERVICE	55.67	55.67
Total 636840910:										55.67	55.67
06/19	06/27/2019	204331	44	ARAMARK UNIFORM SE	UNIFORM SERVICE-GAS	636840911	1	7401-430-62-44	LINEN SERVICES	49.54	49.54

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq	Check Amount	Check Amount
Total 636840911:										49.54	49.54	
06/19	06/27/2019	204331	44	ARAMARK UNIFORM SE	UNIFORM SERVICE-WATER	636840912	1	7110-430-42-44	LINEN SERVICE		41.92	41.92
Total 636840912:										41.92	41.92	
06/19	06/27/2019	204332	1231	ASBURY ENVIRONMENT	MIXED OIL- STREETS	1500-00452834	1	2007-431-20-44	REPAIR AND MAINTENANCE-V		25.00	25.00
06/19	06/27/2019	204332	1231	ASBURY ENVIRONMENT	MIXED OIL- GAS	1500-00452834	2	7401-430-62-44	REPAIR AND MAINT-VEHICLE		25.00	25.00
06/19	06/27/2019	204332	1231	ASBURY ENVIRONMENT	MIXED OIL- WATER	1500-00452834	3	7110-430-42-44	REPAIR AND MAINTENANCE-V		25.00	25.00
Total 1500-00452834:										75.00	75.00	
06/19	06/27/2019	204389	884	BANK OF AMERICA	TRAVEL EXPENSE-PD	1159 042519	1	1000-421-10-45	TRAINING		732.16	732.16
06/19	06/27/2019	204389	884	BANK OF AMERICA	PRINTING & BINDING- PD	1159 042519	2	1000-421-10-45	PRINTING AND BINDING		203.78	203.78
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES-PD	1159 042519	3	1000-421-13-46	SUPPLIES SAFETY ITEM		414.00	414.00
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL-PD	1159 042519	4	1000-421-10-46	GASOLINE		256.12	256.12
Total 1159 042519:										1,606.06	1,606.06	
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL	2064 042519	1	1000-417-10-46	GASOLINE		26.14	26.14
06/19	06/27/2019	204389	884	BANK OF AMERICA	DUES & MEMBERSHIP	2064 042519	2	1000-413-20-47	SOFTWARE		14.99	14.99
Total 2064 042519:										41.13	41.13	
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES-PD	2754 042519	1	1000-421-10-46	SUPPLIES-GENERAL		36.73	36.73
06/19	06/27/2019	204389	884	BANK OF AMERICA	POSTAGE-PD	2754 042519	2	1000-421-10-46	POSTAGE		92.96	92.96
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL-PD	2754 042519	3	1000-421-10-46	GASOLINE		80.33	80.33
06/19	06/27/2019	204389	884	BANK OF AMERICA	INVEST. SUPPLIES-PD	2754 042519	4	1000-421-10-45	INVESTIGATIVE FUNDS		69.40	69.40
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-PD	2754 042519	5	1000-421-10-44	VEHICLE - REPAIR & MAINTEN		108.33	108.33
06/19	06/27/2019	204389	884	BANK OF AMERICA	SOFTWARE SUPPORT-PD	2754 042519	6	1000-421-10-47	SOFTWARE		199.00	199.00
Total 2754 042519:										586.75	586.75	
06/19	06/27/2019	204389	884	BANK OF AMERICA	TRAVEL EXPENSE-PD	2896 042519	1	1000-421-10-45	TRAINING		105.28	105.28
06/19	06/27/2019	204389	884	BANK OF AMERICA	EQUIPMENT- PD	2896 042519	2	1000-421-10-47	MACHINERY AND EQUIPMENT		150.24	150.24
06/19	06/27/2019	204389	884	BANK OF AMERICA	EQUIPMENT- PD	2896 042519	3	2008-421-10-47	MACHINERY & EQUIPMENT		1,996.57	1,996.57
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES-PD	2896 042519	4	2008-421-10-46	SUPPLIES GENERAL		400.00	400.00
06/19	06/27/2019	204389	884	BANK OF AMERICA	SOFTWARE SUPPORT-PD	2896 042519	5	1000-421-10-47	SOFTWARE		577.88	577.88

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
06/19	06/27/2019	204389	884	BANK OF AMERICA	PRINTING & BINDING- PD	2896 042519	6	1000-421-10-45	PRINTING AND BINDING	10.73	10.73
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL-PD	2896 042519	7	1000-421-10-46	GASOLINE	92.32	92.32
06/19	06/27/2019	204389	884	BANK OF AMERICA	SAFETY SUPPLIES-PD	2896 042519	8	1000-421-10-47	EQUIPMENT - SAFETY	638.14	638.14
Total 2896 042519:										3,971.16	3,971.16
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES-PD	3110 042519	1	2008-421-10-46	SUPPLIES GENERAL	97.54	97.54
06/19	06/27/2019	204389	884	BANK OF AMERICA	POSTAGE-PD	3110 042519	2	1000-421-10-46	POSTAGE	7.35	7.35
Total 3110 042519:										104.89	104.89
06/19	06/27/2019	204389	884	BANK OF AMERICA	EQUIPMENT	4036 042519	1	2008-421-10-47	MACHINERY & EQUIPMENT	1,493.56	1,493.56
Total 4036 042519:										1,493.56	1,493.56
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-FD	4119 042519	1	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	915.10	915.10
Total 4119 042519:										915.10	915.10
06/19	06/27/2019	204389	884	BANK OF AMERICA	TRAVEL EXPENSE-PD	4332 042519	1	1000-421-10-45	TRAINING	353.00	353.00
Total 4332 042519:										353.00	353.00
06/19	06/27/2019	204389	884	BANK OF AMERICA	DUES & MEMBERSHIP- AP	5203 042519	1	7620-430-11-48	DUES AND MEMBERSHIPS	22.95	22.95
06/19	06/27/2019	204389	884	BANK OF AMERICA	SOFTWARE SUPPORT-PW	5203 042519	2	7620-430-10-47	SOFTWARE	14.99	14.99
Total 5203 042519:										37.94	37.94
06/19	06/27/2019	204389	884	BANK OF AMERICA	EQUIPMENT	6197 042519	1	2008-421-10-47	MACHINERY & EQUIPMENT	1,546.11	1,546.11
Total 6197 042519:										1,546.11	1,546.11
06/19	06/27/2019	204389	884	BANK OF AMERICA	CITY HALL PHONES	6579 042519	1	1000-417-10-45	COMMUNICATIONS	545.30	545.30
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES- PW	6579 042519	2	7620-430-10-46	SUPPLIES-GENERAL	786.90	786.90
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES-PARK	6579 042519	3	1000-452-20-46	SUPPLIES-GENERAL	327.79	327.79
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES	6579 042519	4	1000-411-40-46	SUPPLIES-GENERAL	14.99	14.99
06/19	06/27/2019	204389	884	BANK OF AMERICA	TECHNICAL SERVICES	6579 042519	5	1000-417-10-43	TECHNICAL SVCS	400.00	400.00
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES	6579 042519	6	1000-415-10-46	SUPPLIES-GENERAL	32.15	32.15

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
Total 6579 042519:										2,107.13	2,107.13
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES-STREETS	6583 042519	1	2007-431-20-46	SUPPLIES-GENERAL	561.88	561.88
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-PW	6583 042519	2	7620-430-10-44	REPAIR AND MAINTENANCE-MI	455.54	455.54
Total 6583 042519:										1,017.42	1,017.42
06/19	06/27/2019	204389	884	BANK OF AMERICA	PRINTING & BINDING- PW	6624 042519	1	7620-430-10-45	PRINTING AND BINDING	2.50	2.50
Total 6624 042519:										2.50	2.50
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-FD	6670 042519	1	1000-422-10-44	FACILITY - REPAIR & MAINTEN	611.90	611.90
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES-FD	6670 042519	2	1000-422-10-46	SUPPLIES-GENERAL	742.49	742.49
06/19	06/27/2019	204389	884	BANK OF AMERICA	POSTAGE-FD	6670 042519	3	1000-422-10-46	POSTAGE	56.80	56.80
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-FD	6670 042519	4	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	27.55	27.55
06/19	06/27/2019	204389	884	BANK OF AMERICA	JANITORIAL SUPPLIES-FD	6670 042519	5	1000-422-10-46	SUPPLIES-JANITORIAL	10.11	10.11
06/19	06/27/2019	204389	884	BANK OF AMERICA	EQUIPMENT-FD	6670 042519	6	1000-422-10-47	MACHINERY AND EQUIPMENT	242.02	242.02
Total 6670 042519:										1,690.87	1,690.87
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES- PW	7045 042519	1	7620-430-10-46	SUPPLIES-GENERAL	409.01	409.01
06/19	06/27/2019	204389	884	BANK OF AMERICA	TRAVEL EXPENSE-WATER	7045 042519	2	7110-430-42-45	TRAVEL	550.00	550.00
06/19	06/27/2019	204389	884	BANK OF AMERICA	SOFTWARE SUPPORT-PW	7045 042519	3	7620-430-10-47	SOFTWARE	375.06	375.06
06/19	06/27/2019	204389	884	BANK OF AMERICA	SUPPLIES-GAS	7045 042519	4	7401-430-62-46	SUPPLIES-GENERAL	33.27	33.27
06/19	06/27/2019	204389	884	BANK OF AMERICA	DUES & MEMBERSHIP-PW	7045 042519	5	7620-430-10-48	DUES AND MEMBERSHIPS	45.90	45.90
06/19	06/27/2019	204389	884	BANK OF AMERICA	ADVERTISING-PW	7045 042519	6	7620-430-10-45	ADVERTISING	75.81	75.81
Total 7045 042519:										1,489.05	1,489.05
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL-PD	7121 042519	1	1000-421-10-46	GASOLINE	74.00	74.00
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-PD	7121 042519	2	1000-421-10-44	VEHICLE - REPAIR & MAINTEN	393.38	393.38
Total 7121 042519:										467.38	467.38
06/19	06/27/2019	204389	884	BANK OF AMERICA	TRAVEL EXPENSE- GAS	7575 042519	1	7401-430-62-45	TRAVEL	1,156.22	1,156.22
06/19	06/27/2019	204389	884	BANK OF AMERICA	BOOKS & PERIODICALS-PW	7575 042519	2	7620-430-10-46	BOOKS AND PERIODICALS	43.76	43.76

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
Total 7575 042519:										1,199.98	1,199.98
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL-PD	7888 042519	1	1000-421-10-46	GASOLINE	68.75	68.75
Total 7888 042519:										68.75	68.75
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-PD	8088 042519	1	1000-421-10-44	VEHICLE - REPAIR & MAINTEN	9.09	9.09
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL-PD	8088 042519	2	1000-421-10-46	GASOLINE	41.50	41.50
06/19	06/27/2019	204389	884	BANK OF AMERICA	PRINTING & BINDING- PD	8088 042519	3	1000-421-10-45	PRINTING AND BINDING	275.02	275.02
Total 8088 042519:										325.61	325.61
06/19	06/27/2019	204389	884	BANK OF AMERICA	INVEST. SUPPLIES-PD	8955 042519	1	1000-421-10-45	INVESTIGATIVE FUNDS	91.90	91.90
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-PD	8955 042519	2	1000-421-10-44	FACILITY - REPAIR & MAINTEN	45.00	45.00
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL-PD	8955 042519	3	1000-421-10-46	GASOLINE	232.01	232.01
Total 8955 042519:										368.91	368.91
06/19	06/27/2019	204389	884	BANK OF AMERICA	PROSHOP SUPPLIES- GC	9430 042519	1	7530-451-52-46	SUPPLIES-GENERAL	758.73	758.73
Total 9430 042519:										758.73	758.73
06/19	06/27/2019	204389	884	BANK OF AMERICA	FUEL-PD	9536 042519	1	1000-421-10-46	GASOLINE	121.33	121.33
06/19	06/27/2019	204389	884	BANK OF AMERICA	TRAVEL EXPENSE-PD	9536 042519	2	1000-421-10-45	TRAINING	320.84	320.84
06/19	06/27/2019	204389	884	BANK OF AMERICA	SAFETY SUPPLIES-PD	9536 042519	3	1000-421-10-47	EQUIPMENT - SAFETY	20.37	20.37
06/19	06/27/2019	204389	884	BANK OF AMERICA	REPAIR & MAINT-PD	9536 042519	4	1000-421-10-44	VEHICLE - REPAIR & MAINTEN	86.00	86.00
Total 9536 042519:										548.54	548.54
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES- FD	442724	1	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	1.22	1.22
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES-FD	442724	2	1000-422-50-44	VEHICLE - REPAIR & MAINTEN	19.32	19.32
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES- FD	442724	3	1000-422-10-44	FACILITY - REPAIR & MAINTEN	39.05	39.05
Total 442724:										59.59	59.59
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES-STREETS	442981	1	2007-431-20-46	SUPPLIES-GENERAL	8.56	8.56

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
Total 442981:										8.56	8.56
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES- STREETS	442987	1	2007-431-20-46	SUPPLIES-GENERAL	61.30	61.30
Total 442987:										61.30	61.30
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES-FD	443144	1	1000-422-10-44	FACILITY - REPAIR & MAINTEN	54.99	54.99
Total 443144:										54.99	54.99
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES- STREETS	443159	1	2007-431-20-46	SUPPLIES-GENERAL	7.71	7.71
Total 443159:										7.71	7.71
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES-PW	443190	1	7620-430-10-46	SUPPLIES-GENERAL	19.29	19.29
Total 443190:										19.29	19.29
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES-WATER	443433	1	7110-430-42-46	SUPPLIES-SMALL TOOLS	20.26	20.26
Total 443433:										20.26	20.26
06/19	06/27/2019	204334	76	BILLINGTON ACE HARD	SUPPLIES- GAS	443438	1	7401-430-62-46	SUPPLIES-GENERAL	9.04	9.64
Total 443438:										9.64	9.64
06/19	06/27/2019	204335	9672		REFUND GAS DEPOSIT	10120650921	1	7401-2228-000	DEPOSITS-CUSTOMER	118.07	118.07
Total 10120650921:										118.07	118.07
06/19	06/27/2019	204336	1307	C&S WASTE SOLUTIONS	1801 MAIN ST	SVL7 060119	1	1000-421-10-44	DISPOSAL	306.02	306.02
Total SVL7 060119:										306.02	306.02
06/19	06/27/2019	204337	122	CDW-G	EQUIPMENT- PD	KQQZ493	1	2008-421-10-47	MACHINERY & EQUIPMENT	768.91	768.91
Total KQQZ493:										768.91	768.91

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
06/19	06/27/2019	204338	1375	CENTRAL SANITARY SU	JANITORIAL SUPPLIES-FD	981602	1	1000-422-10-46	SUPPLIES-JANITORIAL	102.72	102.72
Total 981602:										102.72	102.72
06/19	06/27/2019	204339	8845	CORDICO PSYCHOLOGI	PRE-EMP PSYCH EVAL	3499	1	1000-416-10-43	PROFESSIONAL SVCS	1,200.00	1,200.00
Total 3499:										1,200.00	1,200.00
06/19	06/27/2019	204340	161	CSK AUTO INC	CREDIT-STREETS	2740178364	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	333.57-	333.57-
Total 2740178364:										333.57-	333.57-
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-STREETS	2740185292	1	2007-431-20-44	REPAIR AND MAINTENANCE-MI	8.84	8.84
Total 2740185292:										8.84	8.84
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-STREETS	2740185304	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	20.72	20.72
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-WATER	2740185304	2	7110-430-42-44	REPAIR AND MAINTENANCE-V	20.72	20.72
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-GAS	2740185304	3	7401-430-62-44	REPAIR AND MAINT-VEHICLE	20.72	20.72
Total 2740185304:										62.16	62.16
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-WATER	2740185475	1	7110-430-42-44	REPAIR AND MAINTENANCE-V	219.07	219.07
Total 2740185475:										219.07	219.07
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-GAS	2740185870	1	7401-430-62-44	REPAIR AND MAINT-VEHICLE	6.97	6.97
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-WATER	2740185870	2	7110-430-42-44	REPAIR AND MAINTENANCE-V	6.96	6.96
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-STREETS	2740185870	3	2007-431-20-44	REPAIR AND MAINTENANCE-V	6.96	6.96
Total 2740185870:										20.89	20.89
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-STREETS	2740186567	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	1.54	1.54
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-GAS	2740186567	2	7401-430-62-44	REPAIR AND MAINT-VEHICLE	1.53	1.53
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-WATER	2740186567	3	7110-430-42-44	REPAIR AND MAINTENANCE-V	1.53	1.53
Total 2740186567:										4.60	4.60
06/19	06/27/2019	204340	161	CSK AUTO INC	SUPPLIES-GAS	2740186797	1	7401-430-62-44	REPAIR AND MAINT-VEHICLE	85.95	85.95

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
Total 2740186797:										85.95	85.95
06/19	06/27/2019	204341	173	DATCO SERVICES	SUBSTANCE TEST	37137657	1	1000-416-10-43	TECHNICAL SVCS	780.00	780.00
Total 37137657:										780.00	780.00
06/19	06/27/2019	204342	184	DEPARTMENT OF JUSTI	FINGERPRINTS - APPS, FBI	378044	1	1000-416-10-45	FINGERPRINTING SERVICES	834.00	834.00
Total 378044:										834.00	834.00
06/19	06/27/2019	204343	194	DIAMOND SAW SHOP IN	SUPPLIES- FIRE	17072	1	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	126.44	126.44
Total 17072:										126.44	126.44
06/19	06/27/2019	204343	194	DIAMOND SAW SHOP IN	SUPPLIES- FIRE	17087	1	1000-422-10-46	SUPPLIES-SAFETY ITEMS	536.20	536.20
Total 17087:										536.20	536.20
06/19	06/27/2019	204344	1261	DIAMOND TRUCK AND A	REPAIR & MAINT- PD	4833	1	1000-421-10-44	VEHICLE - REPAIR & MAINTEN	599.82	599.82
Total 4833:										599.82	599.82
06/19	06/27/2019	204345	1260	DIRECTV INC	CABLE-GC	36394700953	1	7530-451-52-45	COMMUNICATIONS	197.21	197.21
Total 36394700953:										197.21	197.21
06/19	06/27/2019	204346	219	ED STAUB & SONS PETR	53.70 GAL PROPANE-AIRPORT	234126	1	7201-430-81-46	PROPANE	95.38	95.38
Total 234126:										95.38	95.38
06/19	06/27/2019	204347	9676	FDC RESCUE, LLC	PROFESSIONAL SVCS- FD	8054	1	1000-422-10-43	PROFESSIONAL SVCS	350.00	350.00
Total 8054:										350.00	350.00
06/19	06/27/2019	204348	241	FEATHER PUBLISHING C	PUBLIC HEARING NOTICE CAD	061819	1	7110-430-42-45	ADVERTISING	1,681.55	1,681.55
Total 061819:										1,681.55	1,681.55

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
06/19	06/27/2019	204349	257	FOREST OFFICE EQUIP	MAINT.CONTRACT FOLD MACH	AR3906	1	7110-430-42-44	REPAIR AND MAINTENANCE-MI	84.00	84.00
Total AR3906:										84.00	84.00
06/19	06/27/2019	204350	265	FRONTIER	257-0315 AWOS AIRPORT	0315 061519	1	7201-430-81-45	COMMUNICATIONS	48.54	48.54
Total 0315 061519:										48.54	48.54
06/19	06/27/2019	204350	265	FRONTIER	257-1182 NAT GAS TELEMETRY	1182 061019	1	7401-430-62-45	COMMUNICATIONS	41.07	41.07
Total 1182 061019:										41.07	41.07
06/19	06/27/2019	204350	265	FRONTIER	252-1182 SCADA - WATER	2-1182 061019	1	7110-430-42-45	COMMUNICATIONS	303.16	303.16
Total 2-1182 061019:										303.16	303.16
06/19	06/27/2019	204350	265	FRONTIER	257-2845 U/B ROLL OVER	2845 061519	1	7620-430-10-45	COMMUNICATIONS	70.06	70.06
Total 2845 061519:										70.06	70.06
06/19	06/27/2019	204350	265	FRONTIER	257-3292 MUSEUM	3292 061019	1	1000-451-80-45	COMMUNICATION	121.59	121.59
Total 3292 061019:										121.59	121.59
06/19	06/27/2019	204350	265	FRONTIER	257-4725-FAX	4725 061519	1	1000-419-10-45	COMMUNICATIONS	60.19	60.19
06/19	06/27/2019	204350	265	FRONTIER	257-4725 CITY HALL FAX	4725 061519	2	1000-417-10-45	COMMUNICATIONS	60.19	60.19
Total 4725 061519:										120.38	120.38
06/19	06/27/2019	204350	265	FRONTIER	257-5152 FIRE	5152 061019	1	1000-422-10-45	COMMUNICATIONS	301.69	301.69
Total 5152 061019:										301.69	301.69
06/19	06/27/2019	204350	265	FRONTIER	257-5603 POLICE	5603 061019	1	1000-421-10-45	COMMUNICATIONS	778.90	778.90
Total 5603 061019:										778.90	778.90
06/19	06/27/2019	204351	9670		REFUND GAS DEPOSIT	10408205702	1	7401-2228-000	DEPOSITS-CUSTOMER	87.59	87.59

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
Total 10408205702:										87.59	87.59
06/19	06/27/2019	204352	313	HI-TECH EMERGENCY	REPAIR KIT-FD	164370	1	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	475.27	475.27
Total 164370:										475.27	475.27
06/19	06/27/2019	204353	9671		REFUND WATER DEPOSIT	10329350003	1	7110-2228-000	DEPOSITS-CUSTOMER	16.10	16.10
06/19	06/27/2019	204353	9671		REFUND GAS DEPOSIT	10329350003	2	7401-2228-000	DEPOSITS-CUSTOMER	200.00	200.00
Total 10329350003:										216.10	216.10
06/19	06/27/2019	204354	335	J.W. WOOD CO INC	SUPPLIES-GAS	S111312	1	7401-430-62-46	SUPPLIES-GENERAL	7.86	7.86
Total S111312:										7.86	7.86
06/19	06/27/2019	204355	9668		REFUND GAS DEPOSIT	10523700019	1	7401-2228-000	DEPOSITS-CUSTOMER	83.04	83.04
Total 10523700019:										83.04	83.04
06/19	06/27/2019	204355	9668		REFUND GAS DEPOSIT	10523700107	1	7401-2228-000	DEPOSITS-CUSTOMER	124.83	124.83
Total 10523700107:										124.83	124.83
06/19	06/27/2019	204356	372	KRONICK, MOSKOVITZ	PROFESSIONAL SERVICES 5/2	294644	1	1000-412-10-43	PROFESSIONAL SVCS	2,671.30	2,671.30
Total 294644:										2,671.30	2,671.30
06/19	06/27/2019	204357	374	L N CURTIS & SONS	REPAIR & MAINT-FD	290099	1	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	155.98	155.98
Total 290099:										155.98	155.98
06/19	06/27/2019	204357	374	L N CURTIS & SONS	SAFETY SUPPLIES- FIRE	291099	1	1000-422-10-46	SUPPLIES-SAFETY ITEMS	128.70	128.70
Total 291099:										128.70	128.70
06/19	06/27/2019	204357	374	L N CURTIS & SONS	REPAIR & MAINT-FD	291125	1	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	90.69	90.69

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
Total 291125:										90.69	90.69
06/19	06/27/2019	204358	374	L N CURTIS & SONS	SAFETY EQUIPMENT-FD	490214	1	1000-422-10-46	SUPPLIES-SAFETY ITEMS	1,431.25	1,431.25
Total 490214:										1,431.25	1,431.25
06/19	06/27/2019	204359	374	L N CURTIS & SONS	SAFETY EQUIPMENT-FD	490212	1	1000-422-10-46	SUPPLIES-SAFETY ITEMS	10,314.88	10,314.88
Total 490212:										10,314.88	10,314.88
06/19	06/27/2019	204360	411	LASSEN MOTOR PARTS	SUPPLIES- WATER	325532	1	7110-430-42-44	REPAIR AND MAINTENANCE-V	83.59	83.59
Total 325532:										83.59	83.59
06/19	06/27/2019	204360	411	LASSEN MOTOR PARTS	SUPPLIES- WATER	325576	1	7110-430-42-44	REPAIR AND MAINTENANCE-V	23.13	23.13
Total 325576:										23.13	23.13
06/19	06/27/2019	204360	411	LASSEN MOTOR PARTS	SUPPLIES-STREETS	325830	1	2007-431-20-46	SUPPLIES-GENERAL	8.33	8.33
Total 325830:										8.33	8.33
06/19	06/27/2019	204360	411	LASSEN MOTOR PARTS	SUPPLIES- GAS	326413	1	7401-430-62-44	REPAIR AND MAINT-VEHICLE	85.36	85.36
Total 326413:										85.36	85.36
06/19	06/27/2019	204361	412	LASSEN REGIONAL SOLI	DUMP FEES-WATER	109243	1	7110-430-42-44	DISPOSAL	11.36	11.36
Total 109243:										11.36	11.36
06/19	06/27/2019	204362	413	LASSEN TIRE	4 TIRE MOUNTS-PD	50694	1	1000-421-10-44	VEHICLE - REPAIR & MAINTEN	648.04	648.04
Total 50694:										648.04	648.04
06/19	06/27/2019	204362	413	LASSEN TIRE	REPAIR & MAINT-PD	50695	1	1000-421-10-44	VEHICLE - REPAIR & MAINTEN	56.10	56.10
Total 50695:										56.10	56.10

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06/19	06/27/2019	204363	437	LMUD	STREET LIGHTS	14039 061119	1	2007-431-60-46	ELECTRICITY	193.33	193.33
Total 14039 061119:										193.33	193.33
06/19	06/27/2019	204363	437	LMUD	STREET LIGHTS	14041 061119	1	2007-431-60-46	ELECTRICITY	3,607.80	3,607.80
Total 14041 061119:										3,607.80	3,607.80
06/19	06/27/2019	204363	437	LMUD	S GAY ST-STREETS	24323 061119	1	2007-431-60-46	ELECTRICITY	41.34	41.34
Total 24323 061119:										41.34	41.34
06/19	06/27/2019	204363	437	LMUD	STREET LIGHTS	2467 061119	1	2007-431-60-46	ELECTRICITY	1,615.54	1,615.54
Total 2467 061119:										1,615.54	1,615.54
06/19	06/27/2019	204363	437	LMUD	SKYLINE DR WELL 4-WATER	29931 061119	1	7110-430-42-46	ELECTRICITY	57.27	57.27
Total 29931 061119:										57.27	57.27
06/19	06/27/2019	204363	437	LMUD	HARRIS DR & HWY 36-WATER	30658 061119	1	7110-430-42-46	ELECTRICITY	446.85	446.85
Total 30658 061119:										446.85	446.85
06/19	06/27/2019	204363	437	LMUD	SAN FRANCISCO ST- STREETS	416835 061119	1	2007-431-60-46	ELECTRICITY	30.03	30.03
Total 416835 061119:										30.03	30.03
06/19	06/27/2019	204363	437	LMUD	FIRST STREET & ALLEY STREE	416848 061119	1	2007-431-60-46	ELECTRICITY	30.03	30.03
Total 416848 061119:										30.03	30.03
06/19	06/27/2019	204363	437	LMUD	LONG ALLEY & LOVELL ALLEY-	416860 061119	1	2007-431-60-46	ELECTRICITY	30.03	30.03
Total 416860 061119:										30.03	30.03
06/19	06/27/2019	204363	437	LMUD	INSPIRATION POINT- STREETS	416915 061119	1	2007-431-60-46	ELECTRICITY	30.03	30.03

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Total 416915 061119:										30.03	30.03
06/19	06/27/2019	204363	437	LMUD	CAMPBELL ST STREET LIGHT	416040 061119	1	2007-431-60-46	ELECTRICITY	30.03	30.03
Total 416940 061119:										30.03	30.03
06/19	06/27/2019	204363	437	LMUD	WASHO LN STREET LIGHT	416959 061119	1	2007-431-60-46	ELECTRICITY	30.03	30.03
Total 416959 061119:										30.03	30.03
06/19	06/27/2019	204363	437	LMUD	130 N LASSEN STREET	416962	1	2007-431-60-46	ELECTRICITY	30.03	30.03
Total 416962:										30.03	30.03
06/19	06/27/2019	204363	437	LMUD	MARTHA & ARNOLD STREET LI	421476 061119	1	2007-431-60-46	ELECTRICITY	30.03	30.03
Total 421476 061119:										30.03	30.03
06/19	06/27/2019	204363	437	LMUD	130 N LASSEN STREET	425450 061119	1	2007-431-60-46	ELECTRICITY	45.04	45.04
Total 425450 061119:										45.04	45.04
06/19	06/27/2019	204363	437	LMUD	UPTOWN DECOR LIGHTS-STRE	43511 061119	1	2007-431-60-46	ELECTRICITY	219.89	219.89
Total 43511 061119:										219.89	219.89
06/19	06/27/2019	204363	437	LMUD	N PINE & COOK - SCADA-WATE	44153 061119	1	7110-430-42-46	ELECTRICITY	26.01	26.01
Total 44153 061119:										26.01	26.01
06/19	06/27/2019	204363	437	LMUD	GLENN & CHERRY TR - SCADA-	44298	1	7110-430-42-46	ELECTRICITY	26.31	26.31
Total 44298:										26.31	26.31
06/19	06/27/2019	204363	437	LMUD	PAIUTE LN SCADA-WATER	44316 061119	1	7110-430-42-46	ELECTRICITY	25.71	25.71
Total 44316 061119:										25.71	25.71

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06/19	06/27/2019	204363	437	LMUD	BAGWELL SPRINGS - SCADA-W	45542 061119	1	7110-430-42-46	ELECTRICITY	53.67	53.67
Total 45542 061119:										53.67	53.67
06/19	06/27/2019	204363	437	LMUD	WELL #3-WATER	4559 061119	1	7110-430-42-46	ELECTRICITY	846.13	846.13
Total 4559 061119:										846.13	846.13
06/19	06/27/2019	204363	437	LMUD	QUARRY ST LIGHTS-STREETS	49500 061119	1	2007-431-60-46	ELECTRICITY	60.05	60.05
Total 49500 061119:										60.05	60.05
06/19	06/27/2019	204363	437	LMUD	MAIN & FOSS SIGNAL LIGHT-ST	49501 061119	1	2007-431-60-46	ELECTRICITY	214.01	214.01
Total 49501 061119:										214.01	214.01
06/19	06/27/2019	204363	437	LMUD	GEO PUMP #2	9503 052819	1	7301-430-52-46	ELECTRICITY	37.13	37.13
Total 9503 052819:										37.13	37.13
06/19	06/27/2019	204363	437	LMUD	HOSPITAL LN-GEO	9963 052819	1	7301-430-52-46	ELECTRICITY	20.15	20.15
Total 9963 052819:										20.15	20.15
06/19	06/27/2019	204364	1508	MAIN STREET LUBE	OIL & FILTER- #86 PD	20071	1	1000-421-10-44	VEHICLE - REPAIR & MAINTEN	52.21	52.21
Total 20071:										52.21	52.21
06/19	06/27/2019	204365	467	METER VALVE & CONTR	SUPPLIES- GAS	15881	1	7401-430-62-46	SUPPLIES-GENERAL	1,737.66	1,737.66
Total 15881:										1,737.66	1,737.66
06/19	06/27/2019	204366	480	MINERS & PISANI INC	SUPPLIES- GAS	004737	1	7401-430-62-46	SUPPLIES-GENERAL	1,234.74	1,234.74
Total 004737:										1,234.74	1,234.74
06/19	06/27/2019	204367	481	MISSION LINEN & UNIFO	SUPPLIES-PD	161199352	1	1000-421-10-43	PROFESSIONAL SVCS	3.17	3.17

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Total 161199352:										3.17	3.17
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-WATER	52-00104080	1	7110-430-42-44	REPAIR AND MAINTENANCE-V	34.72	34.72
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-00104080	2	2007-431-20-44	REPAIR AND MAINTENANCE-V	34.72	34.72
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-GAS	52-00104080	3	7401-430-62-44	REPAIR AND MAINT-VEHICLE	34.72	34.72
Total 52-00104080:										104.16	104.16
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-00104245	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	370.23	370.23
Total 52-00104245:										370.23	370.23
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-00104351	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	426.96	426.96
Total 52-00104351:										426.96	426.96
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-PW	52-00104436	1	7620-430-10-46	SUPPLIES-SMALL TOOLS	416.30	416.30
Total 52-00104436:										416.30	416.30
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-00104560	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	45.58	45.58
Total 52-00104560:										45.58	45.58
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-00105395	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	285.99	285.99
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-GAS	52-00105395	2	7401-430-62-44	REPAIR AND MAINT-VEHICLE	286.00	286.00
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-WATER	52-00105395	3	7110-430-42-44	REPAIR AND MAINTENANCE-V	286.00	286.00
Total 52-00105395:										857.99	857.99
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	CREDIT-GAS	52-00105396	1	7401-430-62-44	REPAIR AND MAINT-VEHICLE	541.62-	541.62-
Total 52-00105396:										541.62-	541.62-
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-GAS	52-00105397	1	7401-430-62-44	REPAIR AND MAINT-VEHICLE	111.83	111.83
Total 52-00105397:										111.83	111.83

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06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-FD	52-00105398	1	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	44.10	44.10
Total 52-00105398:										44.10	44.10
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-FD	52-00105399	1	1000-422-10-44	VEHICLE - REPAIR & MAINTEN	22.54	22.54
Total 52-00105399:										22.54	22.54
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	CREDIT- GAS	52-00105409	1	7401-430-62-44	REPAIR AND MAINT-VEHICLE	311.22-	311.22-
Total 52-00105409:										311.22-	311.22-
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-WATER	52-00105433	1	7110-430-42-44	REPAIR AND MAINTENANCE-V	5.83	5.83
Total 52-00105433:										5.83	5.83
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-WATER	52-00105442	1	7110-430-42-44	REPAIR AND MAINTENANCE-V	7.92	7.92
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-GAS	52-00105442	2	7401-430-62-44	REPAIR AND MAINT-VEHICLE	7.92	7.92
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-00105442	3	2007-431-20-44	REPAIR AND MAINTENANCE-V	7.92	7.92
Total 52-00105442:										23.76	23.76
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-00105473	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	36.44	36.44
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-WATER	52-00105473	2	7110-430-42-44	REPAIR AND MAINTENANCE-V	36.45	36.45
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-GAS	52-00105473	3	7401-430-62-44	REPAIR AND MAINT-VEHICLE	36.44	36.44
Total 52-00105473:										109.33	109.33
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-0105417	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	13.36	13.36
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-WATER	52-0105417	2	7110-430-42-44	REPAIR AND MAINTENANCE-V	13.35	13.35
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-GAS	52-0105417	3	7401-430-62-44	REPAIR AND MAINT-VEHICLE	13.36	13.36
Total 52-0105417:										40.07	40.07
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-STREETS	52-0105439	1	2007-431-20-44	REPAIR AND MAINTENANCE-V	1.60	1.60
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-WATER	52-0105439	2	7110-430-42-44	REPAIR AND MAINTENANCE-V	1.60	1.60
06/19	06/27/2019	204368	9493	NATIONAL AUTO PARTS	SUPPLIES-GAS	52-0105439	3	7401-430-62-44	REPAIR AND MAINT-VEHICLE	1.60	1.60

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
Total 52-0105439:										4.80	4.80
06/19	06/27/2019	204369	1182	NORTHERN CALIFORNIA	SUPPLIES-WATER	517778	1	7110-430-42-46	SUPPLIES - SAFETY ITEMS	189.66	189.66
06/19	06/27/2019	204369	1182	NORTHERN CALIFORNIA	SUPPLIES-GAS	517778	2	7401-430-62-46	SUPPLIES - SAFETY ITEMS	189.65	189.65
06/19	06/27/2019	204369	1182	NORTHERN CALIFORNIA	SUPPLIES-PW	517778	3	7620-430-10-46	SUPPLIES-SAFETY ITEMS	189.65	189.65
Total 517778:										568.96	568.96
06/19	06/27/2019	204370	824	OFFICE DEPOT, INC	OFFICE SUPPLIES	284571800001	1	1000-417-10-46	SUPPLIES-GENERAL	48.01	48.01
Total 284571800001:										48.01	48.01
06/19	06/27/2019	204371	8821	PAVEMENT ENGINEERIN	STIP FC MATERIAL TESTING	1906-005	1	2007-431-29-44	CONSTRUCTION SERVICES	2,385.00	2,385.00
Total 1906-005:										2,385.00	2,385.00
06/19	06/27/2019	204372	9673		REFUND GAS DEPOSIT	10531901004	1	7401-2228-000	DEPOSITS-CUSTOMER	98.60	98.60
Total 10531901004:										98.60	98.60
06/19	06/27/2019	204373	1286	PROFORCE LAW ENFOR	EQUIPMENT-PD	379182	1	1000-421-10-47	MACHINERY AND EQUIPMENT	3,589.53	3,589.53
Total 379182:										3,589.53	3,589.53
06/19	06/27/2019	204374	967	QUALITY CODE PUBLISH	MUNICIPAL CODE UPDATES	2019-150	1	1000-411-40-46	BOOKS AND PERIODICALS	915.60	915.60
Total 2019-150:										915.60	915.60
06/19	06/27/2019	204375	572	QUILL CORPORATION	OFFICE SUPPLIES-FD	7823645	1	1000-422-10-46	SUPPLIES-GENERAL	63.27	63.27
Total 7823645:										63.27	63.27
06/19	06/27/2019	204376	9669		REFUND GC CLUBHOUSE DEP	061419	1	1000-2228-009	DEPOSITS-COMM CENTER RE	100.00	100.00
Total 061419:										100.00	100.00
06/19	06/27/2019	204377	1296	RENTAL GUYS	SUPPLIES-GAS	701343-5	1	7401-430-62-46	SUPPLIES-GENERAL	75.02	75.02

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
Total 701343-5:										75.02	75.02
06/19	06/27/2019	204377	1296	RENTAL GUYS	EQUIPMENT-GC	709884-1	1	7530-451-52-47	MACHINERY AND EQUIPMENT	564.50	564.50
Total 709884-1:										564.50	564.50
06/19	06/27/2019	204378	1076	SIERRA COFFEE AND BE	BOTTLED WATER-PW	51905	1	7620-430-10-46	SUPPLIES-GENERAL	34.65	34.65
Total 51905:										34.65	34.65
06/19	06/27/2019	204379	1250	SPORTS TURF IRRIGATI	SUPPLIES-GC	91883	1	7530-451-52-46	SUPPLIES-GENERAL	304.00	304.00
Total 91883:										304.00	304.00
06/19	06/27/2019	204380	9337	SWRCB-DWOCP	TREATMENT CERT REQUEST-	062419	1	7110-430-42-48	TAXES, FEES, PERMITS & CHA	80.00	80.00
Total 062419:										80.00	80.00
06/19	06/27/2019	204381	9337	SWRCB-DWOCP	WATER DISTRIBUTION OPERA	062419.	1	7110-430-42-48	TAXES, FEES, PERMITS & CHA	165.00	165.00
Total 062419.:										165.00	165.00
06/19	06/27/2019	204382	9295	TAMCO CAPITAL CORP	EQUIPMENT RENTAL-PW	5006435342	1	7620-430-10-44	RENT & LEASE EQUIP & VEHIC	498.04	498.04
Total 5006435342:										498.04	498.04
06/19	06/27/2019	204383	1141	THOMPSON GARAGE DO	REPAIR & MAINT-FD	116569	1	1000-422-10-44	FACILITY - REPAIR & MAINTEN	5,497.47	5,497.47
Total 116569:										5,497.47	5,497.47
06/19	06/27/2019	204384	712	TNS TRUCKING CO	SUPPLIES-STREETS	3706	1	2007-431-20-46	SUPPLIES-GENERAL	398.84	398.84
Total 3706:										398.84	398.84
06/19	06/27/2019	204385	9544	TONYS CLEANING SERV	JANITOTIAL SERVICES-PD	490	1	1000-421-10-44	CUSTODIAL	600.00	600.00
Total 490:										600.00	600.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
06/19	06/27/2019	204386	9675	TRIPAC MARKETING, INC	SUPPLIES-GAS	5747442	1	7401-430-62-46	SUPPLIES-GENERAL	814.37	814.37
Total 5747442:										814.37	814.37
06/19	06/27/2019	204387	1560	UNIVERSITY OF SOUTHE	MEMBERSHIP DUES 7/19-6/20-	16626	1	7110-1430-105	PRE-PAID OTHER	165.00	165.00
Total 16626:										165.00	165.00
06/19	06/27/2019	204388	770	WESTERN NEVADA SUP	SUPPLIES- GAS	67874958	1	7401-430-62-46	SUPPLIES-GENERAL	184.04	184.04
Total 67874958:										184.04	184.04
06/19	06/27/2019	204388	770	WESTERN NEVADA SUP	SUPPLIES- GAS	67883381	1	7401-430-62-46	SUPPLIES-GENERAL	432.14	432.14
Total 67883381:										432.14	432.14
06/19	06/27/2019	204388	770	WESTERN NEVADA SUP	SUPPLIES- GAS	67892302	1	7401-430-62-46	SUPPLIES-GENERAL	425.93	425.93
Total 67892302:										425.93	425.93
06/19	06/27/2019	204388	770	WESTERN NEVADA SUP	SUPPLIES- GAS	67893816	1	7401-430-62-46	SUPPLIES-GENERAL	15.20	15.20
Total 67893816:										15.20	15.20
06/19	06/27/2019	204388	770	WESTERN NEVADA SUP	SUPPLIES- GAS	67914270	1	7401-430-62-44	REPAIR AND MAINT-VEHICLE	11.80	11.80
Total 67914270:										11.80	11.80
06/19	06/27/2019	204388	770	WESTERN NEVADA SUP	CREDIT- GAS	CM67627790	1	7401-430-62-46	SUPPLIES-GENERAL	196.03-	196.03-
Total CM67627790:										196.03-	196.03-
06/19	06/27/2019	204388	770	WESTERN NEVADA SUP	CREDIT- GAS	CM67892794	1	7401-430-62-46	SUPPLIES-GENERAL	14.30-	14.30-
Total CM67892794:										14.30-	14.30-
Grand Totals:										87,747.05	87,747.05

Report Criteria:

Report type: GL detail

Check.Voided = False

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Report Criteria:

Report type: GL detail  
 Check.Voided = False

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
06/19	06/28/2019	204390	728	U S POSTMASTER	UB BILLING GAS	062819	1	7401-430-62-46	POSTAGE	272.73	272.73
06/19	06/28/2019	204390	728	U S POSTMASTER	UB BILLING WATER	062819	2	7110-430-42-46	POSTAGE	529.41	529.41
Total 062819:										802.14	802.14
Grand Totals:										802.14	802.14

Report Criteria:

Report type: GL detail  
 Check.Voided = False

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Invoice Number	Inv Seq	GL Account No	GL Account Title	Seq Amount	Check Amount
07/19	07/03/2019	204416	9677		CARL MOYER LOW EMISSION	070319	1	8405-430-10-48	GRANTS	56,800.00	56,800.00
Total 070319:										56,800.00	56,800.00
Grand Totals:										56,800.00	56,800.00

Reviewed by:  City Administrator

- Motion only
- Public Hearing
- Resolution
- Ordinance
- Information

**Submitted by:** Deborah Savage, Finance Manager

**Action Date:** July 15, 2019

**CITY COUNCIL AGENDA ITEM**

**SUBJECT:** **Resolution Number 19-5676** authorizing the City Administrator to execute an agreement with Computer Logistics for Managed IT Services and execute the scope of work quote for to install a new City Hall server, ancillary equipment and software; and approving utilizing Administration Facility and Equipment Reserves to complete the project

**PRESENTED BY:** Deborah Savage, Finance Manager

**SUMMARY:** The Administrative Services department is in need of an upgraded computer server, firewall and data collection backup system. The current server is approximately 7 years old, exhibiting signs of instability and runs on outdated Microsoft server licensing. The current firewall, which is also older and cannot be updated must be replaced to allow the City to be PCI DSS (Payment Card Industry Data Security Standard) compliant to protect card holder data. Staff has been exploring and testing various options such as using a cloud based server versus having a hardware server on site. Through this testing period, it became apparent that a hybrid version of using the cloud and a physical server was the best option for affordability and work performance. This option is presented in the hybrid cloud solution quote.

Staff requested bid proposals from Computer Logistics and Mt. Shasta IT for the server upgrade and monthly support (see attached comparison). The City currently pays approximately \$63,000 in IT support on an annual basis for software licensing, monthly information back-up and purchasing block hours. These block hours are charged whenever a department calls Computer Logistics for assistance with computer issues, email support, etc. By using the Time Block Agreement that was adopted by Resolution #10-4683, the City is charged for every call for assistance, travel time from Redding if an onsite visit is necessary, technician time to solve any computer issue, etc. The City has been purchasing 100 hour blocks of time for \$85.00 an hour since the adoption of the resolution. Staff is requesting to change the Time Block Agreement to a Managed IT Services Partner Agreement. This new agreement will provide a better service to the City as well as save approximately \$3,000 annually from the current Time Block Agreement. The City will be charged a monthly fee per user that includes Microsoft Office Suite, Barracuda Backups and monthly cloud and support including onsite. Computer Logistics submitted the lowest quote of \$5,000 per month for 57 users which works out to \$87.72 per user. This monthly fee will be divided between all City departments based on users.

**FISCAL IMPACT:** Hybrid Cloud Solution Project \$37,074.00 with \$36,728.11 charged to the Administrative Services Facility and Equipment Reserve Fund and \$345.89 charged to the PW Administration Fund. The monthly \$5,000 fee is currently budgeted in each department.

**ACTION REQUESTED:** Motion to adopt **Resolution Number 19-5676** authorizing the City Administrator to execute an agreement with Computer Logistics for Managed IT Services and execute the scope of work quote for Computer Logistics to install a new City Hall server, ancillary equipment and software; and approving utilizing Administration Facility and Equipment Reserves to complete the project

**ATTACHMENTS:** Resolution No. 19-5676  
Computer Logistics Hybrid Cloud Solution Quote  
Managed IT Services Partner Agreement  
Price Comparison  
Resolution No. 10-4683

**RESOLUTION NO. 19-5676**  
**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE**  
**AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE AN**  
**AGREEMENT WITH COMPUTER LOGISTICS FOR MANAGED IT SERVICES AND**  
**EXECUTE THE SCOPE OF WORK QUOTE TO INSTALL A NEW CITY HALL**  
**SERVER**

**WHEREAS**, the City of Susanville Administrative Services Department maintains it's records and accounting software on a secure computer server; and

**WHEREAS**, the existing server and firewall are old and perform on outdated software and need to be upgraded; and

**WHEREAS**, Computer Logistics has provided a quote for a new server, ancillary equipment, and software in an amount not to exceed \$37,073.88; and

**WHEREAS**, the City is in need of routine IT support in its daily operations and Computer Logistics has provided the lowest quote for managed IT services:

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Susanville that the City Administrator is approved and authorized to enter into a Managed IT Services Partner Agreement with Computer Logistics for a term of 3 years, to provide IT support services and to accept the quote for a new server, ancillary equipment, and software for Administrative Services.

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the Finance Manager is authorized to increase the budget in the Administrative Services Facility and Equipment Reserve Fund in the amount of \$37,074.00 for the server upgrade.

APPROVED: \_\_\_\_\_  
Kevin Stafford, Mayor

ATTEST: \_\_\_\_\_  
Gwenna MacDonald, City Clerk

The foregoing Resolution No. 19-5676 was adopted at a regular adjourned meeting of the City Council of the City of Susanville held on the 17th day of July, 2019 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAINING:

\_\_\_\_\_  
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Ryan, City Attorney

Mt Shasta IT

	Cost	Unit	QTY	Total
<b>Setup Costs including CH, FD, PD &amp; PW</b>				
Microsoft Licensing	\$150	Users	57	\$8,550
Migration Fee	\$18,500	Individual	1	\$18,500
Hardware (5-7 years) including Secure Wireless	\$33,011	Individual	1	\$33,011
<b>Not Including Monitors</b>				
** Ubiquity Wireless is not FIPS 140-2 Compliant.				
*** Thin Clients come with 1-3 year warranty				
<b>Total Setup</b>				
				\$60,061
<b>Monthly Costs including CH,FD,PD &amp; PW</b>				
Microsoft Office	\$20	Users	57	\$1,140
MT Shasta Cloud and Support	\$3,950	Individual	1	\$3,950
<b>Yearly Total</b>				
	\$5,090	Month	12	\$61,080
<b>First Year</b>				
				\$121,141
<b>Yearly</b>				
				\$61,080

Computer Logistics

	Cost	Unit	QTY	Total
<b>Setup Costs *1</b>				
Microsoft Licensing (included in project)	\$0	Users	0	\$0
Migration Fee	\$0	Individual	1	\$0
Hardware & Licensing (5 Year Guarantee)	\$37,074	Individual	1	\$37,074
<b>Not including Monitors</b>				
Not including new wireless at FD				
<b>Total Setup *2</b>				
				\$37,074
<b>Monthly Costs including CH,FD,PD &amp; PW</b>				
Microsoft Office Suite (included)	\$0		57	\$0
Barracuda Backups (included)	0		4	\$0
Monthly Support including onsite	\$88		57	\$5,000
<b>Yearly Total</b>				
	\$5,000	Month	12	\$60,000
<b>First Year *3</b>				
				\$97,074
<b>Yearly (including Microsoft Suite)</b>				
				\$60,000

**Computer Logistics**  
CORPORATION



**We have prepared a quote for you**

**Hybrid Cloud Solution- Option 1**

Quote # 000222  
Version 2

**Prepared for:**

**City of Susanville**

Michael (Mike) Wilson  
[mwilson@cityofsusanville.org](mailto:mwilson@cityofsusanville.org)

**Hardware**

Description	Price	Qty	Ext. Price
<p><b>New Caselle Server</b></p> <p>DellR440Server <b>Dell R440 Server</b>            -2.5" Chassis with up to 8 Hot Plug Hard Drives            -intel Xeon Silver 4110 2.1G, 8C/16T, 9.8GT/s, 11M Cache, Turbo, HT (85W) DDR4-2400            -2x 16GB RDIMM, 2868MT/s, Dual Rank            -4x 480GB SSD SATA Mix Use 6Gbps 512 2.5in Hot-plug AG Drive            -5 year ProSupport and Next Business Day Onsite Service</p>	\$8,739.99	1	\$8,739.99
<p><b>Network Security Appliance</b></p> <p>MX84-HW <b>Meraki MX84 Cloud Managed Security Appliance</b>  <b>Product Details</b>            Security appliance            GigE            1U            rack-mountable</p>	\$1,419.99	1	\$1,419.99
<p>LIC-MX84-SEC-3YR <b>Meraki MX84 Advanced Security License and Support</b>            3 Years - Meraki MX84 Cloud Managed Security Firewall Appliance</p> <p></p>	\$2,708.99	1	\$2,708.99
<p><b>Dell Workstations</b></p>			

**Hardware**

Description	Price	Qty	Ext. Price
<b>Standard Precision Workstation T3420 Micro Tower- CLC</b> Standard Precision T3420 MicroTower (PD )  i5 Processor 8GB RAM 256 GB SSD DVD R/W Windows 10 Professional Micro Tower 4-Year Pro-Support Warranty NBD	\$1,150.00	8	\$9,200.00
<b>Wireless Access Points</b>			
PL-E600PU5A-US <b>cnPilot e600 Indoor Access Point (Public Works)</b> cnPilot e600 Indoor Access Point	\$345.89	1	\$345.89
PL-E410PU5A-US <b>cnPilot e410 Indoor Access Point (City Hall)</b> cnPilot e410 Indoor Access Point	\$285.32	4	\$1,141.28

Subtotal: **\$23,556.14**

**Software**

Description	Price	Qty	Ext. Price
<b>Server Software and Licensing</b>			
VS6-ESSL-KIT-C <b>VMware vSphere Essentials Kit v.6.0 - License - 3 Host (Up to 2 Processors Per Host)</b> 	\$560.00	1	\$560.00
9EM-00679 <b>Microsoft Windows Server Standard 2019 2-Cores Open Government</b> 	\$106.99	8	\$855.92

Software

Description	Price	Qty	Ext. Price
R18-05794  <b>Microsoft Windows Server 2019 - License - 1 User CAL - Volume, Local Government - Microsoft Open License for Government - English - PC</b>	\$28.92	20	\$578.40
2FN053  <b>Microsoft SQL Server 2017 Standard - license - 1 server</b>	\$742.00	1	\$742.00
2FN055  <b>Microsoft SQL Server 2017 - license - 1 device CAL</b>	\$167.00	10	\$1,670.00

Subtotal: **\$4,406.32**

Services

Description	Price	Qty	Ext. Price
<b>Professional Services</b>			
Professional Services  <b>Server Setup Configuration</b> <b>Domain and Terminal Server Migration</b>	\$100.00	76	\$7,600.00

Subtotal: **\$7,600.00**

## Hybrid Cloud Solution- Option 1



Prepared by:  
**Computer Logistics**  
Bob Andrews  
(530) 241-3131  
bandrews@compulog.com

Prepared for:  
**City of Susanville**  
66 N Lassen Street  
Susanville, CA 96130  
Michael (Mike) Wilson  
(530) 252-5103  
mwilson@cityofsusanville.org

Quote Information:  
**Quote #: 000222**  
Version: 2  
Delivery Date: 07/09/2019  
Expiration Date: 07/10/2019

### Quote Summary

Description	Amount
Hardware	\$23,556.14
Software	\$4,406.32
Services	\$7,600.00

Subtotal: **\$35,562.46**  
Tax: **\$1,511.42**  
Total: **\$37,073.88**

Taxes, shipping, handling and other fees may apply. We reserve the right to cancel orders arising from pricing or other errors.

Computer Logistics

City of Susanville

Signature:   
Name: Bob Andrews  
Title: VP of Business Development  
Date: 07/09/2019

Signature: \_\_\_\_\_  
Name: Michael (Mike) Wilson  
Date: \_\_\_\_\_

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**Computer Logistics**  
C O R P O R A T I O N



## **Managed IT Services Partner Agreement**

Prepared for:

**Michael Wilson**

City Administrator

**City of Susanville**

66 North Lassen Street  
Susanville, CA 96130

Date:

*July 1, 2019*

**Computer Logistics**

2001 Market Street

Redding, CA 96001

(530) 241-3131



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## 1. Overview

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This Partnership Agreement will outline the Information Technology Infrastructure Support Services provided to City of Susanville ("Client") by Computer Logistics ("Provider").

### Provider

Attention: Bob Andrews  
Computer Logistics  
2001 Market Street  
Redding, CA 96001

### Client

Attention: Michael Wilson  
City of Susanville  
66 North Lassen Street  
Susanville, CA 96130

The scope, delivery model, service levels and pricing involved are detailed within this Agreement and appendices. Additional hardware and software costs are not included within the scope of this Agreement. Any significant changes to Client's environment will require Client and Provider to address these changes prior to implementation. Upon this discussion, Provider will make recommendations to amend Agreement.

This Agreement commences on July 1, 2019. This Agreement will expire July 1, 2020, and is set for an auto-renewal date of July 1, 2020. If any amendments are to be made to this Agreement, they will be proposed no later than 30 days prior to this auto-renewal date.

This constitutes the entire Agreement between both parties with respect to the subject matter contained herein and supersedes all prior Agreements and understandings, both written and verbal.



## 2. IT Services Scope

This Managed IT Services Partnership Agreement covers the following service scope.

Service Item	Description	Quantity
	Server Support, Monitoring, Maintenance, and Security*	
Servers	<ul style="list-style-type: none"><li>• 24x7x365 Monitoring of all servers</li><li>• 24x7x365 Security management of all servers</li><li>• Physical and virtual server support and patching</li></ul>	5
	Network Support, Monitoring, and Maintenance	
Network Sites	<ul style="list-style-type: none"><li>• 24x7x365 monitoring of network and physical environment</li><li>• Network and infrastructure support and maintenance</li><li>• Switch, firewall, Wi-Fi, and network access support</li></ul>	4
	End User Support, Maintenance, and Security**	
Endpoints	<ul style="list-style-type: none"><li>• Desktop and laptop support (57 users)</li><li>• Desktop and laptop patching and security management</li><li>• On-site support as required</li><li>• Mobile Device Management (Apple, Android, Windows)</li></ul>	57

\*The number of servers will be confirmed during onboarding.

\*\*The number of users will be confirmed during onboarding.

- For details of the responsibilities of each party, please see Appendix I
- For details of Provider's services, please see Appendix II
- For details on reporting Provider will supply, please see Appendix III
- For details on Geographical network sites, please see Appendix IV
- For details on included non-standard software/services, please see Appendix V



### 3. IT Services Pricing

#### Monthly Fixed Services Cost

Description	Quantity	Unit	Monthly Cost
Computer Logistics Managed IT Services	57	Users*	\$ 5,000
<b>Total Cost</b>			<b>\$ 5,000</b>

\*Monthly fixed cost is based on the current number of users. The monthly cost will increase at a rate of \$100 per new user.

-CLC support will include all Onsite/Remote Support, Workstation installations for all Users and Depts.

\*\* The Computer Logistics Managed Backup solution includes onsite appliance, unlimited cloud storage, Live boot cloud failover.

-Public Works and Police/City (Caselle) Backup Units

-CLC will include the following inside of the monthly fixed costs:

-Office 365 email for all users

-Webroot AntiVirus for all users

-End User Workstation Installations (NO Project or extra billing)

-NO travel costs for onsite support or meetings

#### Annual Security Licensing

Description	Quantity	Unit	Yearly Cost
Computer Logistics Managed Security for desktops, laptops, mobile	57	Devices	\$0
<b>Total Cost</b>			<b>\$0</b>

#### Project & Time and Materials Rates

Below is the preferred rate for Computer Logistics professional services. All out of scope work that is not within this Partnership Agreement will be charged at the following rates. Out of scope work includes but is not limited to, the following:

- Installation and configuration of new infrastructure (routers, switches, access points, servers)
- Installation and configuration and of new workstations/laptops/handhelds outside of provider standards
- Decommissioning of infrastructure or workstations
- Dealing with an audit from an external third-party vendor
- Moving software from machine to machine due to inadequate licensing greater than month
- Work orders that apply to greater than five (5) workstations, for example (but not limited to):
  - Adding RAM to all workstations
  - Upgrading the entire office from Microsoft Office 2010 to Office 2016
  - Virus/Malware/Ransomware for the entire network
  - Implementing a new ERP/Accounting system and installing the client software workstations
- Software and licensing audits
- Reports on software and licensing compliance



Role	Description	Rate	
Project Manager	Project management and coordination	\$125	Hourly
Senior Consultant	Solution architecture and design	\$125	Hourly
Consultant	User configuration and deployment	\$125	Hourly
Workstation Deployment	Technical work outside of the contract	\$125	Hourly

## Workstations

Workstations purchased through the provider using the provider workstation standards are not subject to an installation charge. Any workstation purchased by the client outside of the providers standards will be installed at standard time and materials rates.

## Fast Track

The Client will be assigned one Fast Track per month which is included in this Agreement. Fast Track is a way to prioritize a non-urgent ticket and have it jump the queue in terms of priority. The one Fast Track per month allotment does not carry over to subsequent months and is a month-to-month assignment. Additional Fast Track tickets may be purchased on a fixed-fee per use basis.

Description	Quantity	Unit	Monthly Cost
Additional Fast Track Ticket(s)*	1	Ticket(s)	\$ 100.00
		Total Cost	\$ 100.00

\*One Fast Track is included at no extra cost. Additional Fast Track Tickets cost \$100 per ticket.

## Onboarding Procedures

As a condition of this Partnership Agreement, Client agrees to participate in our standard onboarding process. There is no charge for this onboarding process, however, Provider assumes that Client will provide the following:

1. A complete list of all owned software and accompanying media/serial numbers for each workstation
  - Provider assumes that Client is compliant with all licensing. It is the responsibility of Client to be in compliance or actively seeking to become compliant.
  - If this information cannot be gathered by Client, Provider will gather this information. Time and Materials basis
2. A complete list of all existing passwords
3. A complete contact list of all third-party vendors (phone, printer, internet provider etc.) and all relevant associated contracts
  - Client will give Provider Administrative/Point of Authority (POA) rights to all third-party vendors

Provider will track all Client software in Provider's documentation platform. Software tracked includes all previously purchased software and all software purchased through Provider. All software purchased through another channel other than Provider will not be tracked.

If Client would prefer Provider to gather the above information, the work will be charged on a Time and Materials basis at the Professional Services rates.

Provider can supply Client with a report of known software. However, for audit and compliance purposes, if a full report is needed, Client will be charged on a Time and Materials basis.



## 4. Conditions

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### **Termination**

Client or Provider may terminate this agreement, for any reason, with 30 days written notice.

### **Indemnity**

Provider and Client agree to indemnify, defend and hold the other party harmless for any loss, expenses or claims; either put forth by the other party or a third-party. Additionally, both parties agree to indemnify for any damage to property and/or injury resulting in bodily harm arising from services provided within this Agreement. In the event of property loss or an injury both parties agree to give prompt notice to the other and expect full cooperation from all parties involved.

### **Data Rights**

All property rights and other proprietary rights within this Partnership Agreement, services provided as a result of this Agreement and the information and processes involved shall be the sole and exclusive property of the Provider. The Provider grants the Client non-exclusive rights to use reproduce, copy and display information as necessary in their day-to-day business requirements.

### **Employees**

Provider's employees are not employees or agents of Client. Provider will be responsible for employee's compensation, including taxes and workers' compensation. While engaged in a Partnership Agreement with Provider and for a period of twelve (12) months after, Client will not directly or indirectly solicit employment to an employee of Provider or its permitted subcontractors and assignees who have provided services as a result of this Agreement.

### **Limitation of Liability**

No party shall be responsible to the other party for any damages arising from, or in connection to any services provided, under this Agreement except in the event of gross negligence or willful misconduct of such party. The Client acknowledges and agrees that the aggregate liability of Provider to the Client arising out of or related to this Agreement shall be limited to the Client's direct, provable damages in an amount not to exceed the total amount paid by the Client to Provider in respect of the Services giving rise to such liability.

Notwithstanding anything contained herein to the contrary, the Provider shall not be liable for special, indirect, consequential or incidental losses or damages of any kind or nature whatsoever including, but not limited to, loss of profits or revenue, loss of use of equipment, lost data, costs of substitute equipment, costs of delay, costs of labor, requalification, rework charges, or loss of goodwill arising out of the provision of the Services, or any other costs, charges, penalties or liquidated damages whatsoever regardless of whether arising from breach of contract, warranty, strict liability or otherwise, even if the Provider was advised of the possibility of such loss or for if such loss or damage could have been reasonably foreseen.



## **Confidential Information**

Each party agrees to keep all informational confidential and to only disclose to third-party vendors such information on a need-to-know basis. Additionally, third-parties should have executed a confidentiality agreement with terms at least as stringent as these. All information involved in processes should be treated as confidential and follow the proper guidelines surrounding disclosure. This information includes the other party's customers, business, pricing, know-how, documentation, manuals and other printed material.

## **General Provisions**

This Partnership Agreement shall be interpreted in accordance with and governed by the laws of the State of California and the laws of the United States of America.

Client may not assign or otherwise transfer its obligations under any Partnership Agreement without the written consent of Provider, which shall not be unreasonably withheld.

If any provision of this Agreement is deemed by a court of competent jurisdiction, invalid or unenforceable, such judgment shall not invalidate or render unenforceable the remainder of the Agreement.

All changes to this Agreement must be in writing and executed by both parties.

This Partnership Agreement and any Services Agreement may be executed in multiple jurisdictions, each of which shall be deemed an original of equal force and effect.

Provider shall exercise commercially reasonable efforts to perform the Services in a timely manner, but shall not be responsible for delays or failures to perform, which are due to causes beyond its reasonable control.

No action under this Agreement may be brought by either party more than two (2) years after cause of action has accrued.



## 5. Payment Terms

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Our monthly service fee payments are due on the 1st of every month via ACH payment. Required ACH forms will be provided to you as part of our Welcome Package.

## 6. Acceptance

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### Provider

#### **Computer Logistics**

2001 Market Street  
Redding, CA 96001

Signed: \_\_\_\_\_

Name: Bob Andrews  
\_\_\_\_\_

Title: CEO  
\_\_\_\_\_

Date: July 1, 2019  
\_\_\_\_\_

### Client

#### **City of Susanville**

66 North Lassen Street  
Susanville, CA 96130

Signed: \_\_\_\_\_

Name: Michael Wilson  
\_\_\_\_\_

Title: City Administrator  
\_\_\_\_\_

Date: \_\_\_\_\_



## Appendix I: Responsibilities Overview

### Service Desk Services

The Service Desk provides a single point of contact where End Users are to report Incidents or Service Requests. The Service Desk is responsible for the satisfactory resolution of Incidents and fulfillment of Service Requests.

Description	Provider	Client
Receive and log service requests in support ticket	✓	
Monitor and track support tickets through to resolution	✓	
Provide the status of support tickets to End Users upon request	✓	
Provide a telephone number, email address, and self-service tool for Client to contact Service Desk	✓	
Report Incidents and Service Requests to the Service Desk		✓
Provide and maintain an updated contact listing for Service Desk use		✓
Assist to ensure that Client support teams and other contracted vendors report Incident status and resolution to Service Desk		✓
Provide an adequate level of system authority and onsite and remote access for all products and resources for which Provider has Incident resolution responsibility		✓



## Change Management Services

Change Management is the process that should be invoked whenever changes to the IT environment have the potential to affect more than one person. The objective of Change Management is that standardized methods and procedures are used for efficient and prompt handling of all changes to minimize the number and impact of any related Incidents.

Description	Provider	Client
Initiate change requests when: <ul style="list-style-type: none"><li>• Service Request cannot be made under strict procedural control</li><li>• Action required to repair/enhance the IT infrastructure has been identified and that action has the potential to impact End Users and/or business operations</li></ul>	✓	
Receive change requests made by Provider, Client or authorized (or agreed upon) Third-Party Providers	✓	
Log change requests into a change ticket	✓	
Review the content and completeness of change requests	✓	
Assess the impact or potential impact to the Client environment	✓	
Notify Client of any scheduled and unscheduled changes and obtain Client approval to make changes	✓	
Approve or reject change requests	✓	
Test changes where possible and/or appropriate	✓	
Execute scheduled and unscheduled changes	✓	
Report the results of changes to Client		✓
Participate in testing of application and system changes		✓
Present Provider with regular and adequate scheduled change windows (scheduled time when changes can be made)		✓



## End User Management Services

End User Asset Management is a comprehensive approach to managing all the End User Assets as an organization. It is delivered both remotely and onsite at a Client location through reactive services such as Incident Management and proactive services such as patching and Change Management.

Description	Provider	Client
Installs, Moves, Adds, Changes, and Decommissions (IMACD) <sup>1</sup>	✓	
Provide hardware support services <sup>2</sup>	✓	
Document and update software and hardware inventory	✓	
Provide annual assessment of Client's End User Devices and ongoing recommendations to Client relating to equipment upgrades and preventative measures	✓	
Provide ongoing feedback to Provider Service Manager and Operations Manager to continually improve the service delivery and quality	✓	
Tracking of IMACDs in a month and confirming those numbers with Client	✓	
All End User Asset hardware and software costs; for tracking software and hardware purchases and licensing compliancy		✓
Provide a stable network connection to all Client sites sufficient to allow remote services to operate effectively		✓
Cover costs of transportation and insurance for any moves of assets from one location to another location		✓
Tracking of IMACDs in a month and confirming those numbers with the Provider		✓

### 1. IMACD includes:

- Install new hardware (i.e. Install a new laptop)
- Move hardware from one location to another (i.e. Move a printer to a different desk)
- Add a hardware component (i.e. Add RAM to a desktop PC)
- Change hardware or software (i.e. Apply software patch to a PC)
- Decommission assets (i.e. Remove PC from use and wipe the hard drive)

### 2. Hardware support services includes:

- Troubleshoot and diagnose hardware issues
- Act on Client's behalf to engage hardware warranty provider and oversee warranty service process
- Test hardware to ensure warranty service provider resolves the issue



## Server Management Services

Server Management is a comprehensive approach to managing all the Client's backend servers and is delivered both remotely and onsite at a Client's location through reactive services such as Incident Management and proactive services such as patching and Change Management.

Description	Provider	Client
Provide comprehensive 24x7 monitoring and alerting <sup>1</sup>	✓	
Provide Systems Administration <sup>2</sup>	✓	
Provide hardware support services <sup>3</sup>	✓	
Document and update software and hardware inventory	✓	
Provide annual assessment of Client's Backend Systems and make ongoing recommendations for upgrades and preventative maintenance	✓	
Provide ongoing feedback to Provider Service Manager and Operations Manager to continually improve the service delivery and quality	✓	
All Backend Systems hardware and software costs for tracking software and hardware purchases and licensing compliancy		✓
Provide a stable network connection to all Client sites sufficient to allow remote services to operate effectively		✓
Cover costs of transportation and insurance for any moves of assets from one location to another location		✓

### 1. 24x7 monitoring includes:

- Monitor backend systems for events that may impact availability or security
- Monitor for notifications of Microsoft security vulnerabilities
- Receive, analyze, escalate, and act on alerts from backend systems

### 2. Systems Administration includes:

- Create, delete, and maintain user accounts and groups within Microsoft Active Directory
- Create, change, and maintain security policies, permissions, and access
- Apply recommended patches to Operating System software

### 3. Hardware support services includes:

- Troubleshoot and diagnose hardware issues
- Act on Client's behalf to engage hardware warranty provider and oversee warranty service process
- Test hardware to ensure warranty service provider resolves the issue



## Backup Management Services

Backup Management involves the process of making copies of data so that these additional data snap shot backups may be used to restore the original after a data loss event.

Description	Provider	Client
Provide backup strategy to meet system recovery and data retention needs of Client	✓	
Monitor and confirm successful backups for servers <sup>1</sup>	✓	
Perform audits to validate backup and restore procedures	✓	
Perform restoration of a single file or a complete file system from latest backup media when required	✓	
All Backup System hardware and software costs		✓
Provide stable network connections to all Client sites sufficient to allow remote services to operate effectively		✓

1. A backup failure will be treated as a Severity 3 incident. A repeat backup failure on consecutive days will be a Severity 2 incident.



## Enhanced Disaster Recovery Services

Disaster Recovery Management involves the process of imaging and backing up servers so that data and servers can be restored with minimal business interruption. Computer Logistics will maintain backup systems as part of our core Managed IT Services solution. As an enhancement, we can increase the level of disaster recovery capability with this optional service.

With Enhanced Disaster Recovery Services, we capture images of your critical servers and coordinate the update these images. This allows us to restore your critical servers in a much timelier fashion in the event of a localized disaster, and it provides the potential for your key people to access data and services shortly after a major disaster occurs by connecting to our remote data center.

The Disaster Recovery Management Service is an optional service that can be performed on as many or as few of **Client's servers as desired.**

Description	Provider	Client
Capture an initial full image of the server	✓	
Store a copy of full image on Client's infrastructure (Client premise or data center)	✓	
Store a second copy of that image at Provider's data center (remote)	✓	
Take an incremental image at regular intervals, determined by Client, and store this image on Client's infrastructure	✓	
Take an incremental image nightly and store at Provider's data center	✓	
Provide stable network connections to all Client sites sufficient to allow remote services to operate effectively		✓
Acknowledge that data transfer may result in additional charges from their ISP		✓
Provide or pay for an adequate onsite storage device		✓



## Network Management Services

Network Management involves the operation, administration, and maintenance of networked equipment. Operations Management deals with keeping the network (and the services that the network provides) up and running smoothly. Systems Administration deals with keeping track of resources in the network and how they are assigned. Maintenance is concerned with performing repairs and upgrades — for example, a router needs a patch for an operating system. Maintenance also involves corrective and preventive measures to make the managed network run more efficiently, such as adjusting device configuration parameters.

Description	Provider	Client
Provide comprehensive 24x7 monitoring and alerting <sup>1</sup>	✓	
Provide Systems Administration	✓	
Apply recommended patches to Operate System software	✓	
Provide hardware support services <sup>2</sup>	✓	
Document and update software and hardware inventory	✓	
Provide ongoing feedback to Provider Service Manager and Operations Manager to continually improve service delivery and quality		✓
All End User Asset hardware and software costs, for tracking software and hardware purchases, and for licensing compliancy		✓

### 1. 24x7 monitoring and alerting includes:

- Monitor network devices for events that may impact availability or security
- Receive, analyze, escalate, and act on alerts

### 2. Hardware support services includes:

- Troubleshoot and diagnose hardware issues
- Act on Client's behalf to engage hardware warranty provider and oversee the warranty service process
- Test hardware to ensure warranty service provider resolves the issue



## Appendix II: Services Overview

### Support Coverage

Support Coverage is defined in the following table, based on the service to be provided and the coverage window for the service.

Service	Support Coverage Window
Help Desk	Business Hours <sup>1</sup>
Network Monitoring	24x7 <sup>2</sup>
Security Monitoring	24x7
Server Monitoring	24x7
Severity 1 Response	24x7
Severity 2, 3, 4 Response	Business Hours

1. Business Hours are 8:00AM – 5:00PM PST, Monday thru Friday, excluding recognized holidays

2. 24x7 means 24 hours per day, seven days per week, including holidays

Recognized holidays are: New Year's Day (January 1), Independence Day (July 4), Memorial Day (Last Monday in May), Labor Day (First Monday in September), Thanksgiving Day (Fourth Thursday in November), Christmas Day (December 25).

### Acknowledge and Resolve Service Levels

The following outlines the service levels for acknowledgement and resolution based on the severity of the incident and the service coverage window.

Severity	Acknowledge Time		Resolve Time	
	Business Hours	Non-Business Hours	Business Hours	Non-Business Hours
1	15 minutes	15 minutes	2 hours	2 hours (starts next bus. day)
2	15 minutes	15 minutes (starts next bus. day)	4 hours	4 hours (starts next bus. day)
3	15 minutes	1 hour (starts next bus. day)	3 business days	3 business days (starts next bus. day)
4	15 minutes	1 hour (starts next bus. day)	Scheduled w/ User	Scheduled w/ User



**Notes:**

- The Help Desk is available for severity 3 and 4 Incidents, outside of business hours, however time and materials fee will apply for this work
- Resolved means either the Incident is resolved or we have a work-around in place. For clarity, when a work-around is implemented Provider will mark the incident as resolved and create a problem ticket to uncover the root cause. Once the root cause is understood, a change request is made to implement a permanent solution
- The above targets exclude Incidents advanced to hardware vendors, software vendors or third-party service providers
- Provider shall routinely monitor the service. However, in some circumstances such measurements may not be possible on a routine basis, perhaps due to cost or due to the disruptive nature of the measurements required
- Where a service has not yet been in operation for three months, or where the defined service level has been changed within the previous three months, the service cannot be determined to have failed to meet the service levels
- Where a service level failure is identified, Provider and Client will review all material for the failed service and determine the appropriate course of action that is needed to return to a successful status

**Other Service Levels**

The following outlines other service levels.

Item	Service Level
Monthly Reports	Provided within 15 days of the end of the month
Quarterly Reports	Provided within 30 days of the end of the quarter
Yearly Reports	Provided within 45 days of the end of the year*

*\*Designated as calendar year unless otherwise stipulated.*



## Severity Definition

Severity will be used to set support ticket priorities and subsequent actions taken by Provider.

Severity	Definition
1 (Urgent)	<p><b>Critical Business Impact</b></p> <p>Indicates a total inability to use an application system or a component of an application system, resulting impact on client operation where:</p> <ul style="list-style-type: none"><li>• The incident affects Client's entire organization or location; and</li><li>• There is no work-around or manual process available; and</li><li>• The incident must be resolved immediately</li></ul> <p>Examples:</p> <ul style="list-style-type: none"><li>• Corporate data outages</li><li>• Systems outages such as city-wide email outages</li><li>• Domain Controller services outages such as auth., DHCP, or DNS that have critical impact</li><li>• Critical business services outages such as complete business application failures</li></ul>
2 (High)	<p><b>High Business Impact</b></p> <p>Indicates a total inability to use an application or computer system, or a component of an application or system, resulting in a critical impact on a single client where:</p> <ul style="list-style-type: none"><li>• The incident affects a key individual whose job function is critical to the organization, an application critical to a specific user, or a VIP user within the organization as defined by Client or a department</li><li>• There is no work-around or manual process available</li></ul> <p>Examples:</p> <ul style="list-style-type: none"><li>• Localized network outages such as a single switch failure that affects a small number of users and where a work-around would allow access to the network remotely or from a different workstation</li><li>• Individual server service failures or interruptions (such as printers not working) and the printer is required to be restarted</li><li>• Issues that impair a Senior Staff's ability to perform their work</li><li>• Critical business application issues where users report error messages or performance issues that impede their ability to work in the application but it is not a complete failure</li></ul>
3 (Medium)	<p><b>Medium Business Impact</b></p> <p>A computer outage affecting a single client, where:</p> <ul style="list-style-type: none"><li>• The incident affects an individual who has not been identified as having a job function that is critical to the organization or a VIP user within the organization; and</li><li>• Indicates an ability to use the application system without functions that are not critical to overall operations; and</li><li>• A work-around may or may not be available</li></ul> <p>Examples:</p> <ul style="list-style-type: none"><li>• Single PC issues, the user is not a VIP and can either work from a spare PC or remotely</li><li>• Any single user application issue where it is not a system failure and local to that user or PC, and is not a VIP or performing a critical business function at the time</li><li>• General how-to-help and problems with productivity</li><li>• Localized to user performance issues</li></ul>
4 (Low)	<p><b>Low Business Impact or Service Request</b></p> <p>A computer outage that is causing minor or no impairment and no work-around is necessary, or a Service Request.</p>



## **Appendix III: Proactive Reporting**

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Performance reporting is a key component of Service Management and includes a schedule commitment timeframe. Provider will maintain communication through the Service Management agreement on an ongoing basis. Formally, Provider will provide standard reports, in electronic format and will communicate with Client as follows:

### **Monthly Reporting**

There will be a review every month, to be held between Provider and Client, to evaluate the performance and Provider service levels. This meeting will also encompass discussions on service level fulfillment, service delivery, and future projects that may affect the service levels in this agreement.

### **Quarterly Reporting**

Provider will deliver a standard inventory report. The contents will be tailored based on feedback from Client.

### **Annual Reporting**

There will be an annual meeting between Provider and Client to review and discuss the current services being offered, the previous year's performance, key achievements, management observations, Client satisfaction and key goals for the next year.

## **Appendix IV: Departments**

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City Hall  
Police Department  
Fire Department  
Public Works

## **Appendix V: Included Licensing and Services**

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Office 365 licensing with software upgrade  
Webroot Antivirus for all active devices joined to the business domain(s)  
Barracuda Backup Energizer Updates  
Barracuda Backup Cloud Replication

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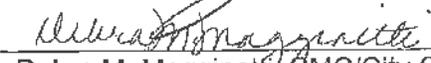
**RESOLUTION NO. 10-4683**  
**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE**  
**APPROVING AND AUTHORIZING MAYOR TO EXECUTE AGREEMENT**  
**FOR IT SERVICES WITH COMPUTER LOGISTICS**

**WHEREAS,** the City of Susanville has a need for quality computer support services; and

**WHEREAS,** Computer Logistics has the necessary knowledge, skills and abilities to provide this service;

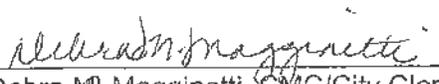
**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Susanville hereby approves and authorizes the Mayor to execute an agreement for IT services with Computer Logistics;

APPROVED:   
Lino Callegari, Mayor

ATTEST:   
Debra M. Maggini, CMC/City Clerk

The foregoing Resolution No. 10-4683 was adopted at a regular meeting of the City Council of the City of Susanville, held on the 6<sup>th</sup> day of October, 2010 by the following vote:

AYES:	Sayers, De Boer, McDonald and Callegari
NOES:	None
ABSENT:	Franco
ABSTAINING:	None

  
Debra M. Maggini, CMC/City Clerk

APPROVED AS TO FORM:   
Peter M. Talia, City Attorney

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TIME BLOCK AGREEMENT

This Agreement is entered into this 6th day of October, 2010 by and between Computer Logistics Corporation located at 2001 Market St, Redding CA 96001, hereinafter referred to as "CLC," and City of Susanville hereinafter referred to as "CLIENT".

• Service Provided:

Services provided by CLC for the CLIENT include, but is not limited to the following:

- Administration of Local Area Networks
• Administration of Internet connections
• Administering security and access of computer resources
• Integrating software with hardware and other software
• Maintaining, coordinating, and installing software
• Maintaining, repairing, and installing hardware
• Project Management, Planning, Consulting, and Disaster Recovery Services
• Being available 24 hours a day, 7 days a week

• Terms of Agreement

• This agreement is for one year from the date of this agreement.

• CLIENT agrees to prepay CLC for (select & initial one)

- 500 Hour Time Block at \$80.00 per hour totaling \$ 40,000.00
□ 300 Hour Time Block at \$85.00 per hour totaling \$ 25,500.00
□ 200 Hour Time Block at \$90.00 per hour totaling \$ 18,000.00
□ 100 Hour Time Block at \$95.00 per hour totaling \$ 9,500.00
□ 50 Hour Time Block at \$100.00 per hour totaling \$ 5,000.00
□ 25 Hour Time Block at \$110.00 per hour totaling \$ 2,750.00
□ 10 Hour Time Block at \$115.00 per hour totaling \$ 1,150.00

- If CLIENT terminates this agreement before the time block is used up, the entire block will be refunded less the actual hours used times CLC's normal rate of \$120.00 per hour.
• If CLC terminates this agreement before the time block is used up, the remaining time will be refunded at Contract rate.
• If the entire block of time is used up before this agreement expires, CLIENT may purchase additional time blocks at the same discounted rate through the term of this agreement.
• If the agreement date expires before the block of time is used, the remaining hours may be rolled to the next years agreement.
• Time is used and deducted from prepaid block as follows:
- Emergency Service Calls, Weekends & Holidays, time is deducted times 1.5
- From 6 PM until midnight, time is deducted times 1.5
- From Midnight until 6 AM time is deducted times 2.0
• CLC will give accounting of hours spent at the end of each time block, and at any other time, as required by CLIENT

CLC:

Computer Logistics Corporation

2001 Market Street

Redding, CA 96001

CLIENT:

City of Susanville

66 No. Lassen Street

Susanville CA 96130-3904

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

By Lino P. Callegari, Mayor

Date October 10, 2010

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Reviewed by:  City Administrator

- Motion only
- Public Hearing
- Resolution
- Ordinance
- Information

**Submitted By:** Deborah Savage, Finance Manager

**Action Date:** July 17, 2019

**CITY COUNCIL AGENDA ITEM**

**SUBJECT:** **Resolution No. 19-5677** Authorizing the Issuance of Series 2019 Water Revenue Refunding Bonds and Series 2019 Natural Gas Revenue Refunding Bonds and Approving the Forms of and Authorizing and Directing Execution and Delivery of Indenture of Trust Agreements and Appointing Consultants and Providing for Other Matters Properly Related Thereto

**PRESENTED BY:** Deborah Savage, Finance Manager

**SUMMARY:** The City has heretofore provided for the issuance of (i) Susanville Public Financing Authority (as the conduit issuer), 2010 Refunding Revenue Bonds, Senior Series A, in the original aggregate principal amount of \$9,700,000 (the "Series 2010A Bonds"), and (ii) Susanville Public Financing Authority (as the conduit issuer), 2010 Refunding Revenue Bonds, Subordinate Series B, in the original aggregate principal amount of \$25,160,000 (the "Series 2010B Bonds," and together with the Series 2010A Bonds, the "Prior Bonds").

The Prior Bonds bear interest at rates ranging from approximately 2.50% to 6.00%, and have a final maturity date of June 1, 2036 for the Series 2010A Bonds and June 1, 2045 for the Series 2010B Bonds. The Prior Bonds may now be prepaid and refunded (i.e., replaced with another bond issue) with no penalty on any date, upon 30 days' notice to the present bondholder.

The current bond market provides an opportunity for the City to refinance the Prior Bonds to a lower interest rate in order to reduce the cost of debt service payable by the City (this process is hereafter referred to as a "Refunding"). Much like refinancing a home mortgage, this Refunding will provide a substantial net (after all costs and expenses) savings on the interest accrued over the life of the bonds, which is a direct benefit to the City and its ratepayers.

The City can accomplish the Refunding of the Prior Bonds by issuing new Series 2019 Water Revenue Refunding Bonds (the "2019 Water Bonds") and Series 2019 Natural Gas Revenue Refunding Bonds (the "2019 Natural Gas Bonds," and together with the 2019 Water Bonds, the "2019 Bonds") to take the place of the Prior Bonds. The term of 2019 Bonds will match (or be less than) the term of the respective Prior Bonds. The proceedings do not require a public hearing or a rate increase, and there is no provision for public protest. The reason for this is that the Refunding saves the City and its ratepayers money without increasing (i) its annual obligation, (ii) its overall principal obligation, or (iii) the existing maturity dates of the respective Prior Bonds.

There are several steps/documents that need to be authorized/approved by the Council which

are contained in the subject Resolution attached to this agenda report.

### **SUMMARY OF THE INDENTURES:**

The subject resolutions being recommended for adoption authorize and approve the form of the Indentures necessary to provide for the issuance of the 2019 Water Bonds and the 2019 Natural Gas Bonds. The adoption of the Resolution is necessary for the financing team to move forward with completing the appropriate documentation and credit analysis before entering the market and locking interest rates.

The 2019 Water Bonds will be repaid from Net Revenues of the Water Enterprise, and the 2019 Natural Gas Bonds will be repaid from Net Revenues of the Natural Gas Enterprise. "Net Revenues" means for any Fiscal Year (or other designated twelve (12) calendar month period), the Gross Revenues (i.e., all revenues generated by either the Water Enterprise or the Natural Gas Enterprise, as the case may be) during such Fiscal Year (or designated twelve (12) calendar month period) less the Operation and Maintenance Costs of such enterprise during such period.

The proposed 2019 Bonds are to be issued as limited obligation bonds, payable only from Net Revenues, and therefore the City's general fund (and other funds) will be not be exposed to repayment risk.

Please note that the Indentures are being presented to the Council as form documents, as they cannot be fully completed at this time because certain critical components such as private placement vs public offering detail, interest rates and annual debt service payments will depend on the state of the bond market at the time the each transaction is actually priced (i.e., sold to the Underwriter and/or rate locked with private placement bank). This method of approval is the normal method of approving a bond issue in California. The Indentures are each briefly described below:

1. Indenture of Trust (Water): This is an agreement which sets forth the covenants and specifics of the 2019 Water Bonds, including the flow of funds, prepayment provisions, establishment and management of the reserve fund and all other funds and accounts, the City's and Trustee's duties, repayment mechanisms and the 2019 Water Bond owners' rights and remedies. The Indenture also requires the City to maintain Net Revenues in excess of 125% of total annual debt service on the 2019 Water Bonds and any new parity debt issued in the future.
2. Indenture of Trust (Natural Gas): This is an agreement which sets forth the covenants and specifics of the 2019 Natural Gas Bonds, including the flow of funds, prepayment provisions, establishment and management of the reserve fund and all other funds and accounts, the City's and Trustee's duties, repayment mechanisms and the 2019 Natural Gas Bond owners' rights and remedies. The Indenture also requires the City to maintain Net Revenues in excess of 125% of total annual debt service on the 2019 Natural Gas Bonds and any new parity debt issued in the future.

### **TIMING:**

If Council adopts the subject resolution, City staff and financing team will immediately (i) arrange for a rate lock of the 2019 Water Bonds, and (ii) assess the financial benefit of municipal bond insurance (depending on the ratings and the associated price of bond insurance). Once the ratings and insurance provisions (if determined financially beneficial to the City) are known, the financing team will finalize all remaining legal and disclosure documents, and then bring the matter back to Council for final form approval sometime in August. The closing the transactions are scheduled to take place on or about September 5<sup>th</sup>.

**FISCAL IMPACT:** In today's low interest rate environment, the City can significantly reduce the interest cost associated with the 2 separate issues of Prior Bonds by refunding such debt at lower interest rates, thereby saving the City money each year without extending the length of the term of the debt. The City's financing team will be presenting the financing details at the time of the meeting, and will be available to answer any questions the Council may have.

If the subject Resolution is approved, the City will be authorized to rate lock and/or sell the 2019 Water Bonds and 2019 Natural Gas Bonds within certain parameters (e.g., that the net present value savings shall not be less than 3%), and City staff will be authorized and directed to complete the issuance of 2019 Water Bonds and 2019 Natural Gas Bonds within those parameters. Approval of the Resolution is a required prerequisite to accomplishing the issuance of the 2019 Water Bonds and 2019 Natural Gas Bonds, which, if adopted, is presently expected to occur in early September.

**ACTION REQUESTED:** Motion to approve resolution 19-5677 Authorizing the Issuance of Series 2019 Water Revenue Refunding Bonds and Series 2019 Natural Gas Revenue Refunding Bonds and Approving the Forms of and Authorizing and Directing Execution and Delivery of Indenture of Trust Agreements and Appointing Consultants and Providing for Other Matters Properly Related Thereto

**ATTACHMENTS:** Resolution No. 19-5676  
Form of Indenture of Trust (Water)  
Form of Indenture of Trust (Natural Gas)  
City of Susanville Proposed Series 2019 Refinancing Presentation

**RESOLUTION NO. 19-5677**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE  
AUTHORIZING THE ISSUANCE OF SERIES 2019 WATER REVENUE  
REFUNDING BONDS AND SERIES 2019 NATURAL GAS REVENUE  
REFUNDING BONDS; APPROVING THE FORMS OF AND AUTHORIZING  
AND DIRECTING EXECUTION AND DELIVERY OF INDENTURE OF  
TRUST AGREEMENTS; AND APPOINTING CONSULTANTS AND  
PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO**

**WHEREAS**, the City of Susanville (the "City") has heretofore provided for the issuance of (i) Susanville Public Financing Authority (as the conduit issuer), 2010 Refunding Revenue Bonds, Senior Series A, in the original aggregate principal amount of \$9,700,000 (the "Series 2010A Bonds"), and (ii) Susanville Public Financing Authority (as the conduit issuer), 2010 Refunding Revenue Bonds, Subordinate Series B, in the original aggregate principal amount of \$25,160,000 (the "Series 2010B Bonds," and together with the Series 2010A Bonds, the "Prior Bonds"); and

**WHEREAS**, the City owns and operates facilities for (i) the storage and transmission of natural gas within the service area of the City (the "Natural Gas System"), and (ii) the production, storage, treatment and distribution of water within the service area of the City (the "Water System," and together with the Natural Gas System, the "Water and Natural Gas Systems"); and

**WHEREAS**, because interest rates have declined since the Prior Bonds were issued, the City intends to take all action necessary to provide for the issuance of one or more series (as is determined most economically advantageous prior to the time of issuance) of (i) City of Susanville, Series 2019 Water Revenue Refunding Bonds (the "Water Refunding Bonds"), and (ii) City of Susanville, Series 2019 Natural Gas Revenue Refunding Bonds (the "Natural Gas Refunding Bonds," and together with the Water Refunding Bonds, the "Refunding Bonds"), pursuant to this Resolution and the Indentures (as defined in Section 6) for the purpose of refunding (the "Refunding") the City's remaining outstanding principal balances of the respective Prior Bonds; and

**WHEREAS**, the City Council of the City wishes at this time to authorize proceedings relating to the issuance of the Refunding Bonds, and to approve the execution and delivery of the Indentures relating thereto; and

**WHEREAS**, the City Council, with the aid of its staff, has reviewed the Indentures, the forms of which have been presented to the City Council and are on file with the City Clerk, and the City Council wishes at this time to approve the foregoing documents in the public interests of the City; and

**WHEREAS**, in order to efficiently accomplish the Refunding and issuance of Refunding Bonds, the City desires to appoint bond counsel, disclosure counsel, trustee and underwriter to provide the necessary professional services in connection therewith; and

**WHEREAS**, this action does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines Section 15378; and

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

**Section 1. Recitals and Findings.** The City Council hereby specifically finds and declares that each of the statements, findings and determinations set forth in the recitals set forth above are true and correct and are incorporated herein by this reference, and finds further that the Refunding is expected to result in significant public benefits to the City and its ratepayers.

**Section 2. Adoption of Authorizing Procedures.** The City Council hereby authorizes the Refunding Bonds to be issued pursuant to Articles 10 (commencing with Section 53570) and 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Bond Law").

**Section 3. Authorization of the Water Refunding Bonds.** The Water Refunding Bonds are hereby authorized to be issued pursuant to the Refunding Bond Law, payable exclusively from the revenues of the Water System (the "Water System Revenues"). Such revenues constitute a trust fund for the security and payment of the principal or redemption price of and interest on the Water Refunding Bonds. The general fund of the City is not liable and the credit or taxing power of the City is not pledged for the payment of the principal or redemption price of and interest on the Water Refunding Bonds. The owners of the Water Refunding Bonds may not compel the exercise of the taxing power by the City or the forfeiture of its property, and the principal or redemption price of and interest on the Water Refunding Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Water System Revenues.

**Section 4. Authorization of the Natural Gas Refunding Bonds.** The Natural Gas Refunding Bonds are hereby authorized to be issued pursuant to the Refunding Bond Law, payable exclusively from the revenues of the Natural Gas System (the "Natural Gas System Revenues"). Such revenues constitute a trust fund for the security and payment of the principal or redemption price of and interest on the Natural Gas Refunding Bonds. The general fund of the City is not liable and the credit or taxing power of the City is not pledged for the payment of the principal or redemption price of and interest on the Natural Gas Refunding Bonds. The owners of the Natural Gas Refunding Bonds may not compel the exercise of the taxing power by the City or the forfeiture of its property, and the principal or redemption price of and interest on the Natural Gas Refunding Bonds are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Natural Gas System Revenues.

**Section 5. Authorized Representatives.** The Mayor, City Administrator, Finance Manager, City Clerk, and any other person authorized by the Council or City Administrator to act on behalf of the City shall each be an "Authorized Representative" of the City for the purposes of structuring and providing for the issuance of the Refunding Bonds, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the City, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the Refunding and sale of the Refunding Bonds (including, but not limited to, the Indentures and any documentation necessary in connection with the Refunding Bonds, such as bond ratings, bond insurance surety reserve policies or other credit enhancement for the Refunding Bonds or relating to the Refunding escrow or investment of proceeds of the Refunding Bonds), and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the City Council has approved in this Resolution and the Indentures.

**Section 6. Approval of Indentures.** The Water Refunding Bonds shall be issued pursuant to and secured by the Indenture of Trust (the "Water Indenture"), between the City and U.S. Bank National Association (the "Trustee"), the form of which is on file with the City Clerk and is hereby referred to and incorporated herein by this reference. The Natural Gas Refunding Bonds shall be issued pursuant to and secured by the Indenture of Trust (the "Natural Gas Indenture," and together with the Water Indenture, the "Indentures"), between the City and the Trustee, the form of which is on file with the City Clerk and is hereby referred to and incorporated herein by this reference. The Indentures, in substantially the forms on file with the City Clerk, are hereby approved by the City Council. Any Authorized Representative, on behalf of the City, each acting alone, are hereby authorized and directed, for and in the name of the City, to execute and deliver the Indentures in such form, together with such changes, insertions and omissions as may be approved by the City Attorney, the City's Bond Counsel, or the Authorized Representatives, such execution to be conclusive evidence of such approval; and the City Clerk is hereby authorized and directed to attest such Indentures and affix the seal of the City thereto. The City Council hereby authorizes the delivery and performance of the Indentures. The Trustee shall be compensated for the services rendered by it in accordance with the Indentures on the basis of the fee schedule approved from time to time by an Authorized Representative.

**Section 7. Terms of the Refunding Bonds.** The Refunding Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form, shall be subject to redemption, and shall otherwise be issued on the terms and conditions, all as set forth in the respective Indentures and in accordance with this Resolution.

**Section 8. Municipal Bond Insurance and Surety Bond.** The respective Authorized Representatives, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Refunding Bonds and a reserve account surety bond for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Underwriter, that such municipal bond insurance policy and/or surety bond will reduce the interest cost or increase savings with respect to the Refunding Bonds.

**Section 9. Engagement of Professional Services.** The City hereby approves the engagement of The Weist Law Firm, as Bond Counsel and Disclosure Counsel to the City, Westhoff, Cone & Holmstedt as underwriter or placement agent, and U.S. Bank National Association as Trustee in connection with the issuance and sale of the Refunding Bonds. An Authorized Representative is hereby authorized to execute a legal services agreement with The Weist Law Firm as well as an agreement with U.S. Bank National Association for Trustee services.

**Section 10. Sale of Refunding Bonds.** The City hereby authorizes the sale of the Refunding Bonds by either (a) negotiated sale to Westhoff, Cone & Holmstedt for reoffering to the public, (b) private placement with a bank or other financial institution, or (c) a combination of (a) and (b); provided that the net present value of the debt service savings from the refunding of any series Refunding Bonds is at least three percent (3%) of the par amount of the Prior Bonds being refunded. The Authorized Representatives are hereby authorized to choose the method of sale in consultation with the Bond Counsel and the Underwriter. The Board hereby authorizes the Authorized Representatives, and each of them individually, on behalf of this Board, to either (a) negotiate the final terms of the sale of the Bonds to Westhoff, Cone & Holmstedt for ultimate distribution to investors via a public offering, (b) in conjunction with Westhoff, Cone & Holmstedt, as placement agent, negotiate the final terms of the sale of the Bonds to a bank or other financial institution on a private placement basis, or (c) a combination of (a) and (b).

**Section 11. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

APPROVED: \_\_\_\_\_  
Kevin Stafford, Mayor

ATTEST: \_\_\_\_\_  
Gwenna MacDonald, City Clerk

The foregoing resolution was adopted at a regular meeting of the City Council of the City of Susanville held on the 17th day of July, 2019 by the following vote:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAINING:**

\_\_\_\_\_  
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Ryan, City Attorney



CITY OF  
**Susanville**

# **City of Susanville**

## **Proposed Series 2019 Refinancing**

**July 17, 2019**

## I. PROPOSED SERIES 2019 TRANSACTION DETAILS

### Goals & Status

1. **Goal: Separate the Two Enterprises & Remove Cross-Collateralization – ACHIEVED**
2. **Goal: Increased Liquidity - ACHIEVED**
  - Water Rate Stabilization Fund (RSF) decreases from \$3 million to \$1.5 million.
  - Increased timing to cure deficiency.
3. **Goal: Lowest Cost Refinancing. Status:**
  - Water -- Bank Notes -- Refinance the Senior Series 2010A Bonds; secured by a pledge of Revenues from the Water Enterprise only. Water RSF freed from encumbrance by the Gas Enterprise. Opus Bank submitted proposal to finance the Water refinancing @ 2.78% per annum (see comparison on page 3).
  - Gas -- Bonds -- Refinance the Subordinate Series 2010B bonds; secured by a pledge of Revenues from the Gas Enterprise only.
  - Investment-grade ratings – Fitch: “A+” for Water (not needed for Bank Notes), “A-” for Gas. S&P to report rating evaluations on July 17<sup>th</sup> (update to be provided at Council meeting).
  - Explore Bond Insurance for Gas Bonds: Assured Guaranty



## II. ESTIMATED SAVINGS AND SOURCES & USES OF FUNDS

	Water Enterprise		Gas Enterprise
	Bank Notes	Bonds	Bonds
<b>Estimated P.V. Savings</b>	\$ 1,313,945	\$ 1,240,821	\$ 7,337,589
<b>PV Savings as % of Refunded Bonds</b>	18%	17%	31%
<b>Estimated Annual Savings, 2021-35</b>	\$ 117,698	\$ 85,292	\$ 395,567
<b><u>Sources</u></b>			
Par Amount	\$ 6,935,000	\$ 7,540,000	\$ 23,775,000
Series 2010 Reserve Acct.	638,775	638,775	418,922
Original Issue Premium (Discount)	-	(29,052)	1,807,075
<b>Total Sources</b>	<b>\$ 7,573,775</b>	<b>\$ 8,149,723</b>	<b>\$ 26,000,997</b>
<b><u>Uses</u></b>			
Escrow Deposit	\$ 7,432,960	\$ 7,432,960	\$ 24,263,320
Estimated Costs of Issuance	140,815	153,302	1,385,238
Debt Service Reserve Fund	-	563,462	352,440
<b>Total Uses</b>	<b>\$ 7,573,775</b>	<b>\$ 8,149,724</b>	<b>\$ 26,000,997</b>
<b>Net Interest Cost (NIC)<sup>1</sup></b>	<b>2.78%</b>	<b>2.66%</b>	<b>3.30%</b>
<b>Rate Stabilization Fund (RSF)<sup>2</sup></b>	<b>\$ 1,500,000</b>	<b>\$ 2,000,000</b>	<b>\$ 1,800,000</b>

<sup>1</sup> Lower NIC of Bonds compared to Bank Notes is offset by lower debt amount and no annual rating fee or Trustee's fee.

<sup>2</sup> Prior RSF for Water Enterprise was \$3,000,000.

## PROPOSED SERIES 2019 TRANSACTION DETAILS

### Summary of Proposed Refinancing Terms

- **Bond Amount:**
  - Water Bank Notes = \$6,935,000
  - Gas Bonds = \$23,775,000
- **Maturity:**
  - Water Bank Notes – June 1, 2036
  - Gas Bonds – June 1, 2045
- **Payment Dates:** Interest payments due each June 1 and December 1 commencing December 1, 2019. Principal payments due each June 1 beginning Jun 1, 2020
- **Ratings:**
  - Water Bonds: A+ (Fitch) / S&P TBD
  - Gas Bonds: A- (Fitch) / S&P TBD
- **Reserve Fund:**
  - Water Bank Notes - None
  - Gas Bonds – Maximum Annual Debt Service
- **Rate Stabilization Fund:**
  - Water Bank Notes - \$1,500,000
  - Gas Bonds - \$1,800,000



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**INDENTURE**

**by and between the**

**CITY OF SUSANVILLE**

**and**

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

**Dated as of September 1, 2019**

**Relating to**

**§ \_\_\_\_\_  
CITY OF SUSANVILLE  
SERIES 2019 WATER REVENUE REFUNDING BONDS  
(WATER ENTERPRISE REFUNDING PROJECT)**

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 Exhibit A – Form of Bond Exhibit B – Form of Requisition (Costs of Issuance Fund)	

## INDENTURE

This Indenture is made and dated as of September 1, 2019 (the "Indenture"), by and between the City of Susanville, a municipal corporation duly organized and existing under the laws of the State of California (the "City") and U.S. Bank National Association, a national banking association duly organized and existing under the United States of America, and being qualified to accept and administer the trusts hereby created (the "Trustee").

### WITNESSETH:

WHEREAS, the City owns and operates facilities for the production, storage, disinfection, and transmission of water within the service area of the City (interchangeably, the "Enterprise" or "Water Enterprise"); and

WHEREAS, the City previously entered into an Installment Sale Agreement, dated as of September 1, 2010 (the "2010 Installment Sale Agreement") with the Susanville Public Financing Authority (the "Authority"), pursuant to which the City agreed to make certain installment payments (the "2010 Installment Payments") in the aggregate principal amount of \$9,700,000 (the "2010 Installment Payments"), and in connection therewith the Authority issued its \$9,700,000 aggregate principal amount of 2010 Refunding Revenue Bonds, Senior Series A (the "Series 2010A Bonds") and \$25,160,000 aggregate principal amount 2010 Refunding Revenue Bonds, Subordinate Series B (the "Series 2010B Bonds" and, collectively with the Series 2010A Bonds, the "2010 Bonds"), pursuant to a Indenture of Trust dated as of August 1, 2010 (the "2010 Indenture"), between the Authority and Deutsche Bank National Trust Company, N.A. (which was later replaced by U.S. Bank National Association), as trustee (the "2010 Trustee"); and

WHEREAS, the City, after due investigation and deliberation, has determined that it is in the interests of the City at this time to provide for the issuance of its \$ \_\_\_\_\_ City of Susanville, Series 2019 Water Revenue Refunding Bonds (Water Enterprise Refunding Project) (the "Bonds") pursuant to Articles 10 (commencing with Section 53570) and 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, a Resolution adopted by the City Council of the City on \_\_\_\_\_, 2019 and this Indenture for the purpose of (i) prepaying the 2010 Installment Payments, thereby causing the prepayment and redemption of a corresponding commensurate portion of the 2010 Bonds, (ii) purchasing a municipal bond insurance policy for the Bonds, (iii) purchasing a debt service reserve policy for deposit in the reserve fund for the Bonds, and (iv) paying the costs of issuance associated with the execution and delivery of the Bonds; and

WHEREAS, pursuant, and subject, to the terms of the 2010 Installment Sale Agreement and the 2010 Indenture, if the City deposits with the 2010 Trustee (to be held in escrow), cash or qualified securities (or a combination thereof) which shall provide sufficient moneys to pay and redeem the remaining corresponding commensurate portion of the 2010 Bonds on a designated redemption date, then the City's obligations with respect to the 2010 Installment Payments under the 2010 Installment Sale Agreement shall be discharged, and the corresponding commensurate portion of the 2010 Bonds shall be prepaid and defeased accordingly.

WHEREAS, upon issuance and delivery of the Bonds, a portion of the sale proceeds of the Bonds will be deposited with the 2010 Trustee pursuant to the Irrevocable Refunding Instructions, executed by the Authority and the City, to effect the discharge of all of the remaining 2010 Installment Payments, which shall effectuate the prepayment and redemption of the corresponding commensurate portion of the 2010 Bonds.

WHEREAS, the Bonds will be secured by a pledge of the Net Revenues (as defined herein) of the Water Enterprise and certain other moneys and securities held by the City and the Trustee hereunder; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the City Council has authorized the execution and delivery of this Indenture; and

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

**ARTICLE I**  
**DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS;**  
**EQUAL SECURITY**

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other document herein mentioned have the meanings herein specified.

“2010 Bonds” means the Series 2010A Bonds and the Series 2010B Bonds.

“2010A Bonds” means the \$9,700,000 original aggregate principal amount of 2010 Refunding Revenue Bonds, Senior Series A issued by the Susanville Public Financing Authority pursuant to the 2010 Indenture, currently outstanding in the amount of \$7,230,000.

“2010B Bonds” means the \$25,160,000 original aggregate principal amount of 2010 Refunding Revenue Bonds, Subordinate Series B issued by the Susanville Public Financing Authority pursuant to the 2010 Indenture, currently outstanding in the amount of \$23,485,000.

“2010 Installment Sale Agreement” means the Installment Sale Agreement, dated as of September 1, 2010, by and between the Authority and the City.

“2010 Indenture” means the Trust Agreement, dated as of September 1, 2010, by and between the Authority and the 2010 Trustee.

“Accreted Value” means, with respect to any Parity Obligations that are capital appreciation Obligations, as of any date of calculation, the sum of the initial amount thereof and the interest accrued and compounded thereon, as determined in accordance with the provisions of the related Parity Obligation Agreements, to such date of calculation.

“Additional Allowance” has the meaning ascribed to such term in Section 5.01.

“Additional Parity Obligations” means Parity Obligations issued or incurred by the City, subject to the conditions set forth in Section 5.01.

“Annual Debt Service” means, with respect to the portion of the Outstanding Parity Obligations for which the calculation is being made, for the 12-month period for which the calculation is being made (which may be Fiscal Year or Bond Year, as the context requires), the sum of (i) the interest payable with respect to such Outstanding Obligations in that 12-month period, assuming that all the Outstanding Serial Obligations are retired as scheduled and that all Outstanding Term Obligations, if any, are redeemed from the sinking fund payments, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Obligations), (ii) the principal amount of such Outstanding Serial Obligations, if any, maturing by their terms in such 12-month period, and (iii) the minimum principal amount of such Outstanding Term Obligations required to be paid or called and redeemed in such 12-month period.

With respect to capital appreciation Obligations, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Obligations.

If any Obligations bear interest payable pursuant to a variable interest rate formula, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) (i) for Tax-Exempt Obligations, the most recently published Bond Buyer 25 Bond Revenue Index (or if such index no longer exists, another similar index selected by the City) or (ii) for Obligations that are not Tax-Exempt, the most recently published interest rate borne by U.S. Treasury Bonds of 30 year-maturity, plus 70 basis points, or (b) the average variable rate of interest borne by such Obligations during the preceding 36 months or, if such Obligations were not Outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Obligations.

If an interest rate swap agreement is in effect with respect to, and is payable, on a parity with the Parity Obligation to which it relates, no amounts payable under such swap agreement will be included in the calculation of Annual Debt Service unless the result of: (i) interest payable on such Parity Obligation, plus (ii) amounts payable by the City under the swap agreement, less (iii) amounts receivable by the City under such swap agreement are greater than the interest payable on such Parity Obligation, then in such instance, the amount of such payments to be made that exceed the interest to be paid on such Parity Obligation (based on the assumption set forth above for variable rate Obligations) shall be included.

“Annual Debt Service” shall not include (a) interest on Obligations which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Obligations required to remain unexpended and to be held in escrow pursuant to the terms of the instrument under which such Obligations are issued, provided that (i) such exclusion of interest shall be applicable only to the extent that a portion of the amounts deposited in an escrow account, or the projected interest earnings thereon, shall be used to pay interest due on such portion of the Obligations so long as it is required to be held

in escrow, and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Net Revenues coverage, are substantially the same as those for the issuance of Additional Parity Obligations under Section 5.01 of this Indenture.

“Annual Debt Service” shall not include the portion of any parity Credit Provider Reimbursement Obligations that represent Annual Debt Service which would have otherwise been paid directly by the City to the owners of any Parity Obligations (e.g., reimbursement to a Credit Provider for draws made under a letter of credit to pay principal of and interest on the Parity Obligations).

“Annual Debt Service” shall not include principal or interest of Obligations to be paid from a state or federal grant or other moneys that have been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used on such principal or interest, unless such state or federal grant or other moneys have already been included in the corresponding calculation of Gross Revenues or Net Revenues, as applicable.

“Authority” means Susanville Public Finance Authority, a joint powers agency formed pursuant to a Joint Exercise of Powers Agreement, effective as of December 17, 1990.

“Authorized Denomination” means a principal amount of \$5,000 or any integral multiple thereof.

“Average Annual Debt Service” means, with respect to any portion of the Outstanding Parity Obligations for which the calculation is being made, the average Annual Debt Service during the period from the date of calculation through the final maturity date of all of such Outstanding Parity Obligations.

“Beneficial Owners” means those individuals, partnerships, corporations or other entities for which the Direct Participants have caused DTC to hold Book Entry Bonds.

“Bond” or “Bonds” means the City of Susanville, Series 2019 Water Revenue Refunding Bonds (Water Enterprise Refunding Project), authorized by, and at any time Outstanding pursuant to, this Indenture.

“Bond Counsel” means The Weist Law Firm, or another attorney or firm of attorneys of favorable reputation in the field of municipal bond law selected by the City.

“Bond Insurance Policy” means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due. The Bond Insurance Policy is a Credit Facility.

“Bond Insurer” means \_\_\_\_\_, a New York stock insurance company, or any successor thereto or assignee thereof.

“Bond Year” means each twelve-month period extending from June 2 in one calendar year to June 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall extend from the Closing Date to June 1, 2020.

“Book Entry Bonds” means the Bonds registered in the name of the nominee of DTC, as the registered owner thereof, pursuant to the terms and provisions of Section 2.12.

“Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Certificate,” “Statement,” “Request,” “Requisition” or “Order” of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by its Mayor (or in the Mayor’s absence, the Mayor Pro-Tempore), City Administrator, Treasurer, Director of Financial Management or any other person designated by any of them in writing to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Indenture, certificates and opinions will include the statements provided for in the Indenture.

“City” means the City of Susanville, California.

“Closing Date” means September \_\_, 2019, the issuance date of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

“Continuing Disclosure Certificate” means the continuing disclosure undertaking of the City relating to the Bonds in connection with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as originally executed and as the same may be amended and supplemented from time to time in accordance with the terms thereof.

“Costs of Issuance” means any costs or expenses paid or incurred in connection with the preparation, execution and delivery of the Bonds and documents relating to the issuance of the Bonds (including the Refunding Instructions), including but not limited to costs related to the establishment of any refunding escrow, fees and expenses of the Trustee and its counsel, printing costs, word processing costs, filing and recording costs, bond counsel, disclosure counsel and other legal fees and expenses, rating agency fees, accounting fees, legal fees and other expenses incurred by the City in connection with qualification or registration, or determining the exemption from registration or qualification, of the Bonds under the “Blue Sky” laws of any jurisdiction, costs of preparation and reproduction of documents, fees payable to any other consultants or experts retained in connection with such preparation, execution and delivery, costs for the purchase of reserve surety, bond insurance or any other credit enhancement, and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of the Code.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Credit Facility” means a bond insurance policy, an irrevocable direct-pay or standby letter of credit, a standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit or liquidity support with respect to the payment of interest, principal, redemption price or purchase price of any Parity Obligations, but shall not include any Qualified Reserve Credit Instrument for the Bonds or similar instrument credited to a debt service reserve fund for any other Parity Obligations.

“Credit Provider” means the issuer of a Credit Facility with respect to any Parity Obligations.

“Credit Provider Reimbursement Obligations” means obligations of the City to pay from Net Revenues amounts due under a Credit Support Agreement to any Credit Provider (including amounts due to the Bond Insurer under this Indenture), including without limitation, amounts advanced by a Credit Provider pursuant to a Credit Facility as credit support or liquidity for Parity Obligations and interest with respect thereto.

“Credit Support Agreement” means, with respect to any Credit Facility, the agreement or agreements (which may be the Credit Facility itself) between the City and the applicable Credit Provider, as originally executed and as the same may be amended or supplemented from time to time, that provide for the reimbursement to the Credit Provider for payments under such Credit Facility or the extension of credits made to the City by the Credit Provider, together with any related pledge agreement or other security document.

“Debt Service Fund” means the fund by that name established pursuant to Section 4.03.

“Defeasance Securities” means any direct obligations of the United States of America (including any obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); provided, that such securities must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or redemption. “Defeasance Securities” do not include securities that do not have a fixed par value or the terms of which do not promise a fixed dollar amount at maturity or call date.

“Direct Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“DTC” means the Depository Trust Company, New York, New York, or its successors and assigns as depository for the Bonds.

“Enterprise” means the whole and each and every part of the Water Enterprise of the City, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such Water Enterprise or any part thereof hereafter acquired or constructed; provided, that to the extent the City is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described Water Enterprise purposes, only the City’s ownership interest in such asset or property or only the part of the asset or property so used for Water Enterprise purposes shall be considered to be part of the Enterprise.

“Enterprise Revenue Fund” means the separate fund established and maintained by the City in which all Gross Revenues are deposited (identified as the “Water Fund” in the City’s audited financial statements for fiscal year ended June 30, 2018).

“Event of Default” means any of the events described in Section 9.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if: (i) the investment is a certificate of

deposit the value of which is determined in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) the value of which is determined in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period.

“Fiscal Year Debt Service Coverage Ratio” means for any Fiscal Year the ratio determined by dividing the Net Revenues for such Fiscal Year by the corresponding Fiscal Year Debt Service Requirement.

“Fiscal Year Debt Service Requirement” means the sum of principal of and interest on then Outstanding Bonds and other Parity Obligations as they become due and payable during a particular Fiscal Year, without preference or priority (except to the extent such principal and interest are payable from the proceeds of the Parity Obligations, or from any other source of legally available funds of the City which have been deposited with the Trustee or another fiduciary for the Parity Obligations for such purpose prior to the commencement of such Fiscal Year).

“Generally Accepted Accounting Principles” means generally accepted accounting principles applicable to governments as promulgated by the Governmental Accounting Standards Board or its successor.

“Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Enterprise including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the furnishing and supplying of services and facilities through the Enterprise, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that such earnings and income are available for use for the Enterprise pursuant to law, (iii) the proceeds derived by the City directly or indirectly from the sale, lease, or other disposition of a part of the Enterprise, and (iv) amounts released from the Rate Stabilization Fund pursuant to Section 4.07; provided the term “Gross Revenues” shall not include any of the following: (A) customers’ deposits or any other deposits or advances subject to refund until those deposits or advances become the property of the City, (B) moneys that are derived from charges (including without limitation impact fees or special assessments) imposed for specified and restricted purposes (except to the extent that such charges are permitted to be used for the financing or payment of the capital improvements financed with the proceeds of the 2010 Bonds or the Bonds), as provided in a duly adopted resolution or ordinance, and that are accounted for by the City separate and apart from the Enterprise Revenue Fund, and (C) grants or other moneys collected by the City from sources, which by the terms under which the City receives such money, restricts the use for specified and restricted purposes (except to the extent that the terms thereof permit the use of such money for the financing or payment of the capital improvements financed with the proceeds of the 2010 Bonds or the Bonds).

“Indenture” means this Indenture, as originally executed or as it may from time to time be amended or supplemented in accordance herewith.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the City, and who, or each of whom: (i) is in fact independent and not under domination of the City; (ii) does not have any substantial interest, direct or indirect, in the City; and (iii) is not connected with the City as an officer or employee of the City but who may be regularly retained to make annual or other audits of the books of or reports to the City.

“Independent Fiscal Consultant” means any consultant or firm of such consultants appointed by the City and who, or each of whom: (a) is judged by the City to have experience in matters relating to the financing of water enterprises; (b) is in fact independent and not under domination of the City; (c) does not have any substantial interest, direct or indirect, with the City (other than as purchaser or potential purchaser of the Bonds or any Parity Debt); and (d) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City. An independent firm serving as a municipal advisor (or financial advisor) or as the underwriter for the Bonds or Parity Debt may be an Independent Fiscal Consultant for the purposes of this Indenture.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall also mean such other addresses and/or such other services providing information with respect to called bonds as the City may designate in writing to the Trustee.

“Interest Account” means the account by that name in the Debt Service Fund established and held by the Trustee pursuant to Section 4.03.

“Interest Payment Date” means June 1 and December 1 of each year, beginning on December 1, 2019.

“Letter of Representations” means the Blanket Issuer Letter of Representations, dated \_\_\_\_\_, 2019, from the City to DTC, qualifying bonds issued by the City for the DTC’s book-entry system, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

“Maximum Annual Debt Service” means with respect to any portion of the Outstanding Parity Obligations for which the calculation is being made, the largest Annual Debt Service during the period from the date of calculation through the final maturity date of all of such Outstanding Parity Obligations.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns, except that if at any time that such corporation no longer exists or no longer performs the function of a rating agency for municipal securities, then the term “Moody’s” will be deemed to refer to any other nationally recognized rating agency selected by the City.

“Net Revenues” means, for any period, an amount equal to: (i) all of the Gross Revenues received during such period, minus (ii) the amount required to pay all Operation and Maintenance Costs during such period.

“Nominee” means the nominee of DTC, which initially will be Cede & Co., as determined from time to time pursuant to Section 2.12.

“Obligations” means obligations with respect to borrowed money and includes bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease (determined to be such in accordance with Generally Accepted Accounting Principles), which are payable from Net Revenues, whether on a parity or subordinate basis to the Bonds.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City, payable from Gross Revenues, for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including but not limited to: (i) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Enterprise in good repair and working order, (ii) all administrative costs of the City that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Enterprise and insurance premiums, and (iii) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations (including bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease, as determined to be such in accordance with Generally Accepted Accounting Principles) incurred by the City with respect to the Enterprise, (B) depreciation, replacement and obsolescence charges or reserves therefor, (C) amortization of intangibles or other bookkeeping entries of a similar nature, and (D) costs of capital projects which under Generally Accepted Accounting Principles are chargeable to a separate capital account or to a reserve for depreciation.

“Original Purchaser” means Westhoff, Cone & Holmstedt.

“Outstanding,” when used as of any particular time with reference to any Obligations, means (subject to the provisions of Section 13.03 with respect to the Bonds or similar provisions in the applicable Parity Obligation Agreements), all of such Obligations theretofore issued or thereupon issued by the City except:

- (a) Obligations theretofore canceled or surrendered for cancellation;
- (b) Obligations paid or deemed to have been paid within the meaning of the defeasance provisions of the instrument pursuant to which such Obligations are issued; and
- (c) Obligations in lieu of or in substitution for which replacement Obligations have been issued.

“Owner” or “Bond Owner,” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Obligation Agreement” means the agreement or agreements, originally executed and as the same may be amended or supplemented from time to time, that sets forth the security and terms of repayment with respect to any Parity Obligations.

“Parity Obligations” means the Bonds and any Obligations which are payable from Net Revenues on a parity with the payment of the Bonds and the issuance of which satisfies the applicable conditions of Section

5.01, including without limitation Credit Provider Reimbursement Obligations that are specified as payable on a parity with the Bonds hereunder or under any Credit Support Agreement.

“Permitted Investments” means any of the following (provided, that the Trustee shall be entitled to rely upon the City’s written directions as conclusive certification to the Trustee that the investments described therein are Permissible Investments; and provided further, to the extent that the criteria below an investment require a certain minimum rating, such rating shall be determined by the time of purchase of such investment):

- (1) Cash.
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:
  - A. U.S. Treasury obligations;
  - B. All direct or fully guaranteed obligations;
  - C. General Services Administration;
  - D. Guaranteed Title XI financing;
  - E. Government National Mortgage Association (GNMA); and
  - F. U.S. Treasury - State and Local Government Series.
- (3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
  - A. Export-Import Bank;
  - B. Rural Economic Community Development Administration;
  - C. U.S. Maritime Administration;
  - D. Small Business Administration;
  - E. U.S. Department of Housing & Urban Development (PHAs); and
  - F. Federal Housing Administration;
- (4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
  - A. Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
  - B. Obligations of the Resolution Funding Corporation (REFCORP);
  - C. Senior debt obligations of the Federal Home Loan Bank System; and
  - D. Senior debt obligations of other government sponsored enterprises approved by the Bond Insurer.
- (5) U.S. dollar-denominated deposit accounts, demand deposits (including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit (including those placed by a third party pursuant to an agreement between the Trustee and the City), or bankers acceptances of depository institutions (including the Trustee or any of its affiliate), or bankers acceptances of depository institutions (including the Trustee or any of its affiliate), federal funds and bankers’ acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a

rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (provided that ratings on holding companies shall not be considered the rating of the bank);

(6) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(7) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services (and receives and retains a fee for services provided to the fund, whether as custodian, transfer agent, investment advisor or otherwise);

(8) "Pre-refunded Municipal Obligations," defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (2) of the definition of Permitted Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated "Aaa/AAA" or general obligations of any such state with ratings of "A2" or higher by Moody's and "A" or higher by S&P;

(10) Investment agreements (supported by appropriate opinions of counsel) approved in writing by the Bond Insurer, if any;

(11) The Local Agency Investment Fund of the State or any state administered pool investment fund in which the City is statutorily permitted or required to invest will be deemed a permitted investment; and

(12) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds.

"Principal Account" means the account by that name in the Debt Service Fund established and held by the Trustee pursuant to Section 4.03.

"Qualified Reserve Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to

Section 4.04, provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the two highest Rating Categories of Moody's or S&P, or the financial strength of such insurance company is rated within one of the two highest Rating Categories of A.M. Best & Company, or if any of the Bonds are insured, the long-term credit rating of such bank or claims paying ability of such insurance company is at least as high as the insured rating of the Bonds; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.04; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in Section 4.04, including the replenishment of the Interest Account, the Principal Account or the Sinking Account. The Reserve Policy is a Qualified Reserve Credit Instrument.

"Rate Stabilization Fund" means the fund by that name established and held by the City pursuant to Section 4.07.

"Rating Category" means: (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regarding to any numerical modifier, plus or minus sign or other modifier; and (b) with respect to any short-term rating category, all ratings designated by a particular letter or combination of letters taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rebate Amount" has the meaning ascribed to it in the Tax Certificate.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.05.

"Refunding Bond Law" means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (commencing with Section 53570 and Section 53580, respectively), as in existence on the Closing Date.

"Refunding Instructions" means the Irrevocable Refunding Instructions, executed by the City and the Authority, relating to the defeasance and redemption of the 2010 Bonds.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.04 for the registration and transfer of ownership of the Bonds.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.04.

"Reserve Policy" means the municipal bond debt service reserve policy issued by the Bond Insurer upon the issuance of the Bonds. The Reserve Policy is a Qualified Reserve Credit Instrument.]

"Reserve Requirement" means, as of any calculation date, an amount equal to the least of (i) ten percent of the principal amount of the Bonds upon issuance; (ii) 125 percent of Average Annual Debt Service (based on Bond Year) of the Outstanding Bonds; or (iii) Maximum Annual Debt Service (based on Bond

Year) of the Outstanding Bonds. The amount of the Reserve Requirement on any date is subject to confirmation by the City to the Trustee upon the Trustee's request.

"RSF Requirement" means an amount equal to \$2,000,000, held and maintained by the City in the Rate Stabilization Fund, pursuant to Section 4.07 hereof.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if at any time that such corporation no longer exists or no longer performs the function of a rating agency for municipal securities, then the term "S&P" will be deemed to refer to any other nationally recognized rating agency selected by the City.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041, Attn: 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 a Certificate of the City delivered to the Trustee.

"Serial Bonds" means the Bonds that are not Term Bonds.

"Serial Obligations" means Obligations for which no mandatory sinking fund payments are provided.

"Sinking Account" means the account by that name in the Debt Service Fund held by the Trustee pursuant to Section 4.03.

"Sinking Account Installment" means the amount of money required by the Indenture to be paid by the City on any single date toward the retirement of any particular Term Bonds on or prior to their respective stated maturity dates.

"State" means the State of California.

"Supplemental Indenture" means any agreement supplemental to or amendatory of this Indenture entered into in accordance with the provisions of Article VII.

"Tax Certificate," means the Tax Certificate (or similar instrument) pertaining to the Bonds, dated the Closing Date, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

"Term Bonds" means the Bonds maturing on June 1 of each of the years 20\_\_, 20\_\_ and 20\_\_.

"Term Obligations" means Obligations which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Obligations on or before their specified maturity dates.

“Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 11.09; provided that for purposes of payment, prepayment, exchange, transfer, exchange, surrender and cancellation of Bonds, such term means the designated corporate trust agency or operations office of the Trustee, or such other or additional offices as the Trustee may designate in writing to the City from time to time as the corporate trust office for purposes of this Indenture.

“2010 Trustee” means U.S. Bank National Association, in its capacity as the trustee under the 2010 Indenture.

“Trustee” means U.S. Bank National Association, and its successors and assigns, and any other corporation or association that may at any time be substituted in its place as provided in Article VII.

**Section 1.02 Rules of Construction.**

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

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

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

**Section 1.03 Equal Security.** The Bonds shall be issued under and subject to the terms of this Indenture. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the City and the Trustee for the benefit of Owners from time to time of all Bonds issued under this Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premium, if any, on all Bonds authorized, executed, issued and delivered under this Indenture; and the agreements and covenants set forth in this Indenture to be performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds, subject to the agreements, conditions, covenants and provisions contained in this Indenture.

**ARTICLE II  
TERMS OF THE BONDS; GENERAL PROVISIONS RELATING TO EXECUTION AND  
DELIVERY**

**Section 2.01 Authorization; Designation; Form.** The City has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, to happen and to be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized under the Refunding Bond

Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the City hereby authorizes the issuance of the Bonds pursuant to the Refunding Law and this Indenture for the purposes described herein.

The City may at any time execute and deliver the Bonds, designated the City's Series 2019 Water Revenue Refunding Bonds, authorized to be issued under this Indenture, in the aggregate principal amount of \_\_\_ Million \_\_\_ Hundred \_\_\_ Thousand Dollars (\$\_\_\_\_\_). Upon the Written Request of the City, the Trustee shall authenticate and deliver the Bonds. The Bonds, the certificate of authentication and the assignment to appear thereon shall be substantially in the form attached as Exhibit A with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

**Section 2.02 Terms of the Bonds.**

(a) The Bonds shall be dated the Closing Date, shall mature on the dates and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order (with such alphabetical prefix as the Trustee shall determine). The Bonds shall be executed and delivered, without coupons, in the denominations of \$5,000 and any integral multiple thereof.

(b) The interest, principal, and redemption premiums, if any, due with respect to the Bonds shall be payable in lawful money of the United States of America. Subject to Section 2.12, the interest due on the Bonds shall be payable on their Interest Payment Dates by check or draft mailed by first class mail on the applicable Interest Payment Date by the Trustee to the respective Owners thereof at their addresses as they appear in the Registration Books on the Record Date with respect to each Interest Payment Date; provided, however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five days before the

applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by check of the Trustee upon presentation and surrender thereof at the Trust Office.

Interest on the Bonds shall be computed on the basis of a 360 day year of twelve 30 day months. Interest on each Bond shall accrue from the Interest Payment Date next preceding the date of authentication thereof unless (i) the Bond is authenticated on or before an Interest Payment Date but after the close of business on the related Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) the Bond is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Bond, interest is in default on Outstanding Bonds, the Trustee shall establish a special record date for payment of any interest in default hereunder and interest on such Bond shall accrue from the date to which interest has previously been paid in full or made available for payment on such Bond. Interest on the Bonds shall accrue on overdue principal at the same rate borne by the particular Bonds.

**Section 2.03 Redemption of Bonds.**

(a) Optional Redemption. The Bonds maturing on or before June 1, 20\_\_ shall not be subject to optional redemption by the City. The Bonds maturing on or after June 1, 20\_\_ shall be subject to redemption prior to their maturity, as a whole or in part, at the option of the City as the City shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days, or such shorter period as acceptable to the Trustee as such designation being for the convenience of the Trustee, prior to the redemption date) and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after June 1, 20\_\_, from funds derived by the City from any source, at a redemption price equal to 100 percent of the principal amount of Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium.

(b) Mandatory Sinking Account Redemption. The Bonds maturing on June 1 of each of the years 20\_\_, 20\_\_ and 20\_\_ shall be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date of redemption, without premium, according to the following schedules; provided, however, if some but not all of the Term Bonds of a maturity have been optionally redeemed pursuant to Section 2.03(a), each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds redeemed pursuant to the optional redemption, as shall be designated pursuant to written notice and revised sinking account redemption schedule filed by the City with the Trustee:

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
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\* maturity

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
-------------------------------------	--

\* maturity

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
-------------------------------------	--

\* maturity

In lieu of a redemption pursuant to this Section 2.03(b), the Trustee may apply amounts in the Sinking Account to purchase a portion of the Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the City, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Term Bonds, as set forth in writing by the City; provided, however, that no Term Bonds shall be purchased by the Trustee hereunder with a settlement date more than 60 days prior to the date on which the City would otherwise redeem such Term Bonds pursuant to this Section 2.03(b). The principal amount of any portion of the Term Bonds so purchased by the Trustee shall be credited towards and shall reduce the Sinking Account Installment otherwise coming due with respect to such Term Bonds.

(c) Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Outstanding Bonds or such given portion thereof not previously called for redemption, on a pro rata basis among the maturities (unless the maturity or maturities are otherwise specified in this Indenture or in writing by the City) and by lot within a maturity in any manner which the Trustee in its discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds, which may be separately redeemed.

(d) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond, the City shall execute and the Trustee shall authenticate and

deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same maturity date, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond being redeemed. A partial redemption shall be valid upon payment of the amount required to be paid to the Owner, and the City and the Trustee shall be released and discharged from all liability to the extent of such payment.

(e) Notice of Redemption. Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its Nominee, any Information Service or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the City, not more than 60 days but not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services, and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, 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 thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice of redemption is sent to the Owner, the City has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the receipt of sufficient funds by the Trustee from the City on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. Neither the failure of any Owner to receive a redemption notice nor any defect in the notice so sent shall affect the sufficiency or the validity of the proceedings for redemption.

(f) Right to Rescind Optional Redemption. The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of optional redemption shall be cancelled 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 hereunder. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission. The Trustee shall send notices of such rescission in the same manner as that prescribed in Section 2.03(e) for notices of redemption.

(g) Effect of Redemption. From and after the date designated for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the designated redemption date. All Bonds redeemed pursuant to this Section 2.03 shall be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest (or premium, if any) on Bonds, whether at redemption or maturity, shall be held in trust for the account

of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

**Section 2.04 Registration Books.** The Trustee shall keep at its Trust Office sufficient Registration Books for the registration of the ownership, transfer and exchange of the Bonds. Registration Books shall be available for inspection by the City and its designated agent or any Owner or such Owner's agent duly authorized in writing at reasonable hours and under reasonable conditions with reasonable prior notice. The Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in such Registration Books as provided in this Indenture. The ownership of any Bonds may be proved by the Registration Books. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Indenture. The Trustee may deem and treat the person in whose name any Bond shall be registered upon Registration Books 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 and premium, if any, and interest with respect to such Bond and for all other purposes, and all such payments so made to any such Owner or upon such Owner's order shall be valid and effectual to satisfy and discharge the City's and the Trustee's liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Trustee shall not be affected by any notice to the contrary.

**Section 2.05 Execution of Bonds.** The Bonds shall be signed in the name and on behalf of the City with the manual or facsimile signatures of the Mayor (or in the Mayor's absence, the Mayor Pro-Tempore) and attested with the manual or facsimile signature of the City Clerk, and shall be delivered to the Trustee for authentication by it. In case any officer of the City who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though the individual who signed the same had continued to be such officer of the City. Also, any Bond may be signed on behalf of the City by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**Section 2.06 Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon presentation and surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the City shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. The Trustee shall not be required to transfer, pursuant to this Section, (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption) and (ii) any Bond selected for redemption in whole or in part.

**Section 2.07 Exchange of Bonds.** Bonds may be exchanged at the Trust Office of the Trustee for the same aggregate principal amount of Bonds of the same tenor and maturity and of other Authorized

Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the City, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange, pursuant to this Section, (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption) and (ii) any Bond selected for redemption in whole or in part.

**Section 2.08 Temporary Bonds.**

(a) Until definitive Bonds are prepared, the City may direct the Trustee to authenticate and deliver, in the same manner as is provided in this Article II, in lieu of definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized hereunder, so long as no such Bond shall have its principal amount becoming payable in more than one year, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. At the expense of the City, the City shall prepare and the Trustee shall authenticate and, upon the surrender of such temporary Bonds and the cancellation of such surrendered temporary Bonds, the Trustee shall without charge to the Owner thereof, in exchange therefor, deliver definitive Bonds, of the same principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds executed and delivered pursuant to this Indenture.

(b) If the City shall request the execution and delivery of temporary Bonds in more than one denomination, the Owner of any temporary Bond or Bonds may, at such Owner's option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like principal amount and maturity of any other Authorized Denomination or Denominations, and thereupon the Trustee shall authenticate and deliver, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 2.10, a temporary Bond or Bonds of like aggregate principal amount and maturity in such other Authorized Denomination or Denominations as shall be requested by such Owner.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee and destroyed, and the Trustee shall certify in writing as to their destruction.

**Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, maturity and aggregate principal amount in an Authorized Denomination 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. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The City may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses that may be incurred by the City and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute

an original contractual obligation on the part of the City whether or not the Bond alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

**Section 2.10 Additional Provisions with Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Trustee shall execute and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall be promptly cancelled by the Trustee and destroyed, and the Trustee shall certify as to their destruction. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer or exchange shall be paid by the City, except that 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.

**Section 2.11 Cancellation of Paid or Redeemed Bonds.** All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made and such Bonds shall thereupon be promptly cancelled and destroyed, and the Trustee shall certify in writing as to their destruction at the written request of the City.

**Section 2.12 Book-Entry System.**

(a) Book-Entry System; Limited Obligation of City. The Bonds shall be initially delivered in the form of a separate single fully registered Bond for each maturity of the Bonds (provided, that if the Bonds of a single maturity bear different interest rates, then there shall be a separate single fully registered bond for each interest rate of such maturity). Upon initial delivery, the ownership of each such Bond shall be registered in the Registration Books in the name of Cede & Co., as the initial Nominee of DTC. Thereafter, DTC may from time to time designate a substitute Nominee by written notification to the Trustee. Except as provided in Section 2.12(c), all of the Outstanding Bonds shall be registered in the Registration Books. DTC has represented to the City that it will maintain a book entry system in recording ownership interests of the Direct Participants and the ownership interests of Beneficial Owners shall be recorded through book entries on the records of the Direct Participants.

With respect to Bonds so registered in the name of the Nominee, the City and the Trustee shall have no responsibility or obligation to any Direct Participant or to any Beneficial Owner of such Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, the Nominee or any Direct Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Direct Participant, Beneficial Owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the DTC and its Direct Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, (iv) the payment to any Direct Participant, Beneficial Owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, the Bonds, or (v) any consent given or other action taken by DTC as Owner of the Bonds. The City and the Trustee may treat DTC as, and deem DTC to be, the absolute Owner of each Bond for all purposes whatsoever including (but not limited to) (I) payment of the principal or redemption price of, and interest on, each such Bond, (II) giving notices of redemption and other matters with respect to such Bonds and (III) registering transfers with respect to such Bonds. The Trustee shall pay the principal or redemption price of, and interest on, all book entry Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to such

principal or redemption price, and interest, to the extent of the sum or sums so paid. No person other than DTC shall receive a Bond evidencing the obligation of the City to make payments of principal or redemption price of, and interest on, the Bonds pursuant to this Indenture.

(b) Letter of Representations. In order to qualify the Bonds for DTC's book entry system, the City has executed and delivered the Letter of Representations to DTC. The Letter of Representations shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Registration Books. The Trustee agrees to take all action necessary to continuously comply with the Letter of Representations to the extent that such action is not inconsistent with this Indenture. The officers of the City are hereby authorized to take such actions as necessary or appropriate, not inconsistent with this Indenture, to qualify the Bonds for DTC's book-entry program.

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

(d) Discontinuance of DTC's Depository Services. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable written notice to the City and the Trustee and discharge its responsibilities with respect thereto under applicable law. The City, in its sole discretion, may terminate, upon provision of notice to the Trustee, the services of DTC with respect to the Bonds. In the event (i) DTC determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that DTC shall no longer so act, then the City will discontinue the book entry system with the DTC. If the City does not identify another qualified securities depository to replace the DTC, then the Bonds so designated shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, or any other nominee of a replacement security depository, but shall be registered in whatever name or names persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.05 through 2.11.

(e) Notations by DTC on Bonds. Notwithstanding any provision herein to the contrary, the City and the Trustee may agree to allow DTC or its Nominee to make a notation on any Bond redeemed in part to reflect, for information purposes only, the principal amount and date of any such redemption.

### ARTICLE III APPLICATION OF PROCEEDS; COSTS OF ISSUANCE FUND

**Section 3.01 Application of Bond Sale Proceeds and Other Transfers.** On the Closing Date, the Trustee shall receive from the Original Purchaser, on behalf of the City, in connection with the sale of the Bonds an amount equal to \$ \_\_\_\_\_ (representing the par amount of the Bonds, (i) plus/less original issue premium/discount of \$ \_\_\_\_\_, (ii) less underwriter's discount of \$ \_\_\_\_\_, and (iii) less an amount of \$ \_\_\_\_\_ wired by the Original Purchaser to the Bond Insurer (representing the Insurance Policy and Reserve Policy premiums) at the request and on behalf of the City.

The Trustee shall apply such proceeds as follows:

- (a) Transfer \$ \_\_\_\_\_ to the 2010 Trustee to be applied in accordance with the Refunding Instructions in connection with the defeasance of the 2010 Bonds; and
- (b) Deposit \$ \_\_\_\_\_ into the Costs of Issuance Fund.
- (c) [Deposit \$ \_\_\_\_\_ into the Reserve Fund.]

[In addition, the Trustee shall credit the Reserve Policy to the Reserve Fund in satisfaction of the Reserve Requirement upon delivery of the Bonds.]

For record keeping purposes, the Trustee may establish such funds and subaccounts as may be necessary to reflect deposits and transfers pursuant to this Indenture or Request of the City given pursuant to this Indenture.

**Section 3.02 Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Refunding Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

**Section 3.03 Costs of Issuance Fund.** The Trustee shall establish a fund known as the "Costs of Issuance Fund." Pursuant to Section 3.01, the Trustee shall deposit a portion of the proceeds of the sale of the Bonds in to the Costs of Issuance Fund. The moneys the Costs of Issuance Fund shall be used from time to time to pay Costs of Issuance with respect to the Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached hereto as Exhibit B, executed by an authorized officer of the City. On the date that is 180 days following the Closing Date of the Bonds, or upon the earlier receipt by the Trustee of a Request of the City to do so, the Trustee shall transfer all remaining amounts (if any) in the Costs of Issuance Fund to the Debt Service Fund and the Trustee shall close the Costs of Issuance Fund. The Trustee may conclusively rely on the representations set forth in such City requests and shall be fully protected in relying thereon.

#### ARTICLE IV

#### PLEDGE OF NET REVENUES; ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS

##### **Section 4.01 Pledge of Net Revenues, Certain Funds Established Pursuant to this Indenture.**

(a) Subject to the application thereof on the terms and conditions provided in this Indenture, all of the Net Revenues are hereby irrevocably pledged, charged and assigned to the punctual payment of all Outstanding Bonds which pledge shall be on a parity with any pledge of Net Revenues securing other Parity Obligations as to which Section 5.01 have been satisfied. Such pledge, charge and assignment shall constitute a first lien on the Net Revenues for the payment of amounts due with respect to the Outstanding Bonds and other Parity Obligations (including the replenishment of debt service reserve funds as required) in accordance with the terms hereof and thereof.

The obligations of the City to pay principal (including Sinking Account Installments) and interest, when due, on the Outstanding Bonds 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 Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. So long as any Bond remains Outstanding, the City (a) will not suspend or discontinue payment of principal (including Sinking Account Installments) or interest coming due pursuant to this Indenture, (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 Enterprise, sale of any portion of the Enterprise, the taking by eminent domain of title to or temporary use of any component thereof, commercial frustration of purpose, any change in the tax law 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).

(b) Subject to the provisions of Section 9.03(a) (regarding payment to the Trustee for fees and expenses when applying funds upon an Event of Default), the Bonds shall also be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Sinking Account therein) and the Reserve Fund, including all amounts derived from the investments of such moneys. The Bonds shall be equally secured by a pledge, charge and lien upon such moneys without priority for number, date of the Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any portion thereof shall be and are secured by an exclusive pledge, charge and lien upon such moneys. So long as any of the Bonds are Outstanding, moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Sinking Account therein) and the Reserve Fund, may only be used for the purposes and in the manner permitted by this Article IV.

**The City's obligation to pay principal (including Sinking Account Installments) and interest with respect to the Outstanding Bonds and any other amount due under this Indenture shall be a special obligation of the City limited solely to the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments, nor shall any other funds or property of the City be liable for such payments coming due and payable under this Indenture. Neither the Trustee nor any Owner shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of the Enterprise, for the making of any payments pursuant to the Bonds or this Indenture.**

#### **Section 4.02 Enterprise Revenue Fund.**

(a) The City has previously established the Enterprise Revenue Fund and shall continue to maintain and hold such fund segregated from all other funds of the City. All Gross Revenues shall be deposited by the City upon receipt in the Enterprise Revenue Fund and shall be applied, first, to pay Operation and Maintenance Costs as they become due and payable (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required). The City may at any time establish such sub-level funds and accounts as it deems necessary or desirable within the Enterprise Revenue Fund.

(b) No later than five Business Days before each Interest Payment Date, the City shall withdraw from the Enterprise Revenue Fund and transfer to the Trustee, for deposit in the Debt Service Fund, an amount which, together with the balance then on deposit in the Debt Service Fund, shall be sufficient to pay, in the following priority: (i) the amount required to pay interest on the Outstanding Bonds then coming due on such Interest Payment Date, (ii) the amount required to pay principal (including Sinking Installments) then coming due on such Interest Payment Date.

(c) If the City receives a notice from the Trustee pursuant to Section 4.04(b) that the balance of the Reserve Fund is below the Reserve Requirement, no later than five Business Days before the Interest Payment Date immediately following the receipt of such notice, the City shall also shall withdraw from the Enterprise Revenue Fund, to the extent funds are available therefor (but in no event later than the next succeeding Interest Payment Date), and deposit with the Trustee the amount of money necessary to restore the balance of the Reserve Fund to the Reserve Requirement.

(d) In addition to Operation and Maintenance Costs and amounts to be transferred to the Trustee under (b) and (c) above, the City shall withdraw from the Enterprise Revenue Fund such amounts at such times as shall be required to pay (i) the principal (including mandatory sinking fund payments) of and interest on any other Parity Obligations; (ii) all amounts necessary for deposit in the debt service reserve funds as required by Parity Obligation Agreements; (iii) all other amounts when and as due and payable under this Indenture; and (iv) all other amounts to otherwise comply with the Parity Obligation Agreements.

(e) The City shall manage, conserve and apply the Net Revenues on deposit in the Enterprise Revenue Fund in such a manner that all deposits required to be made pursuant to the preceding subsections (b), (c) and (d) will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default shall have occurred and be continuing hereunder, the City may use and apply moneys in the Enterprise Revenue Fund for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the costs for additional improvements, extensions, replacements and betterments to the Enterprise, (iii) the optional redemption of the Bonds or other optional prepayment of any Obligations of the City relating to the Enterprise, (iv) make deposits in the Rate Stabilization Fund pursuant to Section 4.07, or (v) any other lawful purposes.

(f) At any time there are insufficient Net Revenues to make the required debt service payments due on the Bonds and other Outstanding Parity Obligations, the City shall apply Net Revenues to such debt service payments due on the Outstanding Bonds and other Parity Obligations, on a pro rata basis (based on the respective amounts to be paid), without any discrimination on preferences and without regard to debt service reserves (whether funded in cash or supported by surety bonds or other similar funding instruments).

(g) Any moneys held in the Enterprise Revenue Fund shall be invested in Permitted Investments and investments authorized by State law which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement hereunder. All investment earnings from moneys or deposits in the Enterprise Revenue Fund shall be credited in such fund and applied only to the purposes permitted for such fund. The City may commingle any of the moneys in the Enterprise Revenue Fund with the moneys held in other funds and accounts for investment purposes; provided, however, that all moneys in the Enterprise Revenue Fund shall be accounted for separately notwithstanding such commingling.

**Section 4.03 Debt Service Fund.** The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Debt Service Fund." All moneys received by the Trustee from the City pursuant to Section 4.02(b) shall be deposited in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees to cause to be maintained), in the following order of priority:

- (i) Interest Account;
- (ii) Principal Account; and
- (iii) Sinking Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.03.

(a) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest transferred to the Redemption Fund pursuant to Section 4.05 per the Written Request of the City for making payments on Bonds called for optional redemption).

(b) Principal Account. On or before each Interest Payment Date on which principal of Bonds is coming due, the Trustee shall set aside from the Debt Service Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding Serial Bonds on such Interest Payment Date. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds becoming due and payable on such upcoming Interest Payment Date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds.

Notwithstanding the foregoing, in the event that, with respect to any Interest Payment Date, there shall be insufficient money in the Debt Service Fund to make a full deposit in the Principal Account for all such principal payments required by the preceding paragraph of this Section 4.03(b) and deposits in the Sinking Account for all Sinking Account Installments required by Section 4.03(c), then the money available in the Debt Service Fund shall be applied pro rata as relating to such principal payments and such Sinking Account Installments in the proportion which all such principal payments and all such Sinking Account Installments bear to each other.

(c) Sinking Account. Subject to the second paragraph of Section 4.03(b), on or before each Interest Payment Date on which a Sinking Account Installment is coming due, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the Sinking Account Installments coming due and payable on the Outstanding Term Bonds on such Interest Payment Date. No deposit need be made

into the Sinking Account if the amount contained therein is at least equal to the aggregate amount of the Sinking Account Installment becoming due and payable on such upcoming Interest Payment Date. All moneys in the Sinking Account shall be used and withdrawn by the Trustee solely for the purpose of paying the Sinking Account Installments or payment of any purchase in lieu of redemption pursuant to Section 2.03(b).

(d) Transfer and Release of Surplus. On each June 2, but only after making the deposits and making such payments as required by Sections 4.03(a), 4.03(b) and 4.03(c) above on the immediately preceding Interest Payment Date, the Trustee shall determine the amount, if any, remaining in the Debt Service Fund and apply such remaining amount in the following order and priority: (i) transfer such money to the Reserve Fund, but solely to the extent necessary to restore the balance in the Reserve Fund to the Reserve Requirement; (ii) pay, or set an amount aside for the payment of, any rebate requirement in accordance with a computation made by the City pursuant to the Code, if the Trustee has received a Request by the City to do so before such June 2; and (iii) release to the City for use for any lawful purpose.

#### **Section 4.04 Reserve Fund.**

(a) The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Reserve Fund." Except for release of excess as provided in Section 4.04(b) and Section 4.04(c), all money in (or available to) the Reserve Fund shall be used and withdrawn by the Trustee for the following purposes, in such order and priority: (i) make deposits in the Interest Account at any time there is a deficiency in such account for paying the interest on the Bonds then coming due and payable, (ii) make deposits in the Principal Account and Sinking Account (*pro rata* as relating to such principal payments and such Sinking Account Installments in the proportion which all such principal payments and all such Sinking Account Installments bear to each other), at any time there is a deficiency in such accounts for paying the principal and Sinking Installment of the Bonds then coming due and payable, and (iii) make the final payments of principal of and interest on the Bonds.

(b) The Trustee shall value the balance of the Reserve Fund at least semi-annually by each June 1 and December 1 in accordance with Section 4.06. If at any time the balance in the Reserve Fund falls below the Reserve Requirement, the Trustee shall promptly notify the City in writing. The City, upon receipt of such notice from the Trustee, shall include the amount necessary to restore the balance of the Reserve Fund to the Reserve Requirement in the immediately next transfer of moneys from the Enterprise Revenue Fund pursuant to Section 4.02(c). Absent any other written instructions from the City, any amount the Reserve Fund in excess of the Reserve Requirement shall be transferred to the Debt Service Fund.

(c) The Reserve Requirement may be satisfied by depositing into the Reserve Fund moneys or one or more Qualified Reserve Credit Instruments or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement; provided that, other than the Reserve Policy, the deposit of any Qualified Reserve Credit Instrument shall be subject to the prior written consent of the Bond Insurer. Upon the deposit with the Trustee of such Qualified Reserve Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Fund to the City, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Credit Instrument.

[All cash and investments in the Reserve Fund shall be transferred to the applicable accounts in the Debt Service Fund for payment of debt service on Bonds before any drawing may be made on the Qualified Reserve Credit Instruments credited to the Reserve Fund in lieu of cash. Reimbursement to the

Bond Insurer for Policy Costs (as defined in Section 12.01) relating to draws on the Reserve Policy and other amounts relating to draws on other Qualified Reserve Credit Instruments, if any, owing to the providers thereof, including accrued interest, shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Credit Instruments on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Reimbursement of amounts with respect to Qualified Reserve Credit Instruments (including the Policy Costs) shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable Qualified Reserve Credit Instruments (including the Reserve Policy) without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.]

**Section 4.05 Redemption Fund.** The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the “Redemption Fund.” On or before each optional redemption date, the City shall deposit with the Trustee an amount sufficient to pay the redemption price (including principal and redemption premium, if any), plus accrued interest, of the Bonds being called; provided, that such amount to be deposited with the Trustee may be reduced by the following (as set forth in a Written Request of the City): (a) the amount, if any, to be transferred from the Reserve Fund on such optional redemption date because of the reduced Reserve Requirement as the result of the optional redemption, and (b) the amount, if any, to be transferred from the Interest Account to the Redemption Fund to pay for accrued interest on the Bonds to be redeemed. Notwithstanding the foregoing, in connection with a defeasance of some or all of the Bonds, if the City causes the establishment of one or more escrow funds for such defeasance and sufficient moneys is deposited into the defeasance escrow to effect the related redemption in accordance with Section 10.01, then there shall be no need for a separate deposit of moneys into the Redemption Fund pursuant to this Section 4.05.

**Section 4.06 Investments of Funds Held by Trustee.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the written direction of the City given to the Trustee at least two Business Days in advance of the making of such investments. Such Permitted Investments shall, as nearly as practicable, mature (or be subject to redemption or disposition by the Trustee) on or before the dates on which such money is anticipated to be needed for disbursement hereunder. In the absence of any such direction from the City, the Trustee shall hold money in the applicable fund or account uninvested. Any investment earnings on amounts in the Reserve Fund shall be retained in the Reserve Fund. Any investment earnings on amounts all other funds and accounts maintained by the Trustee under this Indenture shall be deposited in the Debt Service Fund.

Subject to Section 4.04(b), the Trustee shall value the balances in the funds and accounts maintained by the Trustee under this Indenture no less frequently than every six months, at the Fair Market Value. Each such valuation may be made utilizing the Trustee’s automated pricing service through the Trustee’s trust accounting system. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The

City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the City periodic account statements which shall include detail for cash holdings and all investment transactions made by the Trustee under this Indenture. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture. For investment purposes, the Trustee may commingle the funds and accounts established under this Indenture and shall account for them separately.

The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture.

**Section 4.07 Rate Stabilization Fund.** The City shall establish a special fund to be known as the Rate Stabilization Fund, to be funded in the amount of the RSF Requirement, and held, replenished and maintained by the City, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Enterprise. The City hereby agrees to deposit all available surplus moneys annually in the Rate Stabilization Fund as necessary to maintain a balance in the Rate Stabilization Fund at least equal to the RSF Requirement. The Rate Stabilization Fund shall be accounted for as a separate fund, although amounts credited to it may be commingled with other funds of the City. The City may, but is not be required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Enterprise Revenue Fund in any Fiscal Year for the purpose of paying the principal of and interest on the Outstanding Bonds and other Parity Obligations coming due and payable during such Fiscal Year. Except as provided in Section 6.04(b), amounts so transferred from the Rate Stabilization Fund to the Enterprise Revenue Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year for the purposes of this Indenture. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not otherwise secure the Bonds or any other Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund shall be retained therein or, at the option of the City, be applied for any other lawful purposes. So long as the balance in the Rate Stabilization Fund is at least equal to the RSF Requirement, the City has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the City. To the extent that the balance in the Rate Stabilization Fund drops below the RSF Requirement the City shall, from any legally available source of funds, replenish Rate Stabilization Fund back up to the RSF Requirement within twelve months from the date that the Rate Stabilization Fund first dropped below the RSF Requirement. Any moneys held in the Rate Stabilization Fund shall be invested in Permitted Investments or any other investments in which the City may lawfully invest such funds under State law.

## ARTICLE V INCURRENCE OF ADDITIONAL OBLIGATIONS

**Section 5.01 Incurrence of Additional Parity Obligations.** The City from time to time may issue or incur Additional Parity Obligations, subject to the satisfaction of the following conditions prior to the incurrence of an Additional Parity Obligation (provided, that such conditions shall not apply to (i) any

Additional Parity Obligation incurred solely as the result of the delivery of a Credit Facility, or (ii) any Additional Parity Obligation incurred solely to refund all or a portion of the then Outstanding Parity Obligations):

(a) No Event of Default hereunder shall have occurred and be continuing; and

(b) The Net Revenues received by the City in the most recent Fiscal Year for which audited financial statements are available (or any more recent consecutive 12-month period selected by the City, as shown by the books of the City) (excluding any money derived from the Rate Stabilization Fund), plus, at the option of the City, any Additional Allowance described in clauses (i) or (ii) below, shall be at least equal to 120 percent of the Maximum Annual Debt Service (calculated based on Fiscal Year) with respect to the Parity Obligations which will be Outstanding immediately following the incurrence of such Additional Parity Obligations, as evidenced by a written report of an Independent Accountant or Independent Fiscal Consultant.

The following items (each being an "Additional Allowance") may be added to such Net Revenues for the purpose of applying the restriction contained in this covenant:

(i) An allowance for any addition to or improvement or extension of the Enterprise reasonably expected to commence operation within three years after the incurrence of such Additional Parity Obligations, in an amount equal to the projected annual Net Revenues to be derived from such addition, improvement, or extension by its third year of operation, as shown by the certificate or opinion of an Independent Fiscal Consultant engaged by the City; and

(ii) An allowance in an amount equal to the projected annual Net Revenues to be derived from any increase in Enterprise charges which has been adopted and will come into effect within 60 months after the incurrence of such Additional Parity Obligations, as shown by the certificate or opinion of an Independent Fiscal Consultant engaged by the City.

#### **Section 5.02 Superior and Subordinate Obligations.**

(a) So long as any Bonds remain Outstanding, the City shall not issue or incur any additional bonds or other Obligations, which will rank senior over the Bonds in the priority of lien with respect to the Net Revenues.

(b) Nothing in this Indenture shall be construed to limit or affect the ability of the City to issue or incur Obligations which are either unsecured or which rank junior to the Bonds in their lien with respect to the Net Revenues.

### **ARTICLE VI ADDITIONAL COVENANTS OF THE CITY**

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

**Section 6.02 Against Encumbrances.** The City shall not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Revenues, except as provided in the Indenture. The City shall not incur any additional Obligation or security superior to the Bonds payable in whole or in part from the Net Revenues, or on parity with the Bonds payable in whole or in part from the Net Revenues, except as permitted by Section 5.01. Nothing contained in the Indenture shall limit or affect the ability of the City to issue or incur Obligations which are either unsecured or which rank junior to the Bonds in their lien with respect to the Net Revenues.

**Section 6.03 Distribution of Net Revenues for Debt Service.** The City shall distribute Net Revenues available for debt service on all Outstanding Bonds and other Parity Obligations on a pro rata basis without regard to whether the Bonds or other Parity Obligations have funded debt service reserves or surety bonds or other similar funding instruments.

**Section 6.04 Rates and Charges.**

(a) Covenant Regarding Gross Revenues. To the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, to yield Gross Revenues (after making allowances for contingencies and error in the estimates and taking into account transfers, if any, from the Rate Stabilization Fund pursuant to Section 4.07) in an amount sufficient to pay the following amounts in the following order of priority:

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

(ii) The applicable Fiscal Year Debt Service Requirement;

(iii) All amounts, if any, required to restore the balance in the Reserve Fund to the Reserve Requirement and to replenish the debt service reserve funds relating to other Parity Obligations as required by Parity Obligation Agreements; and

(iv) All other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from Gross Revenues during such Fiscal Year, including payments with respect to Obligations that are subordinate to the Bonds.

(b) Covenant Regarding Net Revenues. In addition, to the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, so that:

(i) Net Revenues for such Fiscal Year produce an Annual Debt Service Coverage Ratio of not less than 1.25:1 during such Fiscal Year, and

(ii) To the extent that the calculation of Net Revenues for the preceding clause (b)(i) includes any transfer from the Rate Stabilization Fund to the Enterprise Revenue Fund, Net Revenues without the inclusion of any transfer from the Rate Stabilization will be at least equal 100 percent of the Fiscal Year Debt Service Requirement.

(iii) The City may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges

then in effect unless the Net Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements of this section.

(c) Within one hundred eighty (180) days after the end of each Fiscal Year the City shall compute the Fiscal Year Debt Service Coverage Ratio for such Fiscal Year and promptly furnish to the Trustee a Certificate of the City setting forth the results of such computation. The City covenants and agrees that if as of the end of such Fiscal Year the Fiscal Year Debt Service Coverage Ratio, as set forth in any such Certificate of the City, shall have been less than 1.25:1 (calculated without taking into account any amounts transferred into the Enterprise Revenue Fund from the Rate Stabilization Fund pursuant to Section 4.07 hereof), it will either (A) promptly transfer enough moneys from the Rate Stabilization Fund to the Enterprise Revenue Fund sufficient to yield estimated Net Revenues which are at least equal to the Fiscal Year Debt Service Coverage Ratio of 1.25:1 for such Fiscal Year (the "Rate Stabilization Cure"), or (B) promptly employ an Independent Fiscal Consultant to review the revenues and expenses or the methods of operation of the Enterprise, and abides by such consultant's recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Operation and Maintenance Costs insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance. The City shall not be allowed to utilize the Rate Stabilization Cure in consecutive Fiscal Years, or in the event that the Fiscal Year Debt Service Coverage Ratio drops below 1:1 for any Fiscal Year.

The Trustee shall have no duty to review, verify or analyze the report of the Independent Fiscal Consultant and shall hold such reports solely as a repository for the benefit of the Owners. The Trustee shall not be deemed to have notice of any information contained in such reports which may be disclosed therein in any manner.

(d) The City shall have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Enterprise to pay the rates and charges applicable to the Enterprise provided to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill.

**Section 6.05 Maintenance and Operation of the Enterprise; Insurance.** The City shall maintain and preserve the Enterprise in good repair and working order at all times and shall operate the Enterprise in an efficient and economical manner and shall pay all Operation and Maintenance Costs as they become due and payable. The City shall procure and maintain such insurance relating to the Enterprise which it shall deem advisable or necessary to protect its interests and the interests of the City, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with public waterworks systems similar to the Enterprise. All Net Proceeds collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise, and to the extent that the City determines that it is not economically feasible or in the best interest of the City to so repair, rebuild or replace such damaged or destroyed portion of the Enterprise, shall be used to pay or prepay the Bonds or Parity Obligations.

**Section 6.06 Sale or Other Disposition of Property.** The City shall not sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part or rights of the Enterprise or any real or personal property comprising a part of the Enterprise if such sale, transfer or disposition would cause the City to be unable to satisfy the requirements of Section 6.04 hereof.

**Section 6.07 Eminent Domain.** If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds received by the City as the result of such proceedings, at the election of the City, shall either be (i) used for the lease, acquisition or construction of improvements and extension of the Enterprise, or (ii) applied to the payment or prepayment of the Bonds or Parity Obligations.

**Section 6.08 Compliance with Contracts; Liens.** The City shall not commit any breach or default under any agreement affecting or involving the Enterprise (to the extent that the City is a party thereto), or permit any lien to be attached to any portion of the Enterprise, if such breach, default, or lien which would materially adversely affect its ability to comply with its covenants set forth in Section 6.04 hereof.

**Section 6.09 Payment of Taxes and Compliance with Governmental Regulations.** The City shall pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Enterprise or any part thereof 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 Enterprise or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and contesting such validity or application will not materially impair the operations or financial condition of the Enterprise.

**Section 6.10 Accounting Records and Financial Statements; Continuing Disclosure.** The City shall keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Enterprise. The City shall cause the books and accounts of the Enterprise to be audited annually by an Independent Accountant, not more than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by Owners of the Bonds at the office of the City.

The City shall comply with the Continuing Disclosure Certificate. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; provided, that any Owner or beneficial owner of the Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligation under the Continuing Disclosure Certificate.

**Section 6.11 Tax Covenants.**

(a) The City shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-Exempt status of interest on the Bonds under Section 103(a) of the Code or cause interest on the Bonds to be an item of tax preference for purposes of the federal alternative minimum tax.

(b) In furtherance of the foregoing tax covenant, the City shall comply with the provisions of the Tax Certificate, which is incorporated in this Indenture as if fully set forth in this Indenture. These covenants shall survive payment in full or defeasance of the Bonds.

(c) Notwithstanding any provision of this Section 6.10, if the City shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section 6.10 is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the

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requirements of this section and, notwithstanding Article VIII (regarding amendments to this Indenture), the covenants hereunder shall be deemed to be modified to that extent.

**Section 6.12 Further Assurances.** The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture (including, but not limited to the preservation of priority of the pledge of the Net Revenues and funds and accounts established hereunder pursuant to applicable law).

## ARTICLE VII TRUSTEE

### **Section 7.01 Appointment; Resignation or Removal.**

(a) U.S. Bank National Association, a national banking association organized under the laws of the United States of America, having a corporate trust office in San Francisco, California, is hereby appointed Trustee hereunder for the purpose of receiving all money which the City is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided herein.

(b) The Trustee may at any time resign by giving written notice to the City. Any successor trustee appointed hereunder shall give notice of such appointment to the Owners, which notice shall be mailed to the Owners at their addresses appearing in the Registration Books. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee, no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

(c) The City may at any time, but only prior to an Event of Default or after the curing or waiver of an Event of Default and only upon 30 days written notice, at its sole discretion remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank, banking association, banking institution (state or federal) or trust company or corporation with a corporate trust office in California, having a combined capital (exclusive of borrowed capital) and surplus (or whose parent holding company has a combined capital (exclusive of borrowed capital) and surplus) of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank, banking association, banking institution or trust company or corporation 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, banking institution or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

**Section 7.02 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 meet the requirements set forth in Section 7.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 7.03 Concerning Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the City, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The City acknowledges that, to the extent that the City owes any compensation to a predecessor Trustee for latter's performance hereunder, the City shall continue to be responsible for payment owed to the predecessor Trustee (pursuant to the terms of the agreement between the City and the predecessor Trustee) regardless of the transition of the trusteeship hereunder to the successor Trustee.

**Section 7.04 Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction in may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action that may be desirable or necessary in connection therewith, it may be necessary that the Trustee or the City appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 7.04 are adopted to these ends.

In the event that the Trustee or the City appoints an additional individual or institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the City be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, shall resign or shall be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in

and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 7.05 Compensation; Fees, Charges and Expenses.** The City shall from time to time, subject to the agreement between the City and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts created hereby and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the City will reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties in accordance with this Indenture.

**Section 7.06 Intervention by Trustee.** In any judicial proceeding to which the City is a party that, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 7.09(c), shall do so if requested in writing by the Owners of at least 25 percent in aggregate principal amount of such Bonds then Outstanding.

**Section 7.07 Accounting Records and Financial Statements.**

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

(b) Any account or fund required to be established and maintained by the Trustee pursuant to this Indenture 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 accounts and funds shall at all times be maintained in accordance with this Indenture and sound corporate trust industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

**Section 7.08 Duties Determined by Express Indenture Provisions.** The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through its attorneys, agents or receivers.

### **Section 7.09 Limited Liability of Trustee.**

(a) The recitals of facts, agreements and covenants of the City contained in this Indenture and in the Bonds shall be taken solely as statements, agreements and covenants of the City, and the Trustee shall assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds. In addition, the Trustee shall assume no responsibility with respect to this Indenture or the Bonds other than in connection with the duties or obligations assigned to or imposed upon the Trustee herein or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become an Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be responsible for the validity, genuineness or performance of any leases, contracts or other instruments at any time conveyed, mortgaged, hypothecated, pledged, assigned or transferred to it hereunder, or with respect to the obligation of the City to preserve and keep unimpaired the rights of the City under or concerning any such leases, contracts or other instruments. The Trustee does not assume any responsibility for the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of the Bonds and makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Bonds. In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the City, having any claim against the Trustee arising from this Indenture not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise specifically provided herein.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Owner pursuant to this Indenture unless the Trustee shall have received reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) The Trustee shall have no duty to see to the payment or discharge of any fees, assessment or other charge or any lien of any kind owing with respect to the Enterprise or any part thereof.

(e) The Trustee may conclusively rely, as to the truth of the factual statements in certificates and other writings furnished to the Trustee by the City pursuant to the requirements of this Indenture.

(f) The Trustee is not accountable for the use by the City of funds which the Trustee releases to the City or which the City otherwise receives, or to verify compliance by the City, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no obligation to incur financial or other liability or risk in performing any duty or in exercising any right hereunder.

(g) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default other than a payment default hereunder unless the Trustee shall be specifically notified in writing of such default by the City, or by the Owners of at least 25 percent in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms conditions, covenants or agreements herein or in any of the documents executed in connection with the Bonds. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture upon the request of the City or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond executed and delivered in exchange therefor or in place thereof.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(j) The Trustee shall not be considered in breach of or in default with respect to any obligations created hereunder, in the event of an enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of terrorists or public enemies, acts of a government, acts of the other party hereto, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to governmental action or inaction pertaining to the Enterprise, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event or occurrences beyond the control of the Trustee; provided, that in the event of any such enforced delay, the Trustee shall notify the City in writing within ten business days after the occurrence of the event giving rise to such delay.

(k) The immunities and exceptions from liability of the Trustee as provided herein shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Bonds. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee, in its individual or any other capacity, may become the Owner of any Bonds or other obligations of any party hereto with the same rights which it would have if not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding. Before taking or refraining from any action hereunder at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

(l) No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability when performing its duties in accordance with this Indenture, or exercising of any of its rights or powers hereunder.

**Section 7.10 Reliance by Trustee.**

(a) The Trustee shall be protected in acting upon any notice, indenture, request, consent, order, certificate, report, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person is the registered owner of such Bond as shown on the registration books.

(c) Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proven or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Written Certificate of the City and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(d) The Trustee may consult with counsel who may be counsel of or to the City with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

**Section 7.11 Indemnification.** The City shall indemnify and save the Trustee, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (a) any breach of default on the part of the City in the performance of any of its obligations under this Indenture and any related agreements or instruments and any other agreement, (b) any act or omission of the City or of any of its agents, assignees or licensees with respect to the Enterprise, (c) the exercise and performance by the Trustee of any of its powers and duties hereunder, so long as such exercise and performance are permitted by and in compliance with the provisions hereof, or (d) the offering and sale of the Bonds or the distribution of any official statement or other offering circular utilized in connection with the sale of the Bonds; provided, that the City shall not be liable for actions caused by the Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Trustee's officers, employees, directors and agents. The Trustee's rights to indemnification 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. The Trustee shall not be liable for the sufficiency of Net Revenues or other moneys required to be paid to it under the Indenture (except as provided in this Indenture), or its right to receive moneys pursuant to the Indenture.

**Section 7.12 Acceptance of Instructions by Electronic Transmission.** The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means (being the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization

codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions and containing specimen signatures of such authorized officers (the "City Authorized Officers"), which incumbency certificate shall be amended by the City, whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee elects to act upon such Instructions, the Trustee's reasonable understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an authorized officer listed on the incumbency certificate provided to the Trustee have been sent by such City Authorized Officer. The City shall be responsible for ensuring that only City Authorized Officers transmit such Instructions to the Trustee and that City and all City Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City.

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reasonable reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. Subject to this Section 7.12, the City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that the City has been informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

In the event of an ambiguity or a contradiction in such Instructions as determined by the Trustee in its reasonable discretion, the Trustee shall notify the City and request clarification from the City, and the Trustee shall not be required to act on such ambiguous or contradictory Instructions pending the City's clarification.

The Trustee shall not be liable under this Section 7.12 except for its negligence or willful misconduct.

## **ARTICLE VIII MODIFICATION AND AMENDMENT OF THE INDENTURE**

**Section 8.01 Amendment.** The Indenture and the rights and obligations of the City, the Owners or the Trustee may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the affected Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the City to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in this Indenture, of any Bond, without the express written consent of the Owner of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment, or (3) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the City and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the City contained in the Indenture, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the City under this Indenture;

(b) To make such provisions to cure any ambiguity, or to cure, correct or supplement any defective provision contained in the Indenture or in regard to questions arising under the Indenture, as the City may deem necessary or desirable and not inconsistent with the Indenture, so long as such amendment shall not materially adversely affect the interest of the Owners;

(c) To modify, amend or supplement this Indenture in such manner as to permit the qualification of this Indenture 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, so long as such amendment shall not materially adversely affect the interests of the Owners of the Bonds;

(d) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(e) To subject to the Indenture additional collateral or to add other agreements of the City;

(f) To grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or City;

(g) To the extent necessary to deliver or maintain a Qualified Reserve Credit Instrument in connection with satisfying all or a portion of the Reserve Requirement; or

(h) For any other purpose that does not materially adversely affect the interests of the Owners.

**Section 8.02 Disqualified Bonds.** Bonds owned or held by or for the account of the City shall be subject to disqualification as set forth in Section 13.03.

**Section 8.03 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Prior to entering into any Supplemental Indenture pursuant to this Section 8.03, the Trustee may require the City to deliver to the Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture has been adopted in accordance with the requirements of this Indenture.

**Section 8.04 Endorsement or Replacement of Bonds after Amendment.** After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds shall bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of such Owner's Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such Bond Owners' action, then new Bond certificates shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

## **ARTICLE IX EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS**

*Notwithstanding anything to the contrary in this Article, so long as the Bond Insurance Policy remains in effect and the Bond Insurer has not defaulted with respect to its obligations under the Bond Insurance Policy, all provisions of this Article shall be subject to, and qualified by, the provisions set forth in Article XI hereof, including, without limitation, the Bond Insurer's right to consent to acceleration of the Bonds, and the Bond Insurer's right to consent to or direct certain Trustee, City or Owner actions.*

**Section 9.01 Events of Default.** The following events shall be Events of Default hereunder:

(a) Failure by the City to make the due and punctual payment of the principal (including any Sinking Account Installment) of or redemption premium, if any, or interest on any Bond or other Parity Obligations when and as the same shall become due and payable, whether at maturity as expressed in the Bond or other Parity Obligations, by declaration or otherwise;

(b) Failure by the City to observe and perform any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, other than as referred to in the preceding clause (a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied has been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Bonds; provided, however, that if in the reasonable opinion of the City the failure stated in such notice can be corrected, but not within such 30-day period, the Trustee (if the notice was given by the Trustee) or such Owners (if the notice was given by the Owners) shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within such 30-day period and diligently pursued until such failure is corrected, and the City shall also obtain the prior written consent of the Bond Insurer for the extension beyond such 30-day period; and

(c) The filing by the City of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the City, seeking reorganization under the Federal bankruptcy laws or any other applicable law of the United States of America, 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 the Enterprise.

**Section 9.02 Remedies upon Event of Default (Acceleration).** If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, but subject to Section 11.02 (with respect to the Bond Insurer's right to consent and election), the Trustee shall at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, upon notice in writing to the City, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

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

**Section 9.03 Application of Revenues and Other Funds After Default.** All amounts then held or received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture (except for any moneys for payment of the Rebate Amount) shall be applied by the Trustee, in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

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

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

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

Second, To the payment to the persons entitled hereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the

payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference;

- (c) To restore the balance of the Reserve Fund to the Reserve Requirement; and
- (d) To pay amounts due to the Bond Insurer not already paid pursuant to clause (a), (b) or (c) above.

**Section 9.04 Trustee to Represent Bond Owners.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the Bonds, this Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the assets pledged under this Indenture, pending such proceeding. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

**Section 9.05 Bond Owners' Direction of Proceedings.** The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such directions which in the opinion of the Trustee would expose it to liability.

**Section 9.06 Limitation of Bond Owners' Right to Sue.** Notwithstanding any other provision hereof, no Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the

Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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

**Section 9.07 Absolute Obligation of City Out of Net Revenues.** Nothing in any other provision of this Indenture or the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Net Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**Section 9.08 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**Section 9.09 No Waiver of Default.** No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

## **ARTICLE X DEFEASANCE**

**Section 10.01 Discharge of Indebtedness.** If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest on and the principal of such Bonds, when due, at the times and in the manner stipulated in such Bonds and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Net Revenues, and all covenants, agreements and other obligations of the City to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute at the Written Request of the City, and at the expense of the City, and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall, after payment of amounts due the Trustee under the Indenture, pay over or deliver to the City all money or securities held by the Trustee pursuant to the Indenture which are not required for the payment of the interest due on and the principal of and premium, if any, due on such Bonds other than the moneys, if any, for the payment of the applicable Rebate Amount.

Bonds for the payment of which money shall have been set aside (through deposit by the City or otherwise) to be held in trust by the Trustee for such payment at the maturity or redemption date of such Bonds shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date of such Bonds be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if:

(a) There shall have been deposited with the Trustee (or another fiduciary or escrow agent), either cash in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when paid will provide money that shall be sufficient to pay when due the principal of and redemption premium, if any, and the interest on such Bonds (such principal, redemption premium, if any, and interest being referred to below as the "Refunding Requirements") due and to become due on such Bonds on and prior to the maturity date of such Bonds or such earlier irrevocably established redemption date.

(b) Unless such deposit consists of an amount in cash, which in and of itself, is sufficient to pay the Refunding Requirements in full, the sufficiency of the Defeasance Securities so deposited with the Trustee (or fiduciary or escrow agent) shall be appropriately verified by an Independent Accountant acceptable to the Bond Insurer in a verification report (the "Verification Report"), and the City shall provide to the Trustee and the Bond Insurer drafts of any escrow agreement (the "Escrow Agreement"), Verification Report and the Defeasance Opinion (described below) at least five business days before the funding of defeasance escrow. The "Defeasance Opinion" shall be in the form of an opinion of Bond Counsel (opining to the effect that such refunded Bonds are no longer Outstanding under the Indenture) addressed to the City, the Trustee and the Bond Insurer. The final Escrow Agreement, Verification Report and Defeasance Opinion shall be in form and substance acceptable to the Bond Insurer.

(c) The City shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or earlier redemption date upon which money is to be available for the payment of the principal of such Bonds.

(d) None of the Defeasance Securities deposited with the Trustee pursuant to this Section nor interest or principal payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested at the written direction of the City in Defeasance Securities maturing at times and in amounts sufficient (as verified by an Independent Accountant) to pay when due the interest on and principal of such Bonds on and prior to such maturity date thereof, and interest earned from such reinvestments shall be maintained in the related escrow fund until such time as the Refunding Requirements have been paid in full (but solely to the extent that does not affect the Tax-Exempt status of any Bonds).

**Section 10.02 Unclaimed Moneys.** Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest on such

Bonds which remain unclaimed for two years after the date when such Bonds or interest on such Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the said date when such Bonds or interest on such Bonds become due and payable, shall be repaid by the Trustee to the City, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the Written Request of the City and at the expense of the City, cause to be mailed to the registered Owners of such Bonds at their addresses as they appear on the Registration Books a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City. Any money held by the Trustee in trust for the payment and discharge of any Bonds shall not bear interest or be otherwise invested from and after such maturity or redemption date.

#### **ARTICLE XI BOND INSURANCE**

**Section 11.01 To be determined.**

**Section 11.02 To be determined.**

**Section 11.03 To be determined.**

#### **ARTICLE XII ADDITIONAL PROVISIONS RELATING TO RESERVE POLICY**

**Section 12.01 To be determined.**

#### **ARTICLE XIII CLOSING CONDITIONS [Only if Privately Placed]**

**Section 13.01 Closing Conditions.**

The City hereby acknowledge and agree that the Bank is purchasing the Bonds in reliance upon the representations and warranties of the City contained in this Indenture and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the City of the obligations of the City herein at or prior to the Closing Date. Accordingly, the obligation of Bank to purchase the Bonds is subject to the fulfillment to the reasonable satisfaction of the Bank of the following conditions:

(a) The representations and warranties of the City contained in this Indenture shall be true, complete and correct on the Closing Date.

(b) All representations, warranties and covenants made in this Indenture and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be

deemed to have been relied upon by the Bank notwithstanding any investigation heretofore or hereafter made by the Bank or on their behalf.

(c) On the Closing Date, the Resolutions and this Indenture shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(d) On the Closing Date, the City will have adopted and there will be in full force and effect such Resolutions as in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated by this Indenture, and all necessary action of the City relating to the issuance of the Bonds will have been taken, will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(e) At or prior to the Closing Date, the Bank will have received the following documents:

(i) the approving opinions, dated the Closing Date and addressed to the Bank, of Bond Counsel in form and content satisfactory to the Bank, to the effect that (I) the interest on the Bonds is excluded from gross income for State and federal income tax purposes, and (II) the Bonds have been duly authorized, executed and delivered by the City and are a legal, valid and binding obligation of the City, enforceable in accordance with their terms, subject to customary exceptions for bankruptcy and judicial discretion;

(ii) a certificate or certificates, dated the date of the Closing and signed on behalf of the City by an Authorized Representative, to the effect that (I) the representations and warranties contained in this Indenture are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the Closing Date; (II) no litigation of any nature is then pending or, to his or her knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of the Bonds or the levy or collection of revenues to pay the principal thereof and interest thereon, questioning the proceedings and authority by which such pledge is made, affecting the validity of the Bonds or contesting the existence or boundaries of the City or the title of the present officers to their respective offices; (III) no authority or proceedings for the issuance of the Bonds has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by the City; and (IV) the City has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing Date;

(iii) a conformed certified copy of the Resolutions;

(iv) the items required by the Resolutions as conditions for execution and delivery of the Bonds;

(v) a tax certificate pertaining to the Bonds, in form and substance satisfactory to Bond Counsel;

(vi) the filing copies of preliminary filings with the California Debt and Investment Advisory Commission as well as the Information Return Form 8038-G; and

(vii) the opinion of the City Attorney, dated the Closing Date, addressed to the Bank and Bond Counsel, to the effect that:

(A) the City is a municipal corporation duly organized and existing under the Constitution and laws of the State, and has all requisite power and authority: (a) to adopt the Resolutions, and to enter into, execute, deliver and perform its covenants and agreements under this Indenture; (b) to pledge the Net Revenues as contemplated by this Indenture; and (c) to carry on its activities as currently conducted;

(B) the City has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by this Indenture, and the City has duly authorized the execution and delivery of, and the due performance of its obligations under, this Indenture;

(C) the adoption of the Resolutions, the execution and delivery by the City of this Indenture, and the compliance with the provisions of this Indenture, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the City a material breach of or default under any agreement or instrument to which the City is a party or by which it is bound;

(D) no litigation is pending with service of process completed or, to the best of such counsel's knowledge after due inquiry, threatened against the City in any court in any way affecting the titles of the officials of the City to their respective positions, or seeking to restrain or to enjoin the execution and delivery of this Indenture, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of this Indenture, or the Resolutions, or contesting the powers of the City or its authority with respect to this Indenture or the Resolutions;

(E) to the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the City of this Indenture;

(F) to the best of such counsel's knowledge after due inquiry, the City is not in breach of or default under any applicable law or administrative regulation of the State or any 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, which breach or default would materially adversely affect the City's ability to enter into or perform its obligations under this Indenture, or the

Resolutions, 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; and

(viii) such additional legal opinions, certificates, instruments and other documents as the Bank or its counsel may reasonably request to evidence the truth and accuracy, as of the Closing Date, of the representations, warranties, agreements and covenants of the City contained in this Indenture, or the Resolutions and the due performance or satisfaction by the City at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City.

#### **ARTICLE XIV MISCELLANEOUS**

**Section 14.01 Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person or entity other than the City, the Trustee, the Owners of the Bonds and the Bond Insurer, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the Trustee, the Owners of the Bonds and the Bond Insurer. It is expressly recognized that the Bond Insurer is a third-party beneficiary hereunder.

**Section 14.02 Execution of Documents by Bond 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 such Owner's 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 make acknowledgments of deeds to be recorded in the state or territory in which such Owner 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. The ownership of any Bond and the amount, number and date of holding the same may be proved by the Registration Books. Any declaration, request or other instrument or 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 14.03 Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds that are disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**Section 14.04 Waiver of Personal Liability.** No officer, agent or employee of the City shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing

contained herein shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**Section 14.05 Consent of Parties.** Whenever the consent or approval of any party to this Indenture is required by the terms of this Indenture, the consent or approval of such party shall not be unreasonably withheld.

**Section 14.06 Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the City (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Refunding Bond Law or any other applicable provisions of law.

**Section 14.07 Payment on Business Days.** Whenever in this Indenture any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made, without accruing additional interest thereby, on the Business Day immediately following such day.

**Section 14.08 CUSIP Numbers.** Neither the City nor the Trustee shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice relating thereto. The Trustee may, in its discretion, include in any redemption notice relating to any of the Bonds a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the City nor the Trustee shall be liable for any defects or inaccuracies in such numbers.

**Section 14.09 Notices.** Any notice, request, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled to such notice at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telecopier or other forms, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class, registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if by other means of personal delivery, upon receipt by the intended recipient of the notice. Each entity below may, by written notice to the other party, from time to time modify the address or number to which communications are to be given under this Indenture:

If to the City:	City of Susanville 66 North Lassen Street Susanville, CA 96130 Attention: City Administrator Tel: (530) _____
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If to the Trustee: U.S. Bank National Association  
One California Street, Suite 1000  
Attention: Corporate Trust  
Tel: (415) \_\_\_\_\_  
Fax: (415) \_\_\_\_\_

Notices to the Bond Insurer shall be sent to the address indicated in Section 11.02( ).

**Section 14.10 Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State of California.

**Section 14.11 Binding on Successors.** This Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

**Section 14.12 Execution in Counterparts.** This Indenture may be executed in any number of counterparts. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

*[Signature Page to Follow on Next Page]*

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be signed by their respective authorized representatives, all as of the day and year first above written.

**CITY OF SUSANVILLE, CALIFORNIA**

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

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

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

**EXHIBIT A**  
**[FORM OF BOND]**

No. R-\_\_\_\_

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

**CITY OF SUSANVILLE**  
**SERIES 2019 WATER REVENUE REFUNDING BOND**  
**(WATER ENTERPRISE REFUNDING PROJECT)**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
%	_____, 20__	September __, 2019	

REGISTERED OWNER:        CEDE & CO.

PRINCIPAL AMOUNT:

The City of Susanville, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay (but solely out of Net Revenues, as defined in the Indenture hereinafter described and certain other moneys as specified in such Indenture) to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the principal amount specified above, in lawful money of the United States of America, and to pay interest thereon as follows. The interest on this Bond shall be payable at the Interest Rate per annum specified above, semiannually on June 1 and December 1 in each year, commencing December 1, 2019 (each, an "Interest Payment Date"), calculated on the basis of a 360 day year composed of twelve 30 day months. Interest on this Bond shall be payable in lawful money and shall accrue from the Interest Payment Date next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Original Dated Date specified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, the Trustee shall establish a special record date for payment of any interest in default and interest on this Bond shall accrue from the date to which interest has previously been paid in full or made available for payment on this Bond. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the Trust Office. Interest hereon is payable by check of the Trustee mailed by first class mail on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the related Record Date; provided, however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Registered Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five days before such Record Date.

This Bond is one of a duly authorized issue of bonds of the City designated the City of Susanville, Series 2019 Water Revenue Refunding Bonds (Water Enterprise Refunding Project) (the "Bonds"), limited in principal amount of \_\_\_ Million \_\_\_ Hundred \_\_\_ Thousand Dollars (\$\_\_\_\_\_), secured by the Indenture, dated as of September 1, 2019 (the "Indenture"), by and between the City and the Trustee. All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Net Revenues, of the rights, duties and immunities of the Trustee and of the rights and obligations of the City thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the City and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 53570 and Section 53580, respectively) (the "Refunding Bond Law").

All of the Bonds are equally secured by a pledge of, and charge and lien upon, the Net Revenues (consisting of certain revenues of the City's waterworks system (the "Enterprise"), as described in the Indenture) and the funds and accounts specified in the Indenture. Subject to the terms and conditions set forth in the Indenture, the City may from time to time incur Additional Parity Obligations which will rank on a parity with the Bonds with respect to their lien on Net Revenues. The City covenants that so long as any Bonds remain Outstanding, the City shall not issue or incur any additional bonds or other Obligations, which will rank senior over the Bonds in the priority of lien with respect to the Net Revenues.

**The Bonds are special obligations of the City limited solely to the Net Revenues and the funds and accounts specifically identified in the Indenture for such payments. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments, nor shall any other funds or property of the City be liable for such payments coming due and payable under this Indenture. Neither the Trustee nor any Owner shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of the Enterprise, for the making of any payments pursuant to the Bonds or the Indenture.**

The Bonds maturing on or before June 1, 20\_\_ shall not be subject to optional redemption by the City. The Bonds maturing on or after June 1, 20\_\_ shall be subject to redemption prior to their maturity, as a whole or in part, at the option of the City as the City shall designate and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after June 1, 20\_\_, from funds derived by the City from any source, at a redemption price equal to 100 percent of the principal amount of Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium.

The Bonds maturing on June 1 of each of the years 20\_\_, 20\_\_ and 20\_\_ shall be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date of redemption, without premium, according to the following schedules; provided, however, if some but not all of the Term Bonds of a maturity have been optionally redeemed pursuant to the Indenture, each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total

dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds redeemed pursuant to the optional redemption, as shall be designated pursuant to written notice and revised sinking account redemption schedule filed by the City with the Trustee:

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
-------------------------------------	--

\* maturity

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
-------------------------------------	--

\* maturity

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
-------------------------------------	--

\* maturity

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

Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its Nominee by such transmission method as acceptable to such entity) not less than 30 nor more than 60 days prior to the redemption date to the respective Owners of any Bond designated for redemption at their

address appearing on the Registration Books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption. The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of redemption shall be cancelled 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 hereunder or under the Indenture. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission.

This Bond is transferable by the Registered Owner hereof, in person or by the Registered Owner's duly authorized attorney, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of Authorized Denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office of the same tenor, aggregate principal amount, interest rate and maturity, of other Authorized Denominations. The Trustee shall not be required to transfer or exchange: (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption), and (ii) any Bond selected for redemption in whole or in part.

No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any applicable law, except as provided in the Indenture. If an Event of Default shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Indenture and the rights and obligations of the City, the Owners or the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the City to pay the principal, interest or premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

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

It is hereby certified and recited that all conditions, acts and things required by law, including the Refunding Bond Law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner and that the issuance of the Bonds comply in all respects with the applicable laws of the State of California.

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

Unless this certificate 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.

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name and on its behalf, and attested, by the manual or facsimile signatures of its Mayor or City Administrator and City Clerk as of the Dated Date identified above.

**CITY OF SUSANVILLE, CALIFORNIA**

By: \_\_\_\_\_  
[Mayor][City Administrator]

Attest:

\_\_\_\_\_  
City Clerk

[SEAL]

\_\_\_\_\_  
**STATEMENT OF INSURANCE**  
\_\_\_\_\_

---

**[TRUSTEE'S CERTIFICATE OF AUTHENTICATION]**

This is one of the Bonds described in the within-mentioned Indenture and registered on the Registration Books of the Trustee.

Date: \_\_\_\_\_, 20\_\_

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

By: \_\_\_\_\_  
Authorized Signatory

---

**[FORM OF ASSIGNMENT]**

For value received the undersigned do(es) hereby sell, assign and transfer unto, whose tax identification number is \_\_\_\_\_, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated:

Signature guaranteed:

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

NOTICE: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or such other similar program approved by the Trustee.

**EXHIBIT B**  
**FORM OF REQUISITION**  
**(COSTS OF ISSUANCE FUND)**

REQUISITION NO. \_\_

with reference to

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

City of Susanville  
Series 2019 Water Revenue Refunding Bonds  
(Water Enterprise Refunding Project)

I. The City of Susanville (the "City") hereby requests U.S. Bank National Association, as trustee (the "Trustee") pursuant to that certain Indenture, dated as of September 1, 2019 (the "Indenture"), by and between the City and the Trustee, under the terms of which the above-captioned bonds, to pay from the moneys in the Costs of Issuance Fund established pursuant to the Indenture, the amounts shown on Schedule A attached hereto to the parties indicated in Schedule A.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule A hereto. All such all such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule A or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions so given by the City with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

III. Each obligation mentioned in Schedule A hereto has been properly incurred and is a proper charge against the Costs of Issuance Fund. None of the items for which payment is requested has been reimbursed previously from the Costs of Issuance Fund.

All capitalized terms not defined herein have the meanings ascribed to them in the Indenture.

DATED:

**CITY OF SUSANVILLE, CALIFORNIA**

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

[Name]

{Title}

---

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**INDENTURE**

**by and between the**

**CITY OF SUSANVILLE**

**and**

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

**Dated as of September 1, 2019**

**Relating to**

**§ \_\_\_\_\_  
CITY OF SUSANVILLE  
SERIES 2019 NATURAL GAS REVENUE REFUNDING BONDS  
(NATURAL GAS ENTERPRISE REFUNDING PROJECT)**

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## INDENTURE

This Indenture is made and dated as of September 1, 2019 (the "Indenture"), by and between the City of Susanville, a municipal corporation duly organized and existing under the laws of the State of California (the "City") and U.S. Bank National Association, a national banking association duly organized and existing under the United States of America, and being qualified to accept and administer the trusts hereby created (the "Trustee").

### WITNESSETH:

WHEREAS, the City owns and operates facilities for the storage and transmission of natural gas within the service area of the City (interchangeably, the "Enterprise" or "Natural Gas Enterprise"); and

WHEREAS, the City previously entered into an Installment Sale Agreement, dated as of September 1, 2010 (the "2010 Installment Sale Agreement") with the Susanville Public Financing Authority (the "Authority"), pursuant to which the City agreed to make certain installment payments (the "2010 Installment Payments") in the aggregate principal amount of \$9,700,000 (the "2010 Installment Payments"), and in connection therewith the Authority issued its \$9,700,000 aggregate principal amount of 2010 Refunding Revenue Bonds, Senior Series A (the "Series 2010A Bonds") and \$25,160,000 aggregate principal amount 2010 Refunding Revenue Bonds, Subordinate Series B (the "Series 2010B Bonds" and, collectively with the Series 2010A Bonds, the "2010 Bonds"), pursuant to a Indenture of Trust dated as of August 1, 2010 (the "2010 Indenture"), between the Authority and Deutsche Bank National Trust Company, N.A. (which was later replaced by U.S. Bank National Association), as trustee (the "2010 Trustee"); and

WHEREAS, the City, after due investigation and deliberation, has determined that it is in the interests of the City at this time to provide for the issuance of its \$\_\_\_\_\_ City of Susanville, Series 2019 Natural Gas Revenue Refunding Bonds (Natural Gas Enterprise Refunding Project) (the "Bonds") pursuant to Articles 10 (commencing with Section 53570) and 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, a Resolution adopted by the City Council of the City on \_\_\_\_\_, 2019 and this Indenture for the purpose of (i) prepaying the 2010 Installment Payments, thereby causing the prepayment and redemption of a corresponding commensurate portion of the 2010 Bonds, (ii) purchasing a municipal bond insurance policy for the Bonds, (iii) purchasing a debt service reserve policy for deposit in the reserve fund for the Bonds, and (iv) paying the costs of issuance associated with the execution and delivery of the Bonds; and

WHEREAS, pursuant, and subject, to the terms of the 2010 Installment Sale Agreement and the 2010 Indenture, if the City deposits with the 2010 Trustee (to be held in escrow), cash or qualified securities (or a combination thereof) which shall provide sufficient moneys to pay and redeem the remaining corresponding commensurate portion of the 2010 Bonds on a designated redemption date, then the City's obligations with respect to the 2010 Installment Payments under the 2010 Installment Sale Agreement shall be discharged, and the corresponding commensurate portion of the 2010 Bonds shall be prepaid and defeased accordingly.

WHEREAS, upon issuance and delivery of the Bonds, a portion of the sale proceeds of the Bonds will be deposited with the 2010 Trustee pursuant to the Irrevocable Refunding Instructions, executed by the Authority and the City, to effect the discharge of all of the remaining 2010 Installment Payments, which shall effectuate the prepayment and redemption of the corresponding commensurate portion of the 2010 Bonds.

WHEREAS, the Bonds will be secured by a pledge of the Net Revenues (as defined herein) of the Natural Gas Enterprise and certain other moneys and securities held by the City and the Trustee hereunder; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the City Council has authorized the execution and delivery of this Indenture; and

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

**ARTICLE I**  
**DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS;**  
**EQUAL SECURITY**

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other document herein mentioned have the meanings herein specified.

“2010 Bonds” means the Series 2010A Bonds and the Series 2010B Bonds.

“2010A Bonds” means the \$9,700,000 original aggregate principal amount of 2010 Refunding Revenue Bonds, Senior Series A issued by the Susanville Public Financing Authority pursuant to the 2010 Indenture, currently outstanding in the amount of \$7,230,000.

“2010B Bonds” means the \$25,160,000 original aggregate principal amount of 2010 Refunding Revenue Bonds, Subordinate Series B issued by the Susanville Public Financing Authority pursuant to the 2010 Indenture, currently outstanding in the amount of \$23,485,000.

“2010 Installment Sale Agreement” means the Installment Sale Agreement, dated as of September 1, 2010, by and between the Authority and the City.

“2010 Indenture” means the Trust Agreement, dated as of September 1, 2010, by and between the Authority and the 2010 Trustee.

“Accreted Value” means, with respect to any Parity Obligations that are capital appreciation Obligations, as of any date of calculation, the sum of the initial amount thereof and the interest accrued and compounded thereon, as determined in accordance with the provisions of the related Parity Obligation Agreements, to such date of calculation.

“Additional Allowance” has the meaning ascribed to such term in Section 5.01.

“Additional Parity Obligations” means Parity Obligations issued or incurred by the City, subject to the conditions set forth in Section 5.01.

“Annual Debt Service” means, with respect to the portion of the Outstanding Parity Obligations for which the calculation is being made, for the 12-month period for which the calculation is being made (which may be Fiscal Year or Bond Year, as the context requires), the sum of (i) the interest payable with respect to such Outstanding Obligations in that 12-month period, assuming that all the Outstanding Serial Obligations are retired as scheduled and that all Outstanding Term Obligations, if any, are redeemed from the sinking fund payments, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Obligations), (ii) the principal amount of such Outstanding Serial Obligations, if any, maturing by their terms in such 12-month period, and (iii) the minimum principal amount of such Outstanding Term Obligations required to be paid or called and redeemed in such 12-month period.

With respect to capital appreciation Obligations, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Obligations.

If any Obligations bear interest payable pursuant to a variable interest rate formula, the interest rate on such Obligations for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) (i) for Tax-Exempt Obligations, the most recently published Bond Buyer 25 Bond Revenue Index (or if such index no longer exists, another similar index selected by the City) or (ii) for Obligations that are not Tax-Exempt, the most recently published interest rate borne by U.S. Treasury Bonds of 30 year-maturity, plus 70 basis points, or (b) the average variable rate of interest borne by such Obligations during the preceding 36 months or, if such Obligations were not Outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Obligations.

If an interest rate swap agreement is in effect with respect to, and is payable, on a parity with the Parity Obligation to which it relates, no amounts payable under such swap agreement will be included in the calculation of Annual Debt Service unless the result of: (i) interest payable on such Parity Obligation, plus (ii) amounts payable by the City under the swap agreement, less (iii) amounts receivable by the City under such swap agreement are greater than the interest payable on such Parity Obligation, then in such instance, the amount of such payments to be made that exceed the interest to be paid on such Parity Obligation (based on the assumption set forth above for variable rate Obligations) shall be included.

“Annual Debt Service” shall not include (a) interest on Obligations which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Obligations required to remain unexpended and to be held in escrow pursuant to the terms of the instrument under which such Obligations are issued, provided that (i) such exclusion of interest shall be applicable only to the extent that a portion of the amounts deposited in an escrow account, or the projected interest earnings thereon, shall be used to pay interest due on such portion of the Obligations so long as it is required to be held

in escrow, and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Net Revenues coverage, are substantially the same as those for the issuance of Additional Parity Obligations under Section 5.01 of this Indenture.

“Annual Debt Service” shall not include the portion of any parity Credit Provider Reimbursement Obligations that represent Annual Debt Service which would have otherwise been paid directly by the City to the owners of any Parity Obligations (e.g., reimbursement to a Credit Provider for draws made under a letter of credit to pay principal of and interest on the Parity Obligations).

“Annual Debt Service” shall not include principal or interest of Obligations to be paid from a state or federal grant or other moneys that have been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used on such principal or interest, unless such state or federal grant or other moneys have already been included in the corresponding calculation of Gross Revenues or Net Revenues, as applicable.

“Authority” means Susanville Public Finance Authority, a joint powers agency formed pursuant to a Joint Exercise of Powers Agreement, effective as of December 17, 1990.

“Authorized Denomination” means a principal amount of \$5,000 or any integral multiple thereof.

“Average Annual Debt Service” means, with respect to any portion of the Outstanding Parity Obligations for which the calculation is being made, the average Annual Debt Service during the period from the date of calculation through the final maturity date of all of such Outstanding Parity Obligations.

“Beneficial Owners” means those individuals, partnerships, corporations or other entities for which the Direct Participants have caused DTC to hold Book Entry Bonds.

“Bond” or “Bonds” means the City of Susanville, Series 2019 Natural Gas Revenue Refunding Bonds (Natural Gas Enterprise Refunding Project), authorized by, and at any time Outstanding pursuant to, this Indenture.

“Bond Counsel” means The Weist Law Firm, or another attorney or firm of attorneys of favorable reputation in the field of municipal bond law selected by the City.

“Bond Insurance Policy” means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due. The Bond Insurance Policy is a Credit Facility.

“Bond Insurer” means \_\_\_\_\_, a New York stock insurance company, or any successor thereto or assignee thereof.

“Bond Year” means each twelve-month period extending from June 2 in one calendar year to June 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall extend from the Closing Date to June 1, 2020.

“Book Entry Bonds” means the Bonds registered in the name of the nominee of DTC, as the registered owner thereof, pursuant to the terms and provisions of Section 2.12.

“Business Day” means a day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the city in which the Trustee maintains its Trust Office are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

“Certificate,” “Statement,” “Request,” “Requisition” or “Order” of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by its Mayor (or in the Mayor’s absence, the Mayor Pro-Tempore), City Administrator, Treasurer, Director of Financial Management or any other person designated by any of them in writing to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Indenture, certificates and opinions will include the statements provided for in the Indenture.

“City” means the City of Susanville, California.

“Closing Date” means September \_\_, 2019, the issuance date of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

“Continuing Disclosure Certificate” means the continuing disclosure undertaking of the City relating to the Bonds in connection with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as originally executed and as the same may be amended and supplemented from time to time in accordance with the terms thereof.

“Costs of Issuance” means any costs or expenses paid or incurred in connection with the preparation, execution and delivery of the Bonds and documents relating to the issuance of the Bonds (including the Refunding Instructions), including but not limited to costs related to the establishment of any refunding escrow, fees and expenses of the Trustee and its counsel, printing costs, word processing costs, filing and recording costs, bond counsel, disclosure counsel and other legal fees and expenses, rating agency fees, accounting fees, legal fees and other expenses incurred by the City in connection with qualification or registration, or determining the exemption from registration or qualification, of the Bonds under the “Blue Sky” laws of any jurisdiction, costs of preparation and reproduction of documents, fees payable to any other consultants or experts retained in connection with such preparation, execution and delivery, costs for the purchase of reserve surety, bond insurance or any other credit enhancement, and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of the Code.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Credit Facility” means a bond insurance policy, an irrevocable direct-pay or standby letter of credit, a standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit or liquidity support with respect to the payment of interest, principal, redemption price or purchase price of any Parity Obligations, but shall not include any Qualified Reserve Credit Instrument for the Bonds or similar instrument credited to a debt service reserve fund for any other Parity Obligations.

“Credit Provider” means the issuer of a Credit Facility with respect to any Parity Obligations.

“Credit Provider Reimbursement Obligations” means obligations of the City to pay from Net Revenues amounts due under a Credit Support Agreement to any Credit Provider (including amounts due to the Bond Insurer under this Indenture), including without limitation, amounts advanced by a Credit Provider pursuant to a Credit Facility as credit support or liquidity for Parity Obligations and interest with respect thereto.

“Credit Support Agreement” means, with respect to any Credit Facility, the agreement or agreements (which may be the Credit Facility itself) between the City and the applicable Credit Provider, as originally executed and as the same may be amended or supplemented from time to time, that provide for the reimbursement to the Credit Provider for payments under such Credit Facility or the extension of credits made to the City by the Credit Provider, together with any related pledge agreement or other security document.

“Debt Service Fund” means the fund by that name established pursuant to Section 4.03.

“Defeasance Securities” means any direct obligations of the United States of America (including any obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); provided, that such securities must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or redemption. “Defeasance Securities” do not include securities that do not have a fixed par value or the terms of which do not promise a fixed dollar amount at maturity or call date.

“Direct Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“DTC” means the Depository Trust Company, New York, New York, or its successors and assigns as depository for the Bonds.

“Enterprise” means the whole and each and every part of the Natural Gas Enterprise of the City, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such Natural Gas Enterprise or any part thereof hereafter acquired or constructed; provided, that to the extent the City is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described Natural Gas Enterprise purposes, only the City’s ownership interest in such asset or property or only the part of the asset or property so used for Natural Gas Enterprise purposes shall be considered to be part of the Enterprise.

“Enterprise Revenue Fund” means the separate fund established and maintained by the City in which all Gross Revenues are deposited (identified as the “Natural Gas Fund” in the City’s audited financial statements for fiscal year ended June 30, 2018).

“Event of Default” means any of the events described in Section 9.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if: (i) the investment is a certificate of

deposit the value of which is determined in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) the value of which is determined in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period.

“Fiscal Year Debt Service Coverage Ratio” means for any Fiscal Year the ratio determined by dividing the Net Revenues for such Fiscal Year by the corresponding Fiscal Year Debt Service Requirement.

“Fiscal Year Debt Service Requirement” means the sum of principal of and interest on then Outstanding Bonds and other Parity Obligations as they become due and payable during a particular Fiscal Year, without preference or priority (except to the extent such principal and interest are payable from the proceeds of the Parity Obligations, or from any other source of legally available funds of the City which have been deposited with the Trustee or another fiduciary for the Parity Obligations for such purpose prior to the commencement of such Fiscal Year).

“Generally Accepted Accounting Principles” means generally accepted accounting principles applicable to governments as promulgated by the Governmental Accounting Standards Board or its successor.

“Gross Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Enterprise including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the furnishing and supplying of services and facilities through the Enterprise, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that such earnings and income are available for use for the Enterprise pursuant to law, (iii) the proceeds derived by the City directly or indirectly from the sale, lease, or other disposition of a part of the Enterprise, and (iv) amounts released from the Rate Stabilization Fund pursuant to Section 4.07; provided the term “Gross Revenues” shall not include any of the following: (A) customers’ deposits or any other deposits or advances subject to refund until those deposits or advances become the property of the City, (B) moneys that are derived from charges (including without limitation impact fees or special assessments) imposed for specified and restricted purposes (except to the extent that such charges are permitted to be used for the financing or payment of the capital improvements financed with the proceeds of the 2010 Bonds or the Bonds), as provided in a duly adopted resolution or ordinance, and that are accounted for by the City separate and apart from the Enterprise Revenue Fund, and (C) grants or other moneys collected by the City from sources, which by the terms under which the City receives such money, restricts the use for specified and restricted purposes (except to the extent that the terms thereof permit the use of such money for the financing or payment of the capital improvements financed with the proceeds of the 2010 Bonds or the Bonds).

“Indenture” means this Indenture, as originally executed or as it may from time to time be amended or supplemented in accordance herewith.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the City, and who, or each of whom: (i) is in fact independent and not under domination of the City; (ii) does not have any substantial interest, direct or indirect, in the City; and (iii) is not connected with the City as an officer or employee of the City but who may be regularly retained to make annual or other audits of the books of or reports to the City.

“Independent Fiscal Consultant” means any consultant or firm of such consultants appointed by the City and who, or each of whom: (a) is judged by the City to have experience in matters relating to the financing of natural gas enterprises; (b) is in fact independent and not under domination of the City; (c) does not have any substantial interest, direct or indirect, with the City (other than as purchaser or potential purchaser of the Bonds or any Parity Debt); and (d) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City. An independent firm serving as a municipal advisor (or financial advisor) or as the underwriter for the Bonds or Parity Debt may be an Independent Fiscal Consultant for the purposes of this Indenture.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall also mean such other addresses and/or such other services providing information with respect to called bonds as the City may designate in writing to the Trustee.

“Interest Account” means the account by that name in the Debt Service Fund established and held by the Trustee pursuant to Section 4.03.

“Interest Payment Date” means June 1 and December 1 of each year, beginning on December 1, 2019.

“Letter of Representations” means the Blanket Issuer Letter of Representations, dated \_\_\_\_\_, 2019, from the City to DTC, qualifying bonds issued by the City for the DTC’s book-entry system, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

“Maximum Annual Debt Service” means with respect to any portion of the Outstanding Parity Obligations for which the calculation is being made, the largest Annual Debt Service during the period from the date of calculation through the final maturity date of all of such Outstanding Parity Obligations.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns, except that if at any time that such corporation no longer exists or no longer performs the function of a rating agency for municipal securities, then the term “Moody’s” will be deemed to refer to any other nationally recognized rating agency selected by the City.

“Net Revenues” means, for any period, an amount equal to: (i) all of the Gross Revenues received during such period, minus (ii) the amount required to pay all Operation and Maintenance Costs during such period.

“Nominee” means the nominee of DTC, which initially will be Cede & Co., as determined from time to time pursuant to Section 2.12.

“Obligations” means obligations with respect to borrowed money and includes bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease (determined to be such in accordance with Generally Accepted Accounting Principles), which are payable from Net Revenues, whether on a parity or subordinate basis to the Bonds.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City, payable from Gross Revenues, for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including but not limited to: (i) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Enterprise in good repair and working order, (ii) all administrative costs of the City that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Enterprise and insurance premiums, and (iii) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations (including bonds, notes or other evidences of indebtedness, installment purchase payments under contract, and lease payments under any financing or capital lease, as determined to be such in accordance with Generally Accepted Accounting Principles) incurred by the City with respect to the Enterprise, (B) depreciation, replacement and obsolescence charges or reserves therefor, (C) amortization of intangibles or other bookkeeping entries of a similar nature, and (D) costs of capital projects which under Generally Accepted Accounting Principles are chargeable to a separate capital account or to a reserve for depreciation.

“Original Purchaser” means Westhoff, Cone & Holmstedt.

“Outstanding,” when used as of any particular time with reference to any Obligations, means (subject to the provisions of Section 13.03 with respect to the Bonds or similar provisions in the applicable Parity Obligation Agreements), all of such Obligations theretofore issued or thereupon issued by the City except:

- (a) Obligations theretofore canceled or surrendered for cancellation;
- (b) Obligations paid or deemed to have been paid within the meaning of the defeasance provisions of the instrument pursuant to which such Obligations are issued; and
- (c) Obligations in lieu of or in substitution for which replacement Obligations have been issued.

“Owner” or “Bond Owner,” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Obligation Agreement” means the agreement or agreements, originally executed and as the same may be amended or supplemented from time to time, that sets forth the security and terms of repayment with respect to any Parity Obligations.

“Parity Obligations” means the Bonds and any Obligations which are payable from Net Revenues on a parity with the payment of the Bonds and the issuance of which satisfies the applicable conditions of Section

5.01, including without limitation Credit Provider Reimbursement Obligations that are specified as payable on a parity with the Bonds hereunder or under any Credit Support Agreement.

“Permitted Investments” means any of the following (provided, that the Trustee shall be entitled to rely upon the City’s written directions as conclusive certification to the Trustee that the investments described therein are Permissible Investments; and provided further, to the extent that the criteria below an investment require a certain minimum rating, such rating shall be determined by the time of purchase of such investment):

(1) Cash.

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:

- A. U.S. Treasury obligations;
- B. All direct or fully guaranteed obligations;
- C. General Services Administration;
- D. Guaranteed Title XI financing;
- E. Government National Mortgage Association (GNMA); and
- F. U.S. Treasury - State and Local Government Series.

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- A. Export-Import Bank;
- B. Rural Economic Community Development Administration;
- C. U.S. Maritime Administration;
- D. Small Business Administration;
- E. U.S. Department of Housing & Urban Development (PHAs); and
- F. Federal Housing Administration;

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- A. Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
- B. Obligations of the Resolution Funding Corporation (REFCORP);
- C. Senior debt obligations of the Federal Home Loan Bank System; and
- D. Senior debt obligations of other government sponsored enterprises approved by the Bond Insurer.

(5) U.S. dollar-denominated deposit accounts, demand deposits (including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit (including those placed by a third party pursuant to an agreement between the Trustee and the City), or bankers acceptances of depository institutions (including the Trustee or any of its affiliate), or bankers acceptances of depository institutions (including the Trustee or any of its affiliate), federal funds and bankers’ acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a

rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (provided that ratings on holding companies shall not be considered the rating of the bank);

(6) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(7) Investments in a money market fund rated "AAA<sub>m</sub>" or "AAA<sub>m</sub>-G" or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services (and receives and retains a fee for services provided to the fund, whether as custodian, transfer agent, investment advisor or otherwise);

(8) "Pre-refunded Municipal Obligations," defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (2) of the definition of Permitted Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Any bonds or other obligations of any agency, instrumentality or local governmental unit of any state of the United States of America which are rated "Aaa/AAA" or general obligations of any such state with ratings of "A2" or higher by Moody's and "A" or higher by S&P;

(10) Investment agreements (supported by appropriate opinions of counsel) approved in writing by the Bond Insurer, if any;

(11) The Local Agency Investment Fund of the State or any state administered pool investment fund in which the City is statutorily permitted or required to invest will be deemed a permitted investment; and; and

(12) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the Bonds.

"Principal Account" means the account by that name in the Debt Service Fund established and held by the Trustee pursuant to Section 4.03.

"Qualified Reserve Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to

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Section 4.04, provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the two highest Rating Categories of Moody's or S&P, or the financial strength of such insurance company is rated within one of the two highest Rating Categories of A.M. Best & Company, or if any of the Bonds are insured, the long-term credit rating of such bank or claims paying ability of such insurance company is at least as high as the insured rating of the Bonds; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.04; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in Section 4.04, including the replenishment of the Interest Account, the Principal Account or the Sinking Account. The Reserve Policy is a Qualified Reserve Credit Instrument.

"Rate Stabilization Fund" means the fund by that name established and held by the City pursuant to Section 4.07.

"Rating Category" means: (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regarding to any numerical modifier, plus or minus sign or other modifier; and (b) with respect to any short-term rating category, all ratings designated by a particular letter or combination of letters taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rebate Amount" has the meaning ascribed to it in the Tax Certificate.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.05.

"Refunding Bond Law" means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (commencing with Section 53570 and Section 53580, respectively), as in existence on the Closing Date.

"Refunding Instructions" means the Irrevocable Refunding Instructions, executed by the City and the Authority, relating to the defeasance and redemption of the 2010 Bonds.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.04 for the registration and transfer of ownership of the Bonds.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.04.

[ "Reserve Policy" means the municipal bond debt service reserve policy issued by the Bond Insurer upon the issuance of the Bonds. The Reserve Policy is a Qualified Reserve Credit Instrument.]

"Reserve Requirement" means, as of any calculation date, an amount equal to the least of (i) ten percent of the principal amount of the Bonds upon issuance; (ii) 125 percent of Average Annual Debt Service (based on Bond Year) of the Outstanding Bonds; or (iii) Maximum Annual Debt Service (based on Bond

Year) of the Outstanding Bonds. The amount of the Reserve Requirement on any date is subject to confirmation by the City to the Trustee upon the Trustee's request.

"RSF Requirement" means an amount equal to \$1,800,000, held and maintained by the City in the Rate Stabilization Fund, pursuant to Section 4.07 hereof.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if at any time that such corporation no longer exists or no longer performs the function of a rating agency for municipal securities, then the term "S&P" will be deemed to refer to any other nationally recognized rating agency selected by the City.

"Securities Depositories" means The Depository Trust Company, 55 Natural Gas Street, 50th Floor, New York, New York 10041, Attn: 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 a Certificate of the City delivered to the Trustee.

"Serial Bonds" means the Bonds that are not Term Bonds.

"Serial Obligations" means Obligations for which no mandatory sinking fund payments are provided.

"Sinking Account" means the account by that name in the Debt Service Fund held by the Trustee pursuant to Section 4.03.

"Sinking Account Installment" means the amount of money required by the Indenture to be paid by the City on any single date toward the retirement of any particular Term Bonds on or prior to their respective stated maturity dates.

"State" means the State of California.

"Supplemental Indenture" means any agreement supplemental to or amendatory of this Indenture entered into in accordance with the provisions of Article VII.

"Tax Certificate," means the Tax Certificate (or similar instrument) pertaining to the Bonds, dated the Closing Date, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

"Term Bonds" means the Bonds maturing on June 1 of each of the years 20 \_\_, 20 \_\_ and 20 \_\_.

"Term Obligations" means Obligations which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Obligations on or before their specified maturity dates.

“Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 1.1.09; provided that for purposes of payment, prepayment, exchange, transfer, exchange, surrender and cancellation of Bonds, such term means the designated corporate trust agency or operations office of the Trustee, or such other or additional offices as the Trustee may designate in writing to the City from time to time as the corporate trust office for purposes of this Indenture.

“2010 Trustee” means U.S. Bank National Association, in its capacity as the trustee under the 2010 Indenture.

“Trustee” means U.S. Bank National Association, and its successors and assigns, and any other corporation or association that may at any time be substituted in its place as provided in Article VII.

**Section 1.02 Rules of Construction.**

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

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

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

**Section 1.03 Equal Security.** The Bonds shall be issued under and subject to the terms of this Indenture. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the City and the Trustee for the benefit of Owners from time to time of all Bonds issued under this Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premium, if any, on all Bonds authorized, executed, issued and delivered under this Indenture; and the agreements and covenants set forth in this Indenture to be performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds, subject to the agreements, conditions, covenants and provisions contained in this Indenture.

**ARTICLE II  
TERMS OF THE BONDS; GENERAL PROVISIONS RELATING TO EXECUTION AND  
DELIVERY**

**Section 2.01 Authorization; Designation; Form.** The City has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, to happen and to be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now authorized under the Refunding Bond

Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the City hereby authorizes the issuance of the Bonds pursuant to the Refunding Law and this Indenture for the purposes described herein.

The City may at any time execute and deliver the Bonds, designated the City's Series 2019 Natural Gas Revenue Refunding Bonds, authorized to be issued under this Indenture, in the aggregate principal amount of \_\_\_ Million \_\_\_ Hundred \_\_\_ Thousand Dollars (\$\_\_\_\_\_). Upon the Written Request of the City, the Trustee shall authenticate and deliver the Bonds. The Bonds, the certificate of authentication and the assignment to appear thereon shall be substantially in the form attached as Exhibit A with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

**Section 2.02 Terms of the Bonds.**

(a) The Bonds shall be dated the Closing Date, shall mature on the dates and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order (with such alphabetical prefix as the Trustee shall determine). The Bonds shall be executed and delivered, without coupons, in the denominations of \$5,000 and any integral multiple thereof.

(b) The interest, principal, and redemption premiums, if any, due with respect to the Bonds shall be payable in lawful money of the United States of America. Subject to Section 2.12, the interest due on the Bonds shall be payable on their Interest Payment Dates by check or draft mailed by first class mail on the applicable Interest Payment Date by the Trustee to the respective Owners thereof at their addresses as they appear in the Registration Books on the Record Date with respect to each Interest Payment Date; provided, however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five days before the

applicable Record Date. Principal of any Bond and any premium upon redemption shall be paid by check of the Trustee upon presentation and surrender thereof at the Trust Office.

Interest on the Bonds shall be computed on the basis of a 360 day year of twelve 30 day months. Interest on each Bond shall accrue from the Interest Payment Date next preceding the date of authentication thereof unless (i) the Bond is authenticated on or before an Interest Payment Date but after the close of business on the related Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) the Bond is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Bond, interest is in default on Outstanding Bonds, the Trustee shall establish a special record date for payment of any interest in default hereunder and interest on such Bond shall accrue from the date to which interest has previously been paid in full or made available for payment on such Bond. Interest on the Bonds shall accrue on overdue principal at the same rate borne by the particular Bonds.

### **Section 2.03 Redemption of Bonds.**

(a) Optional Redemption. The Bonds maturing on or before June 1, 20\_\_ shall not be subject to optional redemption by the City. The Bonds maturing on or after June 1, 20\_\_ shall be subject to redemption prior to their maturity, as a whole or in part, at the option of the City as the City shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days, or such shorter period as acceptable to the Trustee as such designation being for the convenience of the Trustee, prior to the redemption date) and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after June 1, 20\_\_, from funds derived by the City from any source, at a redemption price equal to 100 percent of the principal amount of Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium.

(b) Mandatory Sinking Account Redemption. The Bonds maturing on June 1 of each of the years 20\_\_, 20\_\_ and 20\_\_ shall be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date of redemption, without premium, according to the following schedules; provided, however, if some but not all of the Term Bonds of a maturity have been optionally redeemed pursuant to Section 2.03(a), each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds redeemed pursuant to the optional redemption, as shall be designated pursuant to written notice and revised sinking account redemption schedule filed by the City with the Trustee:

#### **Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
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\_\_\_\_\_  
\* maturity

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
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\_\_\_\_\_  
\* maturity

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
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\_\_\_\_\_  
\* maturity

In lieu of a redemption pursuant to this Section 2.03(b), the Trustee may apply amounts in the Sinking Account to purchase a portion of the Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the City, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Term Bonds, as set forth in writing by the City; provided, however, that no Term Bonds shall be purchased by the Trustee hereunder with a settlement date more than 60 days prior to the date on which the City would otherwise redeem such Term Bonds pursuant to this Section 2.03(b). The principal amount of any portion of the Term Bonds so purchased by the Trustee shall be credited towards and shall reduce the Sinking Account Installment otherwise coming due with respect to such Term Bonds.

(c) Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Outstanding Bonds or such given portion thereof not previously called for redemption, on a pro rata basis among the maturities (unless the maturity or maturities are otherwise specified in this Indenture or in writing by the City) and by lot within a maturity in any manner which the Trustee in its discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds, which may be separately redeemed.

(d) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond, the City shall execute and the Trustee shall authenticate and

deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same maturity date, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the Bond being redeemed. A partial redemption shall be valid upon payment of the amount required to be paid to the Owner, and the City and the Trustee shall be released and discharged from all liability to the extent of such payment.

(e) Notice of Redemption. Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its Nominee, any Information Service or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the City, not more than 60 days but not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services, and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, 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 thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice of redemption is sent to the Owner, the City has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the receipt of sufficient funds by the Trustee from the City on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. Neither the failure of any Owner to receive a redemption notice nor any defect in the notice so sent shall affect the sufficiency or the validity of the proceedings for redemption.

(f) Right to Rescind Optional Redemption. The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of optional redemption shall be cancelled 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 hereunder. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission. The Trustee shall send notices of such rescission in the same manner as that prescribed in Section 2.03(e) for notices of redemption.

(g) Effect of Redemption. From and after the date designated for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the designated redemption date. All Bonds redeemed pursuant to this Section 2.03 shall be canceled by the Trustee. All moneys held by or on behalf of the Trustee for the payment of principal of or interest (or premium, if any) on Bonds, whether at redemption or maturity, shall be held in trust for the account

of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to Owners for any interest earned on, moneys so held.

**Section 2.04 Registration Books.** The Trustee shall keep at its Trust Office sufficient Registration Books for the registration of the ownership, transfer and exchange of the Bonds. Registration Books shall be available for inspection by the City and its designated agent or any Owner or such Owner's agent duly authorized in writing at reasonable hours and under reasonable conditions with reasonable prior notice. The Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in such Registration Books as provided in this Indenture. The ownership of any Bonds may be proved by the Registration Books. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Indenture. The Trustee may deem and treat the person in whose name any Bond shall be registered upon Registration Books 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 and premium, if any, and interest with respect to such Bond and for all other purposes, and all such payments so made to any such Owner or upon such Owner's order shall be valid and effectual to satisfy and discharge the City's and the Trustee's liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Trustee shall not be affected by any notice to the contrary.

**Section 2.05 Execution of Bonds.** The Bonds shall be signed in the name and on behalf of the City with the manual or facsimile signatures of the Mayor (or in the Mayor's absence, the Mayor Pro-Tempore) and attested with the manual or facsimile signature of the City Clerk, and shall be delivered to the Trustee for authentication by it. In case any officer of the City who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though the individual who signed the same had continued to be such officer of the City. Also, any Bond may be signed on behalf of the City by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**Section 2.06 Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon presentation and surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for transfer, the City shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. The Trustee shall not be required to transfer, pursuant to this Section, (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption) and (ii) any Bond selected for redemption in whole or in part.

**Section 2.07 Exchange of Bonds.** Bonds may be exchanged at the Trust Office of the Trustee for the same aggregate principal amount of Bonds of the same tenor and maturity and of other Authorized

Denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the City, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange, pursuant to this Section, (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption) and (ii) any Bond selected for redemption in whole or in part.

**Section 2.08 Temporary Bonds.**

(a) Until definitive Bonds are prepared, the City may direct the Trustee to authenticate and deliver, in the same manner as is provided in this Article II, in lieu of definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized hereunder, so long as no such Bond shall have its principal amount becoming payable in more than one year, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. At the expense of the City, the City shall prepare and the Trustee shall authenticate and, upon the surrender of such temporary Bonds and the cancellation of such surrendered temporary Bonds, the Trustee shall without charge to the Owner thereof, in exchange therefor, deliver definitive Bonds, of the same principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds executed and delivered pursuant to this Indenture.

(b) If the City shall request the execution and delivery of temporary Bonds in more than one denomination, the Owner of any temporary Bond or Bonds may, at such Owner's option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like principal amount and maturity of any other Authorized Denomination or Denominations, and thereupon the Trustee shall authenticate and deliver, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 2.10, a temporary Bond or Bonds of like aggregate principal amount and maturity in such other Authorized Denomination or Denominations as shall be requested by such Owner.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee and destroyed, and the Trustee shall certify in writing as to their destruction.

**Section 2.09 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, maturity and aggregate principal amount in an Authorized Denomination 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. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to it shall be given, the City, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The City may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses that may be incurred by the City and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute

an original contractual obligation on the part of the City whether or not the Bond alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

**Section 2.10 Additional Provisions with Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Trustee shall execute and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall be promptly cancelled by the Trustee and destroyed, and the Trustee shall certify as to their destruction. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer or exchange shall be paid by the City, except that 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.

**Section 2.11 Cancellation of Paid or Redeemed Bonds.** All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made and such Bonds shall thereupon be promptly cancelled and destroyed, and the Trustee shall certify in writing as to their destruction at the written request of the City.

**Section 2.12 Book-Entry System.**

(a) Book-Entry System; Limited Obligation of City. The Bonds shall be initially delivered in the form of a separate single fully registered Bond for each maturity of the Bonds (provided, that if the Bonds of a single maturity bear different interest rates, then there shall be a separate single fully registered bond for each interest rate of such maturity). Upon initial delivery, the ownership of each such Bond shall be registered in the Registration Books in the name of Cede & Co., as the initial Nominee of DTC. Thereafter, DTC may from time to time designate a substitute Nominee by written notification to the Trustee. Except as provided in Section 2.12(c), all of the Outstanding Bonds shall be registered in the Registration Books. DTC has represented to the City that it will maintain a book entry system in recording ownership interests of the Direct Participants and the ownership interests of Beneficial Owners shall be recorded through book entries on the records of the Direct Participants.

With respect to Bonds so registered in the name of the Nominee, the City and the Trustee shall have no responsibility or obligation to any Direct Participant or to any Beneficial Owner of such Bonds. Without limiting the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, the Nominee or any Direct Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Direct Participant, Beneficial Owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the DTC and its Direct Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, (iv) the payment to any Direct Participant, Beneficial Owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, the Bonds, or (v) any consent given or other action taken by DTC as Owner of the Bonds. The City and the Trustee may treat DTC as, and deem DTC to be, the absolute Owner of each Bond for all purposes whatsoever including (but not limited to) (I) payment of the principal or redemption price of, and interest on, each such Bond, (II) giving notices of redemption and other matters with respect to such Bonds and (III) registering transfers with respect to such Bonds. The Trustee shall pay the principal or redemption price of, and interest on, all book entry Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to such

principal or redemption price, and interest, to the extent of the sum or sums so paid. No person other than DTC shall receive a Bond evidencing the obligation of the City to make payments of principal or redemption price of, and interest on, the Bonds pursuant to this Indenture.

(b) Letter of Representations. In order to qualify the Bonds for DTC's book entry system, the City has executed and delivered the Letter of Representations to DTC. The Letter of Representations shall not in any way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the Registration Books. The Trustee agrees to take all action necessary to continuously comply with the Letter of Representations to the extent that such action is not inconsistent with this Indenture. The officers of the City are hereby authorized to take such actions as necessary or appropriate, not inconsistent with this Indenture, to qualify the Bonds for DTC's book-entry program.

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

(d) Discontinuance of DTC's Depository Services. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable written notice to the City and the Trustee and discharge its responsibilities with respect thereto under applicable law. The City, in its sole discretion, may terminate, upon provision of notice to the Trustee, the services of DTC with respect to the Bonds. In the event (i) DTC determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that DTC shall no longer so act, then the City will discontinue the book entry system with the DTC. If the City does not identify another qualified securities depository to replace the DTC, then the Bonds so designated shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, or any other nominee of a replacement security depository, but shall be registered in whatever name or names persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.05 through 2.11.

(e) Notations by DTC on Bonds. Notwithstanding any provision herein to the contrary, the City and the Trustee may agree to allow DTC or its Nominee to make a notation on any Bond redeemed in part to reflect, for information purposes only, the principal amount and date of any such redemption.

### ARTICLE III APPLICATION OF PROCEEDS; COSTS OF ISSUANCE FUND

**Section 3.01 Application of Bond Sale Proceeds and Other Transfers.** On the Closing Date, the Trustee shall receive from the Original Purchaser, on behalf of the City, in connection with the sale of the Bonds an amount equal to \$ \_\_\_\_\_ (representing the par amount of the Bonds, (i) plus/less original issue premium/discount of \$ \_\_\_\_\_, (ii) less underwriter's discount of \$ \_\_\_\_\_, and (iii) less an amount of \$ \_\_\_\_\_ wired by the Original Purchaser to the Bond Insurer (representing the Insurance Policy and Reserve Policy premiums) at the request and on behalf of the City.

The Trustee shall apply such proceeds as follows:

- (a) Transfer \$ \_\_\_\_\_ to the 2010 Trustee to be applied in accordance with the Refunding Instructions in connection with the defeasance of the 2010 Bonds; and
- (b) Deposit \$ \_\_\_\_\_ into the Costs of Issuance Fund.
- (c) [Deposit \$ \_\_\_\_\_ into the Reserve Fund.]

[In addition, the Trustee shall credit the Reserve Policy to the Reserve Fund in satisfaction of the Reserve Requirement upon delivery of the Bonds.]

For record keeping purposes, the Trustee may establish such funds and subaccounts as may be necessary to reflect deposits and transfers pursuant to this Indenture or Request of the City given pursuant to this Indenture.

**Section 3.02 Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Refunding Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

**Section 3.03 Costs of Issuance Fund.** The Trustee shall establish a fund known as the "Costs of Issuance Fund." Pursuant to Section 3.01, the Trustee shall deposit a portion of the proceeds of the sale of the Bonds in to the Costs of Issuance Fund. The moneys the Costs of Issuance Fund shall be used from time to time to pay Costs of Issuance with respect to the Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached hereto as Exhibit B, executed by an authorized officer of the City. On the date that is 180 days following the Closing Date of the Bonds, or upon the earlier receipt by the Trustee of a Request of the City to do so, the Trustee shall transfer all remaining amounts (if any) in the Costs of Issuance Fund to the Debt Service Fund and the Trustee shall close the Costs of Issuance Fund. The Trustee may conclusively rely on the representations set forth in such City requests and shall be fully protected in relying thereon.

**ARTICLE IV  
PLEDGE OF NET REVENUES; ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND  
ACCOUNTS**

**Section 4.01 Pledge of Net Revenues, Certain Funds Established Pursuant to this Indenture.**

(a) Subject to the application thereof on the terms and conditions provided in this Indenture, all of the Net Revenues are hereby irrevocably pledged, charged and assigned to the punctual payment of all Outstanding Bonds which pledge shall be on a parity with any pledge of Net Revenues securing other Parity Obligations as to which Section 5.01 have been satisfied. Such pledge, charge and assignment shall constitute a first lien on the Net Revenues for the payment of amounts due with respect to the Outstanding Bonds and other Parity Obligations (including the replenishment of debt service reserve funds as required) in accordance with the terms hereof and thereof.

The obligations of the City to pay principal (including Sinking Account Installments) and interest, when due, on the Outstanding Bonds 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 Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. So long as any Bond remains Outstanding, the City (a) will not suspend or discontinue payment of principal (including Sinking Account Installments) or interest coming due pursuant to this Indenture, (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 Enterprise, sale of any portion of the Enterprise, the taking by eminent domain of title to or temporary use of any component thereof, commercial frustration of purpose, any change in the tax law 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).

(b) Subject to the provisions of Section 9.03(a) (regarding payment to the Trustee for fees and expenses when applying funds upon an Event of Default), the Bonds shall also be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Sinking Account therein) and the Reserve Fund, including all amounts derived from the investments of such moneys. The Bonds shall be equally secured by a pledge, charge and lien upon such moneys without priority for number, date of the Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any portion thereof shall be and are secured by an exclusive pledge, charge and lien upon such moneys. So long as any of the Bonds are Outstanding, moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Sinking Account therein) and the Reserve Fund, may only be used for the purposes and in the manner permitted by this Article IV.

**The City's obligation to pay principal (including Sinking Account Installments) and interest with respect to the Outstanding Bonds and any other amount due under this Indenture shall be a special obligation of the City limited solely to the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments, nor shall any other funds or property of the City be liable for such payments coming due and payable under this Indenture. Neither the Trustee nor any Owner shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of the Enterprise, for the making of any payments pursuant to the Bonds or this Indenture.**

#### **Section 4.02 Enterprise Revenue Fund.**

(a) The City has previously established the Enterprise Revenue Fund and shall continue to maintain and hold such fund segregated from all other funds of the City. All Gross Revenues shall be deposited by the City upon receipt in the Enterprise Revenue Fund and shall be applied, first, to pay Operation and Maintenance Costs as they become due and payable (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required). The City may at any time establish such sub-level funds and accounts as it deems necessary or desirable within the Enterprise Revenue Fund.

(b) No later than five Business Days before each Interest Payment Date, the City shall withdraw from the Enterprise Revenue Fund and transfer to the Trustee, for deposit in the Debt Service Fund, an amount which, together with the balance then on deposit in the Debt Service Fund, shall be sufficient to pay, in the following priority: (i) the amount required to pay interest on the Outstanding Bonds then coming due on such Interest Payment Date, (ii) the amount required to pay principal (including Sinking Installments) then coming due on such Interest Payment Date.

(c) If the City receives a notice from the Trustee pursuant to Section 4.04(b) that the balance of the Reserve Fund is below the Reserve Requirement, no later than five Business Days before the Interest Payment Date immediately following the receipt of such notice, the City shall also shall withdraw from the Enterprise Revenue Fund, to the extent funds are available therefor (but in no event later than the next succeeding Interest Payment Date), and deposit with the Trustee the amount of money necessary to restore the balance of the Reserve Fund to the Reserve Requirement.

(d) In addition to Operation and Maintenance Costs and amounts to be transferred to the Trustee under (b) and (c) above, the City shall withdraw from the Enterprise Revenue Fund such amounts at such times as shall be required to pay (i) the principal (including mandatory sinking fund payments) of and interest on any other Parity Obligations; (ii) all amounts necessary for deposit in the debt service reserve funds as required by Parity Obligation Agreements; (iii) all other amounts when and as due and payable under this Indenture; and (iv) all other amounts to otherwise comply with the Parity Obligation Agreements.

(e) The City shall manage, conserve and apply the Net Revenues on deposit in the Enterprise Revenue Fund in such a manner that all deposits required to be made pursuant to the preceding subsections (b), (c) and (d) will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default shall have occurred and be continuing hereunder, the City may use and apply moneys in the Enterprise Revenue Fund for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the costs for additional improvements, extensions, replacements and betterments to the Enterprise, (iii) the optional redemption of the Bonds or other optional prepayment of any Obligations of the City relating to the Enterprise, (iv) make deposits in the Rate Stabilization Fund pursuant to Section 4.07, or (v) any other lawful purposes.

(f) At any time there are insufficient Net Revenues to make the required debt service payments due on the Bonds and other Outstanding Parity Obligations, the City shall apply Net Revenues to such debt service payments due on the Outstanding Bonds and other Parity Obligations, on a pro rata basis (based on the respective amounts to be paid), without any discrimination on preferences and without regard to debt service reserves (whether funded in cash or supported by surety bonds or other similar funding instruments).

(g) Any moneys held in the Enterprise Revenue Fund shall be invested in Permitted Investments and investments authorized by State law which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement hereunder. All investment earnings from moneys or deposits in the Enterprise Revenue Fund shall be credited in such fund and applied only to the purposes permitted for such fund. The City may commingle any of the moneys in the Enterprise Revenue Fund with the moneys held in other funds and accounts for investment purposes; ~~provided, however,~~ that all moneys in the Enterprise Revenue Fund shall be accounted for separately notwithstanding such commingling.

**Section 4.03 Debt Service Fund.** The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Debt Service Fund." All moneys received by the Trustee from the City pursuant to Section 4.02(b) shall be deposited in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees to cause to be maintained), in the following order of priority:

- (i) Interest Account;
- (ii) Principal Account; and
- (iii) Sinking Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 4.03.

(a) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest transferred to the Redemption Fund pursuant to Section 4.05 per the Written Request of the City for making payments on Bonds called for optional redemption).

(b) Principal Account. On or before each Interest Payment Date on which principal of Bonds is coming due, the Trustee shall set aside from the Debt Service Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on the Outstanding Serial Bonds on such Interest Payment Date. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds becoming due and payable on such upcoming Interest Payment Date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds.

Notwithstanding the foregoing, in the event that, with respect to any Interest Payment Date, there shall be insufficient money in the Debt Service Fund to make a full deposit in the Principal Account for all such principal payments required by the preceding paragraph of this Section 4.03(b) and deposits in the Sinking Account for all Sinking Account Installments required by Section 4.03(c), then the money available in the Debt Service Fund shall be applied pro rata as relating to such principal payments and such Sinking Account Installments in the proportion which all such principal payments and all such Sinking Account Installments bear to each other.

(c) Sinking Account. Subject to the second paragraph of Section 4.03(b), on or before each Interest Payment Date on which a Sinking Account Installment is coming due, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the Sinking Account Installments coming due and payable on the Outstanding Term Bonds on such Interest Payment Date. No deposit need be made

into the Sinking Account if the amount contained therein is at least equal to the aggregate amount of the Sinking Account Installment becoming due and payable on such upcoming Interest Payment Date. All moneys in the Sinking Account shall be used and withdrawn by the Trustee solely for the purpose of paying the Sinking Account Installments or payment of any purchase in lieu of redemption pursuant to Section 2.03(b).

(d) Transfer and Release of Surplus. On each June 2, but only after making the deposits and making such payments as required by Sections 4.03(a), 4.03(b) and 4.03(c) above on the immediately preceding Interest Payment Date, the Trustee shall determine the amount, if any, remaining in the Debt Service Fund and apply such remaining amount in the following order and priority: (i) transfer such money to the Reserve Fund, but solely to the extent necessary to restore the balance in the Reserve Fund to the Reserve Requirement; (ii) pay, or set an amount aside for the payment of, any rebate requirement in accordance with a computation made by the City pursuant to the Code, if the Trustee has received a Request by the City to do so before such June 2; and (iii) release to the City for use for any lawful purpose.

#### **Section 4.04 Reserve Fund.**

(a) The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Reserve Fund." Except for release of excess as provided in Section 4.04(b) and Section 4.04(c), all money in (or available to) the Reserve Fund shall be used and withdrawn by the Trustee for the following purposes, in such order and priority: (i) make deposits in the Interest Account at any time there is a deficiency in such account for paying the interest on the Bonds then coming due and payable, (ii) make deposits in the Principal Account and Sinking Account (*pro rata* as relating to such principal payments and such Sinking Account Installments in the proportion which all such principal payments and all such Sinking Account Installments bear to each other), at any time there is a deficiency in such accounts for paying the principal and Sinking Installment of the Bonds then coming due and payable, and (iii) make the final payments of principal of and interest on the Bonds.

(b) The Trustee shall value the balance of the Reserve Fund at least semi-annually by each June 1 and December 1 in accordance with Section 4.06. If at any time the balance in the Reserve Fund falls below the Reserve Requirement, the Trustee shall promptly notify the City in writing. The City, upon receipt of such notice from the Trustee, shall include the amount necessary to restore the balance of the Reserve Fund to the Reserve Requirement in the immediately next transfer of moneys from the Enterprise Revenue Fund pursuant to Section 4.02(c). Absent any other written instructions from the City, any amount the Reserve Fund in excess of the Reserve Requirement shall be transferred to the Debt Service Fund.

(c) The Reserve Requirement may be satisfied by depositing into the Reserve Fund moneys or one or more Qualified Reserve Credit Instruments or any combination thereof, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement; provided that, other than the Reserve Policy, the deposit of any Qualified Reserve Credit Instrument shall be subject to the prior written consent of the Bond Insurer. Upon the deposit with the Trustee of such Qualified Reserve Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Fund to the City, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Credit Instrument.

[All cash and investments in the Reserve Fund shall be transferred to the applicable accounts in the Debt Service Fund for payment of debt service on Bonds before any drawing may be made on the Qualified Reserve Credit Instruments credited to the Reserve Fund in lieu of cash. Reimbursement to the

Bond Insurer for Policy Costs (as defined in Section 12.01) relating to draws on the Reserve Policy and other amounts relating to draws on other Qualified Reserve Credit Instruments, if any, owing to the providers thereof, including accrued interest, shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Credit Instruments on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Reimbursement of amounts with respect to Qualified Reserve Credit Instruments (including the Policy Costs) shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable Qualified Reserve Credit Instruments (including the Reserve Policy) without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.]

**Section 4.05 Redemption Fund.** The Trustee shall establish, maintain and hold in trust pursuant to this Indenture, a fund known as the "Redemption Fund." On or before each optional redemption date, the City shall deposit with the Trustee an amount sufficient to pay the redemption price (including principal and redemption premium, if any), plus accrued interest, of the Bonds being called; provided, that such amount to be deposited with the Trustee may be reduced by the following (as set forth in a Written Request of the City): (a) the amount, if any, to be transferred from the Reserve Fund on such optional redemption date because of the reduced Reserve Requirement as the result of the optional redemption, and (b) the amount, if any, to be transferred from the Interest Account to the Redemption Fund to pay for accrued interest on the Bonds to be redeemed. Notwithstanding the foregoing, in connection with a defeasance of some or all of the Bonds, if the City causes the establishment of one or more escrow funds for such defeasance and sufficient moneys is deposited into the defeasance escrow to effect the related redemption in accordance with Section 10.01, then there shall be no need for a separate deposit of moneys into the Redemption Fund pursuant to this Section 4.05.

**Section 4.06 Investments of Funds Held by Trustee.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the written direction of the City given to the Trustee at least two Business Days in advance of the making of such investments. Such Permitted Investments shall, as nearly as practicable, mature (or be subject to redemption or disposition by the Trustee) on or before the dates on which such money is anticipated to be needed for disbursement hereunder. In the absence of any such direction from the City, the Trustee shall hold money in the applicable fund or account uninvested. Any investment earnings on amounts in the Reserve Fund shall be retained in the Reserve Fund. Any investment earnings on amounts all other funds and accounts maintained by the Trustee under this Indenture shall be deposited in the Debt Service Fund.

Subject to Section 4.04(b), the Trustee shall value the balances in the funds and accounts maintained by the Trustee under this Indenture no less frequently than every six months, at the Fair Market Value. Each such valuation may be made utilizing the Trustee's automated pricing service through the Trustee's trust accounting system. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The

City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the City periodic account statements which shall include detail for cash holdings and all investment transactions made by the Trustee under this Indenture. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture. For investment purposes, the Trustee may commingle the funds and accounts established under this Indenture and shall account for them separately.

The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture.

**Section 4.07 Rate Stabilization Fund.** The City shall establish a special fund to be known as the "Rate Stabilization Fund," to be funded in the amount of the RSF Requirement, and held, replenished and maintained by the City, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Enterprise. The City hereby agrees to deposit all available surplus moneys annually in the Rate Stabilization Fund as necessary to maintain a balance in the Rate Stabilization Fund at least equal to the RSF Requirement. The Rate Stabilization Fund shall be accounted for as a separate fund, although amounts credited to it may be commingled with other funds of the City. The City may, but is not be required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Enterprise Revenue Fund in any Fiscal Year for the purpose of paying the principal of and interest on the Outstanding Bonds and other Parity Obligations coming due and payable during such Fiscal Year. Except as provided in Section 6.04(b), amounts so transferred from the Rate Stabilization Fund to the Enterprise Revenue Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year for the purposes of this Indenture. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not otherwise secure the Bonds or any other Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund shall be retained therein or, at the option of the City, be applied for any other lawful purposes. So long as the balance in the Rate Stabilization Fund is at least equal to the RSF Requirement, the City has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the City. To the extent that the balance in the Rate Stabilization Fund drops below the RSF Requirement the City shall, from any legally available source of funds, replenish Rate Stabilization Fund back up to the RSF Requirement within twelve months from the date that the Rate Stabilization Fund first dropped below the RSF Requirement. Any moneys held in the Rate Stabilization Fund shall be invested in Permitted Investments or any other investments in which the City may lawfully invest such funds under State law.

## ARTICLE V INCURRENCE OF ADDITIONAL OBLIGATIONS

**Section 5.01 Incurrence of Additional Parity Obligations.** The City from time to time may issue or incur Additional Parity Obligations, subject to the satisfaction of the following conditions prior to the incurrence of an Additional Parity Obligation (provided, that such conditions shall not apply to (i) any

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Additional Parity Obligation incurred solely as the result of the delivery of a Credit Facility, or (ii) any Additional Parity Obligation incurred solely to refund all or a portion of the then Outstanding Parity Obligations):

(a) No Event of Default hereunder shall have occurred and be continuing; and

(b) The Net Revenues received by the City in the most recent Fiscal Year for which audited financial statements are available (or any more recent consecutive 12-month period selected by the City, as shown by the books of the City) (excluding any money derived from the Rate Stabilization Fund), plus, at the option of the City, any Additional Allowance described in clauses (i) or (ii) below, shall be at least equal to 120 percent of the Maximum Annual Debt Service (calculated based on Fiscal Year) with respect to the Parity Obligations which will be Outstanding immediately following the incurrence of such Additional Parity Obligations, as evidenced by a written report of an Independent Accountant or Independent Fiscal Consultant.

The following items (each being an "Additional Allowance") may be added to such Net Revenues for the purpose of applying the restriction contained in this covenant:

(i) An allowance for any addition to or improvement or extension of the Enterprise reasonably expected to commence operation within three years after the incurrence of such Additional Parity Obligations, in an amount equal to the projected annual Net Revenues to be derived from such addition, improvement, or extension by its third year of operation, as shown by the certificate or opinion of an Independent Fiscal Consultant engaged by the City; and

(ii) An allowance in an amount equal to the projected annual Net Revenues to be derived from any increase in Enterprise charges which has been adopted and will come into effect within 60 months after the incurrence of such Additional Parity Obligations, as shown by the certificate or opinion of an Independent Fiscal Consultant engaged by the City.

**Section 5.02 Superior and Subordinate Obligations.**

(a) So long as any Bonds remain Outstanding, the City shall not issue or incur any additional bonds or other Obligations, which will rank senior over the Bonds in the priority of lien with respect to the Net Revenues.

(b) Nothing in this Indenture shall be construed to limit or affect the ability of the City to issue or incur Obligations which are either unsecured or which rank junior to the Bonds in their lien with respect to the Net Revenues.

**ARTICLE VI  
ADDITIONAL COVENANTS OF THE CITY**

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

**Section 6.02 Against Encumbrances.** The City shall not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Revenues, except as provided in the Indenture. The City shall not incur any additional Obligation or security superior to the Bonds payable in whole or in part from the Net Revenues, or on parity with the Bonds payable in whole or in part from the Net Revenues, except as permitted by Section 5.01. Nothing contained in the Indenture shall limit or affect the ability of the City to issue or incur Obligations which are either unsecured or which rank junior to the Bonds in their lien with respect to the Net Revenues.

**Section 6.03 Distribution of Net Revenues for Debt Service.** The City shall distribute Net Revenues available for debt service on all Outstanding Bonds and other Parity Obligations on a pro rata basis without regard to whether the Bonds or other Parity Obligations have funded debt service reserves or surety bonds or other similar funding instruments.

**Section 6.04 Rates and Charges.**

(a) Covenant Regarding Gross Revenues. To the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, to yield Gross Revenues (after making allowances for contingencies and error in the estimates and taking into account transfers, if any, from the Rate Stabilization Fund pursuant to Section 4.07) in an amount sufficient to pay the following amounts in the following order of priority:

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

(ii) The applicable Fiscal Year Debt Service Requirement;

(iii) All amounts, if any, required to restore the balance in the Reserve Fund to the Reserve Requirement and to replenish the debt service reserve funds relating to other Parity Obligations as required by Parity Obligation Agreements; and

(iv) All other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable, from Gross Revenues during such Fiscal Year, including payments with respect to Obligations that are subordinate to the Bonds.

(b) Covenant Regarding Net Revenues. In addition, to the extent permitted by law, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year, so that:

(i) Net Revenues for such Fiscal Year Debt Service Coverage Ratio of not less than 1.25:1 during such Fiscal Year, and, and

(ii) To the extent that the calculation of Net Revenues for the preceding clause (b)(i) includes any transfer from the Rate Stabilization Fund to the Enterprise Revenue Fund, Net Revenues without the inclusion of any transfer from the Rate Stabilization will be at least equal 100 percent of the Fiscal Year Debt Service Requirement.

(iii) The City may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges

then in effect unless the Net Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements of this section.

(c) Within one hundred eighty (180) days after the end of each Fiscal Year the City shall compute the Fiscal Year Debt Service Coverage Ratio for such Fiscal Year and promptly furnish to the Trustee a Certificate of the City setting forth the results of such computation. The City covenants and agrees that if as of the end of such Fiscal Year the Fiscal Year Debt Service Coverage Ratio, as set forth in any such Certificate of the City, shall have been less than 1.25:1 (calculated without taking into account any amounts transferred into the Enterprise Revenue Fund from the Rate Stabilization Fund pursuant to Section 4.07 hereof), it will either (A) promptly transfer enough moneys from the Rate Stabilization Fund to the Enterprise Revenue Fund sufficient to yield estimated Net Revenues which are at least equal to the Fiscal Year Debt Service Coverage Ratio of 1.25:1 for such Fiscal Year (the "Rate Stabilization Cure"), or (B) promptly employ an Independent Fiscal Consultant to review the revenues and expenses or the methods of operation of the Enterprise, and abide by such consultant's recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Operation and Maintenance Costs insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance. The City shall not be allowed to utilize the Rate Stabilization Cure in consecutive Fiscal Years, or in the event that the Fiscal Year Debt Service Coverage Ratio drops below 1:1 for any Fiscal Year.

The Trustee shall have no duty to review, verify or analyze the report of the Independent Fiscal Consultant and shall hold such reports solely as a repository for the benefit of the Owners. The Trustee shall not be deemed to have notice of any information contained in such reports which may be disclosed therein in any manner.

(d) The City shall have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Enterprise to pay the rates and charges applicable to the Enterprise provided to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill.

**Section 6.05 Maintenance and Operation of the Enterprise; Insurance.** The City shall maintain and preserve the Enterprise in good repair and working order at all times and shall operate the Enterprise in an efficient and economical manner and shall pay all Operation and Maintenance Costs as they become due and payable. The City shall procure and maintain such insurance relating to the Enterprise which it shall deem advisable or necessary to protect its interests and the interests of the City, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with public natural gas systems similar to the Enterprise. All Net Proceeds collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise, and to the extent that the City determines that it is not economically feasible or in the best interest of the City to so repair, rebuild or replace such damaged or destroyed portion of the Enterprise, shall be used to pay or prepay the Bonds or Parity Obligations.

**Section 6.06 Sale or Other Disposition of Property.** The City shall not sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part or rights of the Enterprise or any real or personal property comprising a part of the Enterprise if such sale, transfer or disposition would cause the City to be unable to satisfy the requirements of Section 6.04 hereof.

**Section 6.07 Eminent Domain.** If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds received by the City as the result of such proceedings, at the election of the City, shall either be (i) used for the lease, acquisition or construction of improvements and extension of the Enterprise, or (ii) applied to the payment or prepayment of the Bonds or Parity Obligations.

**Section 6.08 Compliance with Contracts; Liens.** The City shall not commit any breach or default under any agreement affecting or involving the Enterprise (to the extent that the City is a party thereto), or permit any lien to be attached to any portion of the Enterprise, if such breach, default, or lien which would materially adversely affect its ability to comply with its covenants set forth in Section 6.04 hereof.

**Section 6.09 Payment of Taxes and Compliance with Governmental Regulations.** The City shall pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Enterprise or any part thereof 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 Enterprise or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and contesting such validity or application will not materially impair the operations or financial condition of the Enterprise.

**Section 6.10 Accounting Records and Financial Statements; Continuing Disclosure.** The City shall keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Enterprise. The City shall cause the books and accounts of the Enterprise to be audited annually by an Independent Accountant, not more than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by Owners of the Bonds at the office of the City.

The City shall comply with the Continuing Disclosure Certificate. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; provided, that any Owner or beneficial owner of the Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligation under the Continuing Disclosure Certificate.

**Section 6.11 Tax Covenants.**

(a) The City shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-Exempt status of interest on the Bonds under Section 103(a) of the Code or cause interest on the Bonds to be an item of tax preference for purposes of the federal alternative minimum tax.

(b) In furtherance of the foregoing tax covenant, the City shall comply with the provisions of the Tax Certificate, which is incorporated in this Indenture as if fully set forth in this Indenture. These covenants shall survive payment in full or defeasance of the Bonds.

(c) Notwithstanding any provision of this Section 6.10, if the City shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section 6.10 is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the

requirements of this section and, notwithstanding Article VIII (regarding amendments to this Indenture), the covenants hereunder shall be deemed to be modified to that extent.

**Section 6.12 Further Assurances.** The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture (including, but not limited to the preservation of priority of the pledge of the Net Revenues and funds and accounts established hereunder pursuant to applicable law).

## ARTICLE VII TRUSTEE

### **Section 7.01 Appointment; Resignation or Removal.**

(a) U.S. Bank National Association, a national banking association organized under the laws of the United States of America, having a corporate trust office in San Francisco, California, is hereby appointed Trustee hereunder for the purpose of receiving all money which the City is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided herein.

(b) The Trustee may at any time resign by giving written notice to the City. Any successor trustee appointed hereunder shall give notice of such appointment to the Owners, which notice shall be mailed to the Owners at their addresses appearing in the Registration Books. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee, no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

(c) The City may at any time, but only prior to an Event of Default or after the curing or waiver of an Event of Default and only upon 30 days written notice, at its sole discretion remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank, banking association, banking institution (state or federal) or trust company or corporation with a corporate trust office in California, having a combined capital (exclusive of borrowed capital) and surplus (or whose parent holding company has a combined capital (exclusive of borrowed capital) and surplus) of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank, banking association, banking institution or trust company or corporation 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, banking institution or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

**Section 7.02 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 meet the requirements set forth in Section 7.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 7.03 Concerning Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the City, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The City acknowledges that, to the extent that the City owes any compensation to a predecessor Trustee for latter's performance hereunder, the City shall continue to be responsible for payment owed to the predecessor Trustee (pursuant to the terms of the agreement between the City and the predecessor Trustee) regardless of the transition of the trusteeship hereunder to the successor Trustee.

**Section 7.04 Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction in may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action that may be desirable or necessary in connection therewith, it may be necessary that the Trustee or the City appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 7.04 are adopted to these ends.

In the event that the Trustee or the City appoints an additional individual or institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the City be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, shall resign or shall be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in

and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 7.05 Compensation; Fees, Charges and Expenses.** The City shall from time to time, subject to the agreement between the City and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts created hereby and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the City will reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties in accordance with this Indenture.

**Section 7.06 Intervention by Trustee.** In any judicial proceeding to which the City is a party that, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 7.09(c), shall do so if requested in writing by the Owners of at least 25 percent in aggregate principal amount of such Bonds then Outstanding.

**Section 7.07 Accounting Records and Financial Statements.**

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

(b) Any account or fund required to be established and maintained by the Trustee pursuant to this Indenture 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 accounts and funds shall at all times be maintained in accordance with this Indenture and sound corporate trust industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

**Section 7.08 Duties Determined by Express Indenture Provisions.** The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through its attorneys, agents or receivers.

**Section 7.09 Limited Liability of Trustee.**

(a) The recitals of facts, agreements and covenants of the City contained in this Indenture and in the Bonds shall be taken solely as statements, agreements and covenants of the City, and the Trustee shall assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds. In addition, the Trustee shall assume no responsibility with respect to this Indenture or the Bonds other than in connection with the duties or obligations assigned to or imposed upon the Trustee herein or in the Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become an Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be responsible for the validity, genuineness or performance of any leases, contracts or other instruments at any time conveyed, mortgaged, hypothecated, pledged, assigned or transferred to it hereunder, or with respect to the obligation of the City to preserve and keep unimpaired the rights of the City under or concerning any such leases, contracts or other instruments. The Trustee does not assume any responsibility for the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of the Bonds and makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Bonds. In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the City, having any claim against the Trustee arising from this Indenture not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise specifically provided herein.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Owner pursuant to this Indenture unless the Trustee shall have received reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) The Trustee shall have no duty to see to the payment or discharge of any fees, assessment or other charge or any lien of any kind owing with respect to the Enterprise or any part thereof.

(e) The Trustee may conclusively rely, as to the truth of the factual statements in certificates and other writings furnished to the Trustee by the City pursuant to the requirements of this Indenture.

(f) The Trustee is not accountable for the use by the City of funds which the Trustee releases to the City or which the City otherwise receives, or to verify compliance by the City, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no obligation to incur financial or other liability or risk in performing any duty or in exercising any right hereunder.

(g) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default other than a payment default hereunder unless the Trustee shall be specifically notified in writing of such default by the City, or by the Owners of at least 25 percent in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms conditions, covenants or agreements herein or in any of the documents executed in connection with the Bonds. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture upon the request of the City or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond executed and delivered in exchange therefor or in place thereof.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(j) The Trustee shall not be considered in breach of or in default with respect to any obligations created hereunder, in the event of an enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, acts of terrorists or public enemies, acts of a government, acts of the other party hereto, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to governmental action or inaction pertaining to the Enterprise, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event or occurrences beyond the control of the Trustee; provided, that in the event of any such enforced delay, the Trustee shall notify the City in writing within ten business days after the occurrence of the event giving rise to such delay.

(k) The immunities and exceptions from liability of the Trustee as provided herein shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Bonds. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee, in its individual or any other capacity, may become the Owner of any Bonds or other obligations of any party hereto with the same rights which it would have if not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding. Before taking or refraining from any action hereunder at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

(l) No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability when performing its duties in accordance with this Indenture, or exercising of any of its rights or powers hereunder.

**Section 7.10 Reliance by Trustee.**

(a) The Trustee shall be protected in acting upon any notice, indenture, request, consent, order, certificate, report, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person is the registered owner of such Bond as shown on the registration books.

(c) Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proven or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Written Certificate of the City and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(d) The Trustee may consult with counsel who may be counsel of or to the City with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

**Section 7.11 Indemnification.** The City shall indemnify and save the Trustee, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (a) any breach of default on the part of the City in the performance of any of its obligations under this Indenture and any related agreements or instruments and any other agreement, (b) any act or omission of the City or of any of its agents, assignees or licensees with respect to the Enterprise, (c) the exercise and performance by the Trustee of any of its powers and duties hereunder, so long as such exercise and performance are permitted by and in compliance with the provisions hereof, or (d) the offering and sale of the Bonds or the distribution of any official statement or other offering circular utilized in connection with the sale of the Bonds; provided, that the City shall not be liable for actions caused by the Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Trustee's officers, employees, directors and agents. The Trustee's rights to indemnification 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. The Trustee shall not be liable for the sufficiency of Net Revenues or other moneys required to be paid to it under the Indenture (except as provided in this Indenture), or its right to receive moneys pursuant to the Indenture.

**Section 7.12 Acceptance of Instructions by Electronic Transmission.** The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means (being the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization

codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions and containing specimen signatures of such authorized officers (the "City Authorized Officers"), which incumbency certificate shall be amended by the City, whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee elects to act upon such Instructions, the Trustee's reasonable understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an authorized officer listed on the incumbency certificate provided to the Trustee have been sent by such City Authorized Officer. The City shall be responsible for ensuring that only City Authorized Officers transmit such Instructions to the Trustee and that City and all City Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City.

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reasonable reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. Subject to this Section 7.12, the City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that the City has been informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

In the event of an ambiguity or a contradiction in such Instructions as determined by the Trustee in its reasonable discretion, the Trustee shall notify the City and request clarification from the City, and the Trustee shall not be required to act on such ambiguous or contradictory Instructions pending the City's clarification.

The Trustee shall not be liable under this Section 7.12 except for its negligence or willful misconduct.

## **ARTICLE VIII MODIFICATION AND AMENDMENT OF THE INDENTURE**

**Section 8.01 Amendment.** The Indenture and the rights and obligations of the City, the Owners or the Trustee may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the affected Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the City to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in this Indenture, of any Bond, without the express written consent of the Owner of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment, or (3) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the City and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the City contained in the Indenture, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the City under this Indenture;

(b) To make such provisions to cure any ambiguity, or to cure, correct or supplement any defective provision contained in the Indenture or in regard to questions arising under the Indenture, as the City may deem necessary or desirable and not inconsistent with the Indenture, so long as such amendment shall not materially adversely affect the interest of the Owners;

(c) To modify, amend or supplement this Indenture in such manner as to permit the qualification of this Indenture 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, so long as such amendment shall not materially adversely affect the interests of the Owners of the Bonds;

(d) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(e) To subject to the Indenture additional collateral or to add other agreements of the City;

(f) To grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or City;

(g) To the extent necessary to deliver or maintain a Qualified Reserve Credit Instrument in connection with satisfying all or a portion of the Reserve Requirement; or

(h) For any other purpose that does not materially adversely affect the interests of the Owners.

**Section 8.02 Disqualified Bonds.** Bonds owned or held by or for the account of the City shall be subject to disqualification as set forth in Section 13.03.

**Section 8.03 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Prior to entering into any Supplemental Indenture pursuant to this Section 8.03, the Trustee may require the City to deliver to the Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture has been adopted in accordance with the requirements of this Indenture.

**Section 8.04 Endorsement or Replacement of Bonds after Amendment.** After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds shall bear a notation, by endorsement in form approved by the City, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of such Owner's Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such Bond Owners' action, then new Bond certificates shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

**ARTICLE IX  
EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS**

*Notwithstanding anything to the contrary in this Article, so long as the Bond Insurance Policy remains in effect and the Bond Insurer has not defaulted with respect to its obligations under the Bond Insurance Policy, all provisions of this Article shall be subject to, and qualified by, the provisions set forth in Article XI hereof, including, without limitation, the Bond Insurer's right to consent to acceleration of the Bonds, and the Bond Insurer's right to consent to or direct certain Trustee, City or Owner actions.*

**Section 9.01 Events of Default.** The following events shall be Events of Default hereunder:

(a) Failure by the City to make the due and punctual payment of the principal (including any Sinking Account Installment) of or redemption premium, if any, or interest on any Bond or other Parity Obligations when and as the same shall become due and payable, whether at maturity as expressed in the Bond or other Parity Obligations, by declaration or otherwise;

(b) Failure by the City to observe and perform any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, other than as referred to in the preceding clause (a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied has been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than 25 percent in aggregate principal amount of the Outstanding Bonds; provided, however, that if in the reasonable opinion of the City the failure stated in such notice can be corrected, but not within such 30-day period, the Trustee (if the notice was given by the Trustee) or such Owners (if the notice was given by the Owners) shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within such 30-day period and diligently pursued until such failure is corrected, and the City shall also obtain the prior written consent of the Bond Insurer for the extension beyond such 30-day period; and

(c) The filing by the City of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the City, seeking reorganization under the Federal bankruptcy laws or any other applicable law of the United States of America, 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 the Enterprise.

**Section 9.02 Remedies upon Event of Default (Acceleration).** If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, but subject to Section 11.02 (with respect to the Bond Insurer's right to consent and election), the Trustee shall at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, upon notice in writing to the City, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

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

**Section 9.03 Application of Revenues and Other Funds After Default.** All amounts then held or received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture (except for any moneys for payment of the Rebate Amount) shall be applied by the Trustee, in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

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

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

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

Second, To the payment to the persons entitled hereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the

payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference;

- (c) To restore the balance of the Reserve Fund to the Reserve Requirement; and
- (d) To pay amounts due to the Bond Insurer not already paid pursuant to clause (a), (b) or (c) above.

**Section 9.04 Trustee to Represent Bond Owners.** The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the Bonds, this Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, this Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the assets pledged under this Indenture, pending such proceeding. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

**Section 9.05 Bond Owners' Direction of Proceedings.** The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such directions which in the opinion of the Trustee would expose it to liability.

**Section 9.06 Limitation of Bond Owners' Right to Sue.** Notwithstanding any other provision hereof, no Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the

Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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

**Section 9.07 Absolute Obligation of City Out of Net Revenues.** Nothing in any other provision of this Indenture or the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Net Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**Section 9.08 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**Section 9.09 No Waiver of Default.** No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

## **ARTICLE X DEFEASANCE**

**Section 10.01 Discharge of Indebtedness.** If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest on and the principal of such Bonds, when due, at the times and in the manner stipulated in such Bonds and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Net Revenues, and all covenants, agreements and other obligations of the City to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute at the Written Request of the City, and at the expense of the City, and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall, after payment of amounts due the Trustee under the Indenture, pay over or deliver to the City all money or securities held by the Trustee pursuant to the Indenture which are not required for the payment of the interest due on and the principal of and premium, if any, due on such Bonds other than the moneys, if any, for the payment of the applicable Rebate Amount.

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Bonds for the payment of which money shall have been set aside (through deposit by the City or otherwise) to be held in trust by the Trustee for such payment at the maturity or redemption date of such Bonds shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date of such Bonds be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if:

(a) There shall have been deposited with the Trustee (or another fiduciary or escrow agent), either cash in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when paid will provide money that shall be sufficient to pay when due the principal of and redemption premium, if any, and the interest on such Bonds (such principal, redemption premium, if any, and interest being referred to below as the "Refunding Requirements") due and to become due on such Bonds on and prior to the maturity date of such Bonds or such earlier irrevocably established redemption date.

(b) Unless such deposit consists of an amount in cash, which in and of itself, is sufficient to pay the Refunding Requirements in full, the sufficiency of the Defeasance Securities so deposited with the Trustee (or fiduciary or escrow agent) shall be appropriately verified by an Independent Accountant acceptable to the Bond Insurer in a verification report (the "Verification Report"), and the City shall provide to the Trustee and the Bond Insurer drafts of any escrow agreement (the "Escrow Agreement"), Verification Report and the Defeasance Opinion (described below) at least five business days before the funding of defeasance escrow. The "Defeasance Opinion" shall be in the form of an opinion of Bond Counsel (opining to the effect that such refunded Bonds are no longer Outstanding under the Indenture) addressed to the City, the Trustee and the Bond Insurer. The final Escrow Agreement, Verification Report and Defeasance Opinion shall be in form and substance acceptable to the Bond Insurer.

(c) The City shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or earlier redemption date upon which money is to be available for the payment of the principal of such Bonds.

(d) None of the Defeasance Securities deposited with the Trustee pursuant to this Section nor interest or principal payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested at the written direction of the City in Defeasance Securities maturing at times and in amounts sufficient (as verified by an Independent Accountant) to pay when due the interest on and principal of such Bonds on and prior to such maturity date thereof, and interest earned from such reinvestments shall be maintained in the related escrow fund until such time as the Refunding Requirements have been paid in full (but solely to the extent that does not affect the Tax-Exempt status of any Bonds).

**Section 10.02 Unclaimed Moneys.** Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest on such

Bonds which remain unclaimed for two years after the date when such Bonds or interest on such Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the said date when such Bonds or interest on such Bonds become due and payable, shall be repaid by the Trustee to the City, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee shall, at the Written Request of the City and at the expense of the City, cause to be mailed to the registered Owners of such Bonds at their addresses as they appear on the Registration Books a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City. Any money held by the Trustee in trust for the payment and discharge of any Bonds shall not bear interest or be otherwise invested from and after such maturity or redemption date.

#### **ARTICLE XI BOND INSURANCE**

**Section 11.01 To be determined.**

**Section 11.02 To be determined.**

**Section 11.03 To be determined.**

#### **ARTICLE XII ADDITIONAL PROVISIONS RELATING TO RESERVE POLICY**

**Section 12.01 To be determined.**

#### **ARTICLE XIII MISCELLANEOUS**

**Section 13.01 Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person or entity other than the City, the Trustee, the Owners of the Bonds and the Bond Insurer, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the Trustee, the Owners of the Bonds and the Bond Insurer. It is expressly recognized that the Bond Insurer is a third-party beneficiary hereunder.

**Section 13.02 Execution of Documents by Bond 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 such Owner's 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 make acknowledgments of deeds to be recorded in the state or territory in which such Owner 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. The ownership of any Bond and the amount, number and date of holding the same may be proved by the Registration Books. Any declaration, request or other instrument or 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 13.03 Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds that are disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

**Section 13.04 Waiver of Personal Liability.** No officer, agent or employee of the City shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing contained herein shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**Section 13.05 Consent of Parties.** Whenever the consent or approval of any party to this Indenture is required by the terms of this Indenture, the consent or approval of such party shall not be unreasonably withheld.

**Section 13.06 Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the City (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Refunding Bond Law or any other applicable provisions of law.

**Section 13.07 Payment on Business Days.** Whenever in this Indenture any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made, without accruing additional interest thereby, on the Business Day immediately following such day.

**Section 13.08 CUSIP Numbers.** Neither the City nor the Trustee shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice relating thereto. The Trustee may, in its discretion, include in any redemption notice relating to any of the Bonds a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the City nor the Trustee shall be liable for any defects or inaccuracies in such numbers.

**Section 13.09 Notices.** Any notice, request, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled to such notice at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telecopier or other forms, upon the sender's receipt of an appropriate answer back or other written

acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class, registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if by other means of personal delivery, upon receipt by the intended recipient of the notice. Each entity below may, by written notice to the other party, from time to time modify the address or number to which communications are to be given under this Indenture:

If to the City:                   City of Susanville  
66 North Lassen Street  
Susanville, CA 96130  
Attention: City Administrator  
Tel: (530) \_\_\_\_\_

If to the Trustee:               U.S. Bank National Association  
One California Street, Suite 1000  
Attention: Corporate Trust  
Tel: (415) \_\_\_\_\_  
Fax: (415) \_\_\_\_\_

Notices to the Bond Insurer shall be sent to the address indicated in Section 11.02( ).

**Section 13.10 Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State of California.

**Section 13.11 Binding on Successors.** This Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

**Section 13.12 Execution in Counterparts.** This Indenture may be executed in any number of counterparts. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

*[Signature Page to Follow on Next Page]*

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be signed by their respective authorized representatives, all as of the day and year first above written.

**CITY OF SUSANVILLE, CALIFORNIA**

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

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

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

**EXHIBIT A**  
**[FORM OF BOND]**

No. R-\_\_\_

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

**CITY OF SUSANVILLE**  
**SERIES 2019 NATURAL GAS REVENUE REFUNDING BOND**  
**(NATURAL GAS ENTERPRISE REFUNDING PROJECT)**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
%	_____ 1, 20__	September __, 2019	

REGISTERED OWNER:        CEDE & CO.

PRINCIPAL AMOUNT:

The City of Susanville, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay (but solely out of Net Revenues, as defined in the Indenture hereinafter described and certain other moneys as specified in such Indenture) to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the principal amount specified above, in lawful money of the United States of America, and to pay interest thereon as follows. The interest on this Bond shall be payable at the Interest Rate per annum specified above, semiannually on June 1 and December 1 in each year, commencing December 1, 2019 (each, an "Interest Payment Date"), calculated on the basis of a 360 day year composed of twelve 30 day months. Interest on this Bond shall be payable in lawful money and shall accrue from the Interest Payment Date next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Original Dated Date specified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, the Trustee shall establish a special record date for payment of any interest in default and interest on this Bond shall accrue from the date to which interest has previously been paid in full or made available for payment on this Bond. Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the Trust Office. Interest hereon is payable by check of the Trustee mailed by first class mail on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the related Record Date; provided, however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Registered Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee at least five days before such Record Date.

This Bond is one of a duly authorized issue of bonds of the City designated the City of Susanville, Series 2019 Natural Gas Revenue Refunding Bonds (Natural Gas Enterprise Refunding Project) (the "Bonds"), limited in principal amount of \_\_\_ Million \_\_\_ Hundred \_\_\_ Thousand Dollars (\$\_\_\_\_\_), secured by the Indenture, dated as of September 1, 2019 (the "Indenture"), by and between the City and the Trustee. All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Net Revenues, of the rights, duties and immunities of the Trustee and of the rights and obligations of the City thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the City and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (commencing with Section 53570 and Section 53580, respectively) (the "Refunding Bond Law").

All of the Bonds are equally secured by a pledge of, and charge and lien upon, the Net Revenues (consisting of certain revenues of the City's natural gas system (the "Enterprise"), as described in the Indenture) and the funds and accounts specified in the Indenture. Subject to the terms and conditions set forth in the Indenture, the City may from time to time incur Additional Parity Obligations which will rank on a parity with the Bonds with respect to their lien on Net Revenues. The City covenants that so long as any Bonds remain Outstanding, the City shall not issue or incur any additional bonds or other Obligations, which will rank senior over the Bonds in the priority of lien with respect to the Net Revenues.

**The Bonds are special obligations of the City limited solely to the Net Revenues and the funds and accounts specifically identified in the Indenture for such payments. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and the funds and accounts specifically identified in this Indenture for such payments, nor shall any other funds or property of the City be liable for such payments coming due and payable under this Indenture. Neither the Trustee nor any Owner shall have the right, directly or indirectly, to require or compel the exercise of the taxing power of the City or the forfeiture of any property of the City, including any portion of the Enterprise, for the making of any payments pursuant to the Bonds or the Indenture.**

The Bonds maturing on or before June 1, 20\_\_ shall not be subject to optional redemption by the City. The Bonds maturing on or after June 1, 20\_\_ shall be subject to redemption prior to their maturity, as a whole or in part, at the option of the City as the City shall designate and by lot within a maturity, in the principal amount of \$5,000 or integral multiples thereof, on any date on or after June 1, 20\_\_, from funds derived by the City from any source, at a redemption price equal to 100 percent of the principal amount of Bonds called for redemption, plus accrued interest thereon to the redemption date, without premium.

he Bonds maturing on June 1 of each of the years 20\_\_, 20\_\_ and 20\_\_ shall be subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date of redemption, without premium, according to the following schedules; provided, however, if some but not all of the Term Bonds of a maturity have been optionally redeemed pursuant to the Indenture, each future Sinking Account Installment will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total

dollar amount of Sinking Account Installments to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds redeemed pursuant to the optional redemption, as shall be designated pursuant to written notice and revised sinking account redemption schedule filed by the City with the Trustee:

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
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\_\_\_\_\_  
\* maturity

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
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\_\_\_\_\_  
\* maturity

**Term Bonds Maturing on June 1, 20\_\_**

<b>Redemption Date (June 1)</b>	<b>Principal Amount to be Redeemed</b>
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\_\_\_\_\_  
\* maturity

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

Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its Nominee by such transmission method as acceptable to such entity) not less than 30 nor more than 60 days prior to the redemption date to the respective Owners of any Bond designated for redemption at their

address appearing on the Registration Books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption. The City may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. In addition, any notice of redemption shall be cancelled 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 hereunder or under the Indenture. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission.

This Bond is transferable by the Registered Owner hereof, in person or by the Registered Owner's duly authorized attorney, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of Authorized Denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office of the same tenor, aggregate principal amount, interest rate and maturity, of other Authorized Denominations. The Trustee shall not be required to transfer or exchange: (i) any Bond in the 15 days prior to selection of Bonds for redemption (whether or not such Bond is thereafter selected for redemption), and (ii) any Bond selected for redemption in whole or in part.

No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any applicable law, except as provided in the Indenture. If an Event of Default shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Indenture and the rights and obligations of the City, the Owners or the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the City to pay the principal, interest or premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

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

It is hereby certified and recited that all conditions, acts and things required by law, including the Refunding Bond Law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner and that the issuance of the Bonds comply in all respects with the applicable laws of the State of California.

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

Unless this certificate 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.

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name and on its behalf, and attested, by the manual or facsimile signatures of its Mayor or City Administrator and City Clerk as of the Dated Date identified above.

**CITY OF SUSANVILLE, CALIFORNIA**

By: \_\_\_\_\_  
[Mayor][City Administrator]

Attest:

\_\_\_\_\_  
City Clerk

[SEAL]

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**STATEMENT OF INSURANCE**

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**[TRUSTEE'S CERTIFICATE OF AUTHENTICATION]**

This is one of the Bonds described in the within-mentioned Indenture and registered on the Registration Books of the Trustee.

Date: \_\_\_\_\_, 20\_\_

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

By: \_\_\_\_\_  
Authorized Signatory

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**[FORM OF ASSIGNMENT]**

For value received the undersigned do(es) hereby sell, assign and transfer unto, whose tax identification number is \_\_\_\_\_, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated:

Signature guaranteed:

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

NOTICE: Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or such other similar program approved by the Trustee.

**EXHIBIT B**

**FORM OF REQUISITION  
(COSTS OF ISSUANCE FUND)**

REQUISITION NO. \_\_

with reference to

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

City of Susanville

Series 2019 Natural Gas Revenue Refunding Bonds  
(Natural Gas Enterprise Refunding Project)

I. The City of Susanville (the "City") hereby requests U.S. Bank National Association, as trustee (the "Trustee") pursuant to that certain Indenture, dated as of September 1, 2019 (the "Indenture"), by and between the City and the Trustee, under the terms of which the above-captioned bonds, to pay from the moneys in the Costs of Issuance Fund established pursuant to the Indenture, the amounts shown on Schedule A attached hereto to the parties indicated in Schedule A.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule A hereto. All such all such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule A or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions so given by the City with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

III. Each obligation mentioned in Schedule A hereto has been properly incurred and is a proper charge against the Costs of Issuance Fund. None of the items for which payment is requested has been reimbursed previously from the Costs of Issuance Fund.

All capitalized terms not defined herein have the meanings ascribed to them in the Indenture.

DATED:

**CITY OF SUSANVILLE, CALIFORNIA**

By: \_\_\_\_\_  
[Name]  
[Title]

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Reviewed by:  City Administrator

- Motion only
- Public Hearing
- Resolution
- Ordinance
- Information

**Submitted By:** Quincy McCourt, Project Manager

**Action Date:** July 17, 2019

**CITY COUNCIL AGENDA ITEM**

**SUBJECT:** **Resolution No. 19-5678** Authorizing Transfer from Risk Management to the Airport CIP Fund to establish an emergency fund and use of Risk Management Funds to Pay Insurance Claim.

**PRESENTED BY:** Quincy McCourt, Project Manager

**SUMMARY:** From time to time needed repairs cost more than the budgeted maintenance in the current year budget. In such an event, times are to be brought to the Council for approval to use other non restricted sources of funds to cover the costs for the Airport Operations Fund that usually has a negative cash balance. Recently, the Airport had an equipment failure in the men's bathroom that caused damage and during one of wind events this spring, a hangar door dented a nearby car. The damage to the car is approximately \$3,000 and there is insufficient budget in the Airport Fund to cover this claim and pay for the repairs to the men's bathroom. This claim cannot be paid by our insurance as the claim amount is under our required deductible. Staff is requesting to use Risk Management funding to pay for this claim and also requesting an additional \$5,000 be transferred to the Airport restricted fund to be used in case of an emergency in the future. Risk Management received \$62,000 in dividend return from SCORE in 2018/2019 that can be used for this purpose.

**FISCAL IMPACT:** \$8,000 increase to the Risk Management Fiscal Year 2019/2020 budget.

**ACTION REQUESTED:** Motion to approve resolution 19-5678 Authorizing Transfer from Risk Management to the Airport CIP Fund to establish an emergency fund and use of Risk Management Funds to Pay Insurance Claim and authorizing the Finance Manager to increase said budget.

**ATTACHMENTS:** Resolution No. 19-5678

**RESOLUTION NO. 19-5678**  
**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUSANVILLE**  
**AUTHORIZING TRANSFER FROM RISK MANAGEMENT TO THE AIRPORT**  
**RESTRICTED FUND TO ESTABLISH AN EMERGENCY FUND AND TO USE RISK**  
**MANAGEMENT FUNDS TO PAY INSURANCE CLAIM.**

**WHEREAS,** from time to time needed repairs cost more than the maintenance in the current airport budget; and

**WHEREAS,** recently, the Airport urinal failed causing water damage, and a hanger door flew off during a wind event resulting in an insurance claim for denting a vehicle; and

**WHEREAS,** \$4,000.00 is available in the Airport Maintenance Budget to be applied towards repairs, but that will not be enough to cover the costs of the claim and needed repairs; and

**WHEREAS,** \$8,000.00 will be needed to pay the insurance claim and facilitate the repairs to the men's restroom; and

**WHEREAS,** staff is requesting a transfer of \$5,000 from the Risk Management Fund to the Airport Restricted Fund to be used in case of future emergencies and pay the insurance claim out of the Risk Management Fund.

**NOW THEREFORE, BE IT RESOLVED** The City of Susanville authorizes the Finance Department to transfer \$5,000.00 of Risk Management funds to the Airport Restricted Fund and increase the Risk Management Fund budget to pay for the insurance claim.

APPROVED: \_\_\_\_\_  
Kevin Stafford, Mayor

ATTEST: \_\_\_\_\_  
Gwenna MacDonald, City Clerk

The foregoing Resolution No. 19-5661 was adopted at a regular meeting of the City Council of the City of Susanville, held on the 5<sup>th</sup> day of June 2019 by the following vote:

AYES:  
NOES:  
ABSENT:ABSTAINING:

\_\_\_\_\_  
Gwenna MacDonald, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Ryan, City Attorney

Reviewed by:  City Administrator

- Motion Only
- Public Hearing
- Resolution
- Ordinance
- Information

**Submitted By:** Gwenna MacDonald, City Clerk

**Action Date:** July 17, 2019

**CITY COUNCIL AGENDA ITEM**

**SUBJECT:** League of California Cities Annual Conference October 16 – 18, 2019

**PRESENTED BY:** Mike Wilson, City Administrator

**SUMMARY:** The League of California Cities 2019 Annual Conference is scheduled for October 16 – 18, 2019 at the Long Beach Convention Center in Long Beach, California. An important part of the Conference is the Annual Business Meeting, where the League membership considers and takes action on resolutions that establish League policy.

In order to vote at the Annual Business Meeting, the City Council must designate a voting delegate and up to two alternates. The voting delegate and alternate may be a Councilmember or the City Administrator.

While there is no fiscal impact related to the appointment of delegates, participants will need to be in attendance at the conference. The City typically budgets for two Councilmembers to attend each year and will be soliciting interest from Councilmembers who may wish to attend.

**FISCAL IMPACT:** None.

**ACTION REQUESTED:** Motion to designate a voting delegate and up to two alternates.

**ATTACHMENTS:** Conference Designation of Voting Delegate announcement



Council Action Advised by August 30, 2019

June 10, 2019

**TO: Mayors, City Managers and City Clerks**

**RE: DESIGNATION OF VOTING DELEGATES AND ALTERNATES  
League of California Cities Annual Conference – October 16 - 18, Long Beach**

The League's 2019 Annual Conference is scheduled for October 16 – 18 in Long Beach. An important part of the Annual Conference is the Annual Business Meeting (during General Assembly), scheduled for 12:30 p.m. on Friday, October 18, at the Long Beach Convention Center. At this meeting, the League membership considers and takes action on resolutions that establish League policy.

In order to vote at the Annual Business Meeting, your city council must designate a voting delegate. Your city may also appoint up to two alternate voting delegates, one of whom may vote in the event that the designated voting delegate is unable to serve in that capacity.

**Please complete the attached Voting Delegate form and return it to the League's office no later than Friday, October 4. This will allow us time to establish voting delegate/alternate records prior to the conference.**

Please note the following procedures are intended to ensure the integrity of the voting process at the Annual Business Meeting.

- **Action by Council Required.** Consistent with League bylaws, a city's voting delegate and up to two alternates must be designated by the city council. When completing the attached Voting Delegate form, please attach either a copy of the council resolution that reflects the council action taken, or have your city clerk or mayor sign the form affirming that the names provided are those selected by the city council. Please note that designating the voting delegate and alternates **must** be done by city council action and cannot be accomplished by individual action of the mayor or city manager alone.
- **Conference Registration Required.** The voting delegate and alternates must be registered to attend the conference. They need not register for the entire conference; they may register for Friday only. To register for the conference, please go to our website: [www.cacities.org](http://www.cacities.org). In order to cast a vote, at least one voter must be present at the

Business Meeting and in possession of the voting delegate card. Voting delegates and alternates need to pick up their conference badges before signing in and picking up the voting delegate card at the Voting Delegate Desk. This will enable them to receive the special sticker on their name badges that will admit them into the voting area during the Business Meeting.

- **Transferring Voting Card to Non-Designated Individuals Not Allowed.** The voting delegate card may be transferred freely between the voting delegate and alternates, but *only* between the voting delegate and alternates. If the voting delegate and alternates find themselves unable to attend the Business Meeting, they may *not* transfer the voting card to another city official.
- **Seating Protocol during General Assembly.** At the Business Meeting, individuals with the voting card will sit in a separate area. Admission to this area will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate. If the voting delegate and alternates wish to sit together, they must sign in at the Voting Delegate Desk and obtain the special sticker on their badges.

The Voting Delegate Desk, located in the conference registration area of the Sacramento Convention Center, will be open at the following times: Wednesday, October 16, 8:00 a.m. – 6:00 p.m.; Thursday, October 17, 7:00 a.m. – 4:00 p.m.; and Friday, October 18, 7:30 a.m.–11:30 a.m.. The Voting Delegate Desk will also be open at the Business Meeting on Friday, but will be closed during roll calls and voting.

The voting procedures that will be used at the conference are attached to this memo. Please share these procedures and this memo with your council and especially with the individuals that your council designates as your city's voting delegate and alternates.

Once again, thank you for completing the voting delegate and alternate form and returning it to the League's office by Friday, October 4. If you have questions, please call Darla Yacub at (916) 658-8254.

**Attachments:**

- Annual Conference Voting Procedures
- Voting Delegate/Alternate Form



## Annual Conference Voting Procedures

1. **One City One Vote.** Each member city has a right to cast one vote on matters pertaining to League policy.
2. **Designating a City Voting Representative.** Prior to the Annual Conference, each city council may designate a voting delegate and up to two alternates; these individuals are identified on the Voting Delegate Form provided to the League Credentials Committee.
3. **Registering with the Credentials Committee.** The voting delegate, or alternates, may pick up the city's voting card at the Voting Delegate Desk in the conference registration area. Voting delegates and alternates must sign in at the Voting Delegate Desk. Here they will receive a special sticker on their name badge and thus be admitted to the voting area at the Business Meeting.
4. **Signing Initiated Resolution Petitions.** Only those individuals who are voting delegates (or alternates), and who have picked up their city's voting card by providing a signature to the Credentials Committee at the Voting Delegate Desk, may sign petitions to initiate a resolution.
5. **Voting.** To cast the city's vote, a city official must have in his or her possession the city's voting card and be registered with the Credentials Committee. The voting card may be transferred freely between the voting delegate and alternates, but may not be transferred to another city official who is neither a voting delegate or alternate.
6. **Voting Area at Business Meeting.** At the Business Meeting, individuals with a voting card will sit in a designated area. Admission will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate.
7. **Resolving Disputes.** In case of dispute, the Credentials Committee will determine the validity of signatures on petitioned resolutions and the right of a city official to vote at the Business Meeting.

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CITY: \_\_\_\_\_

2019 ANNUAL CONFERENCE  
VOTING DELEGATE/ALTERNATE FORM

Please complete this form and return it to the League office by Friday, October 4, 2019. Forms not sent by this deadline may be submitted to the Voting Delegate Desk located in the Annual Conference Registration Area. Your city council may designate one voting delegate and up to two alternates.

In order to vote at the Annual Business Meeting (General Assembly), voting delegates and alternates must be designated by your city council. Please attach the council resolution as proof of designation. As an alternative, the Mayor or City Clerk may sign this form, affirming that the designation reflects the action taken by the council.

**Please note:** Voting delegates and alternates will be seated in a separate area at the Annual Business Meeting. Admission to this designated area will be limited to individuals (voting delegates and alternates) who are identified with a special sticker on their conference badge. This sticker can be obtained only at the Voting Delegate Desk.

1. VOTING DELEGATE

Name: \_\_\_\_\_

Title: \_\_\_\_\_

2. VOTING DELEGATE - ALTERNATE

Name: \_\_\_\_\_

Title: \_\_\_\_\_

3. VOTING DELEGATE - ALTERNATE

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PLEASE ATTACH COUNCIL RESOLUTION DESIGNATING VOTING DELEGATE AND ALTERNATES.

OR

ATTEST: I affirm that the information provided reflects action by the city council to designate the voting delegate and alternate(s).

Name: \_\_\_\_\_

Email: \_\_\_\_\_

Mayor or City Clerk \_\_\_\_\_  
(circle one) (signature)

Date: \_\_\_\_\_ Phone: \_\_\_\_\_

Please complete and return by Friday, October 4, 2019

League of California Cities  
ATTN: Darla Yacub  
1400 K Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

FAX: (916) 658-8240  
E-mail: dyacub@cacities.org  
(916) 658-8254

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**Council Action Advised by August 30, 2019**

June 10, 2019

**TO: Mayors, City Managers and City Clerks**

**RE: DESIGNATION OF VOTING DELEGATES AND ALTERNATES  
League of California Cities Annual Conference – October 16 - 18, Long Beach**

The League's 2019 Annual Conference is scheduled for October 16 – 18 in Long Beach. An important part of the Annual Conference is the Annual Business Meeting (during General Assembly), scheduled for 12:30 p.m. on Friday, October 18, at the Long Beach Convention Center. At this meeting, the League membership considers and takes action on resolutions that establish League policy.

In order to vote at the Annual Business Meeting, your city council must designate a voting delegate. Your city may also appoint up to two alternate voting delegates, one of whom may vote in the event that the designated voting delegate is unable to serve in that capacity.

**Please complete the attached Voting Delegate form and return it to the League's office no later than Friday, October 4. This will allow us time to establish voting delegate/alternate records prior to the conference.**

Please note the following procedures are intended to ensure the integrity of the voting process at the Annual Business Meeting.

- **Action by Council Required.** Consistent with League bylaws, a city's voting delegate and up to two alternates must be designated by the city council. When completing the attached Voting Delegate form, please attach either a copy of the council resolution that reflects the council action taken, or have your city clerk or mayor sign the form affirming that the names provided are those selected by the city council. Please note that designating the voting delegate and alternates must be done by city council action and cannot be accomplished by individual action of the mayor or city manager alone.
- **Conference Registration Required.** The voting delegate and alternates must be registered to attend the conference. They need not register for the entire conference; they may register for Friday only. To register for the conference, please go to our website: [www.cacities.org](http://www.cacities.org). In order to cast a vote, at least one voter must be present at the

Business Meeting and in possession of the voting delegate card. Voting delegates and alternates need to pick up their conference badges before signing in and picking up the voting delegate card at the Voting Delegate Desk. This will enable them to receive the special sticker on their name badges that will admit them into the voting area during the Business Meeting.



## Annual Conference Voting Procedures

1. **One City One Vote.** Each member city has a right to cast one vote on matters pertaining to League policy.
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3. **Registering with the Credentials Committee.** The voting delegate, or alternates, may pick up the city's voting card at the Voting Delegate Desk in the conference registration area. Voting delegates and alternates must sign in at the Voting Delegate Desk. Here they will receive a special sticker on their name badge and thus be admitted to the voting area at the Business Meeting.
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7. **Resolving Disputes.** In case of dispute, the Credentials Committee will determine the validity of signatures on petitioned resolutions and the right of a city official to vote at the Business Meeting.



CITY: \_\_\_\_\_

2019 ANNUAL CONFERENCE
VOTING DELEGATE/ALTERNATE FORM

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In order to vote at the Annual Business Meeting (General Assembly), voting delegates and alternates must be designated by your city council. Please attach the council resolution as proof of designation. As an alternative, the Mayor or City Clerk may sign this form, affirming that the designation reflects the action taken by the council.

Please note: Voting delegates and alternates will be seated in a separate area at the Annual Business Meeting. Admission to this designated area will be limited to individuals (voting delegates and alternates) who are identified with a special sticker on their conference badge. This sticker can be obtained only at the Voting Delegate Desk.

1. VOTING DELEGATE

Name: \_\_\_\_\_

Title: \_\_\_\_\_

2. VOTING DELEGATE - ALTERNATE

Name: \_\_\_\_\_

Title: \_\_\_\_\_

3. VOTING DELEGATE - ALTERNATE

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PLEASE ATTACH COUNCIL RESOLUTION DESIGNATING VOTING DELEGATE AND ALTERNATES.

OR

ATTEST: I affirm that the information provided reflects action by the city council to designate the voting delegate and alternate(s).

Name: \_\_\_\_\_

Email \_\_\_\_\_

Mayor or City Clerk \_\_\_\_\_
(circle one) (signature)

Date \_\_\_\_\_ Phone \_\_\_\_\_

Please complete and return by Friday, October 4, 2019

League of California Cities
ATTN: Darla Yacub
1400 K Street, 4th Floor
Sacramento, CA 95814

FAX: (916) 658-8240
E-mail: dyacub@cacities.org
(916) 658-8254

AGENDA ITEM NO. 13A

Reviewed by:  City Administrator

- Motion only
- Public Hearing
- Resolution
- Ordinance
- Information

**Submitted by:** Kevin Jones, Police Chief

**Action Date:** July 17, 2019

**CITY COUNCIL AGENDA ITEM**

**SUBJECT:** Approved Position List

**PRESENTED BY:** Kevin Jones, Police Chief

**SUMMARY:** The Police Department has recently filled two (2) vacant positions with Police Officer Trainees in the Siskiyou Academy who are scheduled to graduate on August 1, 2019. We have received a letter of resignation from a Police Officer for July 29, 2019 which will create a vacancy on the Approved Position List.

Although there is a true vacancy on the approved position list, I am requesting authorization to fill the vacant position that will become open on July 29, 2019. We currently have a Police Trainee attending the Butte Police Academy with a possible graduation in December. I have other thoughts for hiring this position I would like to share with the Council.

Any increase in the Approved Position List would possibly come in December.

**FISCAL IMPACT:** None.

**ACTION REQUESTED:** Discussion

**ATTACHMENTS:** None.