



AGENDA

REGULAR MEETING OF THE LAKEPORT CITY COUNCIL

(ALSO MEETS AS THE CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT, THE LAKEPORT INDUSTRIAL DEVELOPMENT AUTHORITY, THE MUNICIPAL FINANCING AGENCY OF LAKEPORT and THE SUCCESSOR AGENCY TO THE LAKEPORT REDEVELOPMENT AGENCY)

Tuesday, October 17, 2017

City Council Chambers, 225 Park Street, Lakeport, California 95453

Any person may speak for three (3) minutes on any agenda item; however, total public input per item is not to exceed 15 minutes, extended at the discretion of the City Council. This rule does not apply to public hearings. Non-timed items may be taken up at any unspecified time.

- I. **CALL TO ORDER & ROLL CALL:** 6:00 p.m.
- II. **PLEDGE OF ALLEGIANCE:**
- III. **ACCEPTANCE OF AGENDA:** Move to accept agenda as posted, or move to add or delete items.
Urgency Items: To add item, Council is required to make a majority decision that an urgency exists (as defined in the Brown Act) and a 2/3rds determination that the need to take action arose subsequent to the Agenda being posted.
- IV. **CONSENT AGENDA:** *The following Consent Agenda items are expected to be routine and noncontroversial. They will be acted upon by the Council at one time without any discussion. Any Council Member may request that any item be removed from the Consent Agenda for discussion under the regular Agenda. Removed items will be considered following the Consent Calendar portion of this agenda.*
- A. Ordinances: Waive reading except by title, of any ordinances under consideration at this meeting for either introduction or passage per *Government Code* Section 36934.
- B. Minutes: Approve minutes of the City Council special meetings of September 27, October 2, and October 3, 2017; and the regular meeting of October 3, 2017.
- C. Application 2017-030: Approve Application No. 2017-030 with staff recommendations for the Fun Fest event to take place on South Forbes Street on October 28, 2017.
- D. Application 2017-031: Approve Application No. 2017-031 with staff recommendations for the Harvest Revelation event to take place on Mellor Drive on October 31, 2017.
- V. **PUBLIC PRESENTATIONS/REQUESTS:**
- A. Citizen Input: *Any person may speak for 3 minutes about any subject within the authority of the City Council, provided that the subject is not already on tonight's agenda. Persons wishing to address the City Council are required to complete a Citizen's Input form and submit it to the City Clerk prior to the meeting being called to order. While not required, please state your name and address for the record. NOTE: Per Government Code §54954.3(a), the City Council cannot take action or express a consensus of approval or disapproval on any public comments regarding matters which do not appear on the printed agenda.*
- VI. **PUBLIC HEARING**
- A. Martin Street Apartments Affordable Housing Project: Adopt the proposed resolution to approve the financing of the Martin Street Apartment project located at 1255 Martin Street by the California Municipal Finance Authority (CMFA).
- VII. **COUNCIL BUSINESS**
- A. Finance Director
1. 2007 Wastewater Bonds: Approve the proposed subject Resolution to authorize and direct the issuance of the 2017 Obligations and the corresponding Refunding of the Prior Bonds.
2. Phone System Upgrade: Authorize the City Manager to enter into a service agreement with Network Innovations Inc. for the purchase and installation of a new phone system and authorize the recommended budget adjustment.
- B. Community Development Director
1. Carnegie Library Accessibility Upgrades Project: Receive project update from staff and provide staff with direction on how to proceed with completion of project.
- C. City Clerk
1. Commission and Committee Appointments: Adopt a resolution of the City Council of the City of Lakeport establishing an ad hoc advisory committee for the selection of the members of its Committees and Commissions with terms expiring in 2017.
- VIII. **CITY COUNCIL COMMUNICATIONS:**

A. Miscellaneous Reports, if any:

IX. ADJOURNMENT:

Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 225 Park Street, Lakeport, California, during normal business hours. Such documents are also available on the City of Lakeport's website, www.cityoflakeport.com, subject to staff's ability to post the documents before the meeting.

The City of Lakeport, in complying with the *Americans with Disabilities Act (ADA)*, requests individuals who require special accommodations to access, attend and/or participate in the City meeting due to disability, to please contact the City Clerk's Office, (707) 263-5615, 72 hours prior to the scheduled meeting to ensure reasonable accommodations are provided.

Hilary Britton, Deputy City Clerk

MINUTES
SPECIAL MEETING
OF THE LAKEPORT CITY COUNCIL

Wednesday, September 27, 2017

5:15 p.m.

City Council Chambers, 225 Park Street, Lakeport, California 95453

CALL TO ORDER & ROLL CALL:

Mayor Mattina called the meeting to order at 5:15 p.m., with Council Members Barnes, Spurr, Parlet and Turner present.

**COMMUNITY DEVELOPMENT
BLOCK GRANT (CDBG):**

City Manager Silveira presented the staff report. She advised that the staff report did not include certain supplemental activities utilizing Program Income such as removing architectural barriers to accessibility in public spaces. The proposed projects utilizing the Program Income would be addressing accessibility barriers in City Hall and the Council Chamber.

Wilda Shock spoke in favor of the proposed projects and programs.

A motion was made by Council Member Turner, seconded by Council Member Barnes, and unanimously carried by voice vote to direct staff to prepare the 2017 Community Development Block Grant (CDBG) Application with the proposed projects and programs as amended.

CLOSED SESSION:

Mayor Mattina adjourned the meeting to Closed Session at 5:37 p.m. to discuss:

CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov. Code § 54956.8)

Property Address: 810 N. Main Street, APN 025-601-04;

Agency Negotiator: Margaret Silveira, City Manager

Negotiating Parties: City of Lakeport and George Hotaling

Under Negotiation: Price and Terms of Payment.

Report out of Closed Session:

Mayor Mattina reconvened to open session at 6:03 p.m. and advised that there was no reportable action from Closed Session

ADJOURNMENT:

Mayor Mattina adjourned the meeting at 6:03 p.m.

Stacey Mattina, Mayor

Attest:

Hilary Britton, Deputy City Clerk

MINUTES
SPECIAL MEETING OF THE LAKEPORT CITY COUNCIL
Monday, October 2, 2017
City Council Chambers, 225 Park Street, Lakeport, California 95453

CALL TO ORDER & ROLL CALL:

Mayor Mattina called the meeting to order at 5:15 p.m. Council Members Barnes Parlet, Spurr and Turner were present.

CLOSED SESSION:

Mayor Mattina adjourned the meeting to closed session at 5:16 p.m. to discuss:

CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov. Code § 54956.8)

Property Address: 810 N. Main Street, APN 025-601-04.

Agency Negotiator: Margaret Silveira, City Manager.

Negotiating Parties: City of Lakeport and George Hotaling.

Under Negotiation: Price and Terms of Payment.

REPORT OUT OF CLOSED SESSION:

Mayor Mattina reconvened to open session at 5:32 p.m. There was no reportable action.

ADJOURNMENT:

Mayor Mattina adjourned the meeting at 5:33 p.m.

Stacey Mattina, Mayor

Attest:

Kelly Buendia, City Clerk

MINUTES
NOTICE AND CALL OF SPECIAL JOINT MEETING
OF THE LAKEPORT CITY COUNCIL
AND THE
LAKEPORT PLANNING COMMISSION

Tuesday, October 3, 2017

5:00 p.m.

City Council Chambers, 225 Park Street, Lakeport, California 95453

- I. **CALL TO ORDER & ROLL CALL:** Mayor Mattina called the meeting to order at 5:04 p.m. Council Members Parlet, Spurr, Turner, and Planning Commissioners Froio, Green, Russell and Wicks were present. Council member Barnes was absent at roll call but arrived shortly after at 5:09 p.m. Commissioner Taylor was absent.

- II. **COMMERCIAL CANNABIS WORKSHOP:** The City Council conducted a joint workshop with the Planning Commission to review possible amendments to the Lakeport Zoning Ordinance (LMC, Chapter 17) concerning the development of procedures for the allowance of commercial cannabis uses within the City of Lakeport.

The staff report was presented by Community Development Director Ingram.

Mayor Mattina asked the public for comment:

Ruby Jones spoke against commercial growth of cannabis and against cannabis retail stores in the City of Lakeport.

Ron Rose stated he wishes to open a marijuana dispensary in the City of Lakeport.

Christine Justice, a hospice worker, was in favor of having both retail and delivery options for cannabis. She was not in favor of a lounge.

Richard Grahn was not in favor of retail but did favor delivery options.

Alex Cartos was in favor of medical dispensaries and not in favor of delivery only of cannabis. He was not in favor of the County's proposed buffer around Lakeport. He spoke against a full moratorium.

Mike Mitchell spoke in favor of cannabis business, in general.

Andrea Anderson asked about edible products.

Stan Jones would like to poll Lakeport residents on their views on retail stores, and suggested including the poll in a mailer with the utility bill.

In order to conduct the Regular meeting of the City Council, Mayor Mattina adjourned the joint meeting of the City Council and the Planning Commission at 6:01 p.m. to be reconvened at the closing of the City Council regular meeting.

Mayor Mattina reconvened the Special Joint meeting at 6:30 p.m.

The City Council and Planning Commission discussed the draft ordinance. Staff was directed to move forward with the ordinance as presented with additional public outreach. The goal would be to flesh out the details of the ordinance, with the understanding that portions of the ordinance may need to be set aside if not completed under the ambitious schedule.

III. ADJOURNMENT: Mayor Mattina adjourned the meeting at 8:19 p.m.

Stacey Mattina, Mayor

Attest:

Kelly Buendia, City Clerk

MINUTES

REGULAR MEETING OF THE LAKEPORT CITY COUNCIL

(ALSO MEETS AS THE CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT, THE LAKEPORT INDUSTRIAL DEVELOPMENT AUTHORITY, THE MUNICIPAL FINANCING AGENCY OF LAKEPORT and THE SUCCESSOR AGENCY TO THE LAKEPORT REDEVELOPMENT AGENCY)

Tuesday, October 3, 2017

City Council Chambers, 225 Park Street, Lakeport, California 95453

- I. **CALL TO ORDER & ROLL CALL:** Mayor Mattina called the meeting to order at 6:10 p.m. Council Members Barnes, Parlet, Spurr, and Turner were present.
- II. **PLEDGE OF ALLEGIANCE:** The Pledge of Allegiance was led by Chief Brad Rasmussen.
- III. **ACCEPTANCE OF AGENDA:** A motion was made by Council Member Barnes, seconded by Council Member Spurr, and unanimously carried by voice vote to accept the agenda as posted.
- Urgency Items:
- IV. **CONSENT AGENDA:** *The following Consent Agenda items are expected to be routine and noncontroversial. They will be acted upon by the Council at one time without any discussion. Any Council Member may request that any item be removed from the Consent Agenda for discussion under the regular Agenda. Removed items will be considered following the Consent Calendar portion of this agenda.*
- A. Ordinances: Waive reading except by title, of any ordinances under consideration at this meeting for either introduction or passage per *Government Code* Section 36934.
- B. Minutes: Approve minutes of the City Council regular meeting of September 19, 2017.
- C. Warrants: Approve the warrant register of September 25, 2017.
- D. Notice of Completion: Adopt the resolution accepting construction of the Giselman Street Overlay Project by Team Ghilotti, Inc. and authorize the filing of the Notice of Completion.
- E. Lakeport Economic Development Advisory Committee: Adopt a resolution reorganizing the make-up of the Lakeport Economic Advisory Committee
- F. International Walk to School Day: Authorize staff to close portions of N. High Street and Lakeshore Blvd at Sayre Street, conduct traffic controls at other intersections along the route between the 1800 block of N. High Street, and the LUSD campuses on Lange Street on October 4, 2017.
- Vote on Consent Agenda: A motion was made by Council Member Parlet, seconded by Council Member Turner, and unanimously carried by voice vote to approve the Consent Agenda, items A-F.
- V. **PUBLIC PRESENTATIONS/REQUESTS:**
- A. Citizen Input: There was no input provided by the public.
- B. Proclamation: Mayor Mattina presented a Proclamation designating the month of October 2017 Domestic Violence Awareness Month to representatives of the Lake Family Resource Center (LFRC). Jennifer Dodd, Executive Director LFRC and Kim Layton, Domestic Violence Coordinator accepted the proclamation and presented the City Council with purple ribbon pins.
- C. New Employee Introduction: Police Chief Rasmussen introduced new Police Officer Casey DeBolt.
- VI. **COUNCIL BUSINESS**
- A. Public Works Director
1. SB 1 Project List: Public Works Director Grider presented the staff report. A motion was made by Council Member Turner, seconded by Council Member Barnes, and unanimously carried by voice vote to adopt the proposed resolution approving the City of Lakeport SB 1 Project List for fiscal year 2017-18 and amend the City of Lakeport Budget to account for anticipated RMRA funds in the amount of \$26,923.

VII. CITY COUNCIL COMMUNICATIONS:

A. Miscellaneous Reports, if any:

City Manager Silveira reported had no report.

City Attorney Ruderman reported had no report.

Public Works Director Grider had no report.

Administrative Services Director Buendia had no report.

Chief Rasmussen reported that the Walk to School takes place tomorrow, as well as the Coffee with a Cop event. Retired Police Chief Bob Chalk's funeral services will take place on Friday.

Community Development Director Ingram had no report.

Council Member Barnes had no report.

Council Member Spurr had no report.

Council Member Turner had no report.

Council Member Parlet reported a Vehicle Amnesty day will take place Oct 20th and 21st at Kelseyville Auto Salvage and encouraged the public to take advantage. The Konocti Challenge is Saturday along with the Oktoberfest and Sponsoring Survivorship Walk/Run. The Producers will be presented at the Soper Reese this weekend as well.

Mayor Mattina had no report.

VIII. ADJOURNMENT:

Mayor Mattina adjourned the meeting at 6:27 p.m.

Stacey Mattina, Mayor

Attest:

Kelly Buendia, City Clerk



CITY OF LAKEPORT

225 Park Street
Lakeport, CA 95453

Phone: (707) 263-5615, Ext. 12
Fax: (707) 263-8584

APPLICATION FOR USE OF PUBLIC AREAS

Please note: City Council meetings are held the FIRST and THIRD TUESDAY of the month. Application forms require City Council approval and must be completed and submitted to the City Clerk at least ten working days before the Council meeting at which they will be considered.

This section to be completed by City:

Application Received (Date): 10/04/2017	Application No. 2017-030
<input type="checkbox"/> \$15.00 Application Fee Paid	For Council Meeting of (Date): 10/17/2017

This section to be completed by Applicant (please answer all questions):

Applicant Name: RUTH SUSKI	Organization Name: Lakeport Christian Center	
Address: 455 S. Forbes St. Lakeport CA	Address: same	
Home Phone: 263-8552	Work Phone: 263-4514	Mobile Phone: 707 349-7078
Email Address: ruthsuski@gmail.com		
Other Contact: Rev. Mike Suski	Phone for Other Contact: 263-4514	
Organization is: <input checked="" type="checkbox"/> Nonprofit Organization <input type="checkbox"/> For Profit Organization		

Name of Event: FUN Fest		
Description of Event: FREE Family Celebration Games, prizes, RPP Hobby Remote vehicle, jumpstart		
Specific Location of Event (Map Must be Attached):		
Does this use involve public right of way, streets, or sidewalk? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please indicate specific location:		
If requesting closure of streets, sidewalk, etc., please describe notification procedure for affected businesses and/or residences: Businesses at Doc office across street closed Saturdays, but we will inform them.		
Date(s) of Event: 10/28/2017	Total Number of Days: 1	Set Up Time: NOON Time of Event: 1pm to 3pm Tear Down Time: 3pm

Specify anticipated number of people (both participants and the public): ~50-75

Will any vendors be present? Yes No Will any food booths be present? Yes No

Requirements: <input type="checkbox"/> Electricity (cannot be guaranteed by City) <input checked="" type="checkbox"/> Barricades <input checked="" type="checkbox"/> Street/Sidewalk Closures <input type="checkbox"/> No Irrigation in park prior to event <input type="checkbox"/> Other (please specify): N/A Coordination of these requirements must be made through the Public Works Department: (707) 263-0751	Specific City Staff Needs: <input type="checkbox"/> Police <input type="checkbox"/> Public Works <input type="checkbox"/> Parks <input type="checkbox"/> Other (please specify): N/A The City reserves the right to bill applicant for related City costs.
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Insurance Information: Certificate of Liability was attached		
Specify Insurance Company: Church Mutual		
Policy Number: 0672744	Expiration Date: 09/2018	Limits of Coverage: 1 mil

INSURANCE CERTIFICATE REQUIRED
Note: The Insurance certificate provided to the City by your organization's insurance company must name the City of Lakeport as an additional insured for the event specified in this application and must include a copy of any endorsements. The minimum coverage amount required is \$2,000,000. The certificate and endorsements must also be in a form acceptable to risk management and available for review 15 working days prior to the scheduled event.

USE OF ALCOHOL: Is a permit for alcoholic beverages requested? Yes No

If you have checked yes, you must obtain a signed permit from the Lakeport Police Department and attach it to this application. This will allow for consumption of alcoholic beverages in connection with the event but will NOT allow for the SALE of alcoholic beverages. If alcoholic beverages are going to be sold or included with the price of any ticket or admission to the event, then the applicant is required to obtain a one-day license from the California Department of Alcoholic Beverage Control. This one-day permit would be required in addition to a permit by the Lakeport Police Department.

HOLD HARMLESS AGREEMENT

In consideration of allowing the event(s) specified in this application, and to the fullest extent permitted by law, I/we agree to indemnify and hold harmless the City of Lakeport, its officers, agents, employees, and volunteers against and from any and all liability claims, lawsuits, damages, losses, expenses, and costs brought for, or on account of, injuries to or death of any person or persons, including myself and this organization, or damage to or destruction of property, arising out of, or other occurrence during or in connection with the foregoing event(s).

Signature of Applicant
Responsible Official of Applicant Organization

Dated: 10/4/17

STAFF RESPONSE

This section to be completed by City and Other Affected Agencies:

Staff Name:		Department:	
<input type="checkbox"/> No Fiscal Impact	<input type="checkbox"/> Fiscal Impact (Describe/Include Estimated Costs)	<input type="checkbox"/> Police <input type="checkbox"/> Public Works <input type="checkbox"/> Parks	<input type="checkbox"/> Other (please specify):
The following will be Required:			
<input type="checkbox"/> Business License	<input type="checkbox"/> ABC License	<input type="checkbox"/> Health Department Permit	<input type="checkbox"/> Other (Specify):
Staff Comments:			

This section to be completed by City Clerk following Council meeting:

Considered at Council Meeting (Date):	<input type="checkbox"/> Application Approved <input type="checkbox"/> Application Denied <input type="checkbox"/> Application Approved With Conditions (See Below)
Conditions of Approval:	

Attachments (specify):



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/02/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER AG Financial Insurance Solutions, LLC 3900 S Overland Ave Springfield MO 65807	CONTACT NAME: Colleen Broughton PHONE (A/C, No, Ext): (866)662-8210 FAX (A/C, No): (417)447-7475 E-MAIL ADDRESS: cbroughton@agfinancial.org
	INSURER(S) AFFORDING COVERAGE INSURER A: Church Mutual Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
INSURED LAKEPORT CHRISTIAN CENTER ASSEMBLY OF GOD 455 S FORBES ST LAKEPORT CA 95453-5312	

COVERAGES

CERTIFICATE NUMBER: 090117-18 COI/GL

REVISION NUMBER:

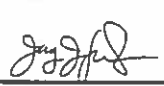
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:	Y		0672744-02-026073	09/01/2017	09/01/2018	EACH OCCURRENCE \$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000						
							MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
							GENERAL AGGREGATE \$ 3,000,000
							PRODUCTS - COMP/OP AGG \$ 1,000,000
							Rental Auto Liab \$ 1,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$
							BODILY INJURY (Per person) \$
							BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$
							\$
	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$
							AGGREGATE \$
							\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE OTH-ER
							E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

General Liability Additional Insured: City of Lakeport, its officers, agents, employees and volunteers, 225 Park Street, Lakeport, CA, 95453, Form A220 (01-98), regarding the block closing of South Forbes Street between "C" and "D" Street, Lakeport, CA for the Named Insured's Family Outreach event on October 28, 2017.

CERTIFICATE HOLDER**CANCELLATION**

City of Lakeport 225 Park Street Lakeport CA 95453	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the General Liability Coverage Part.

The following is added to the General Liability Additional Insured Provisions Part:

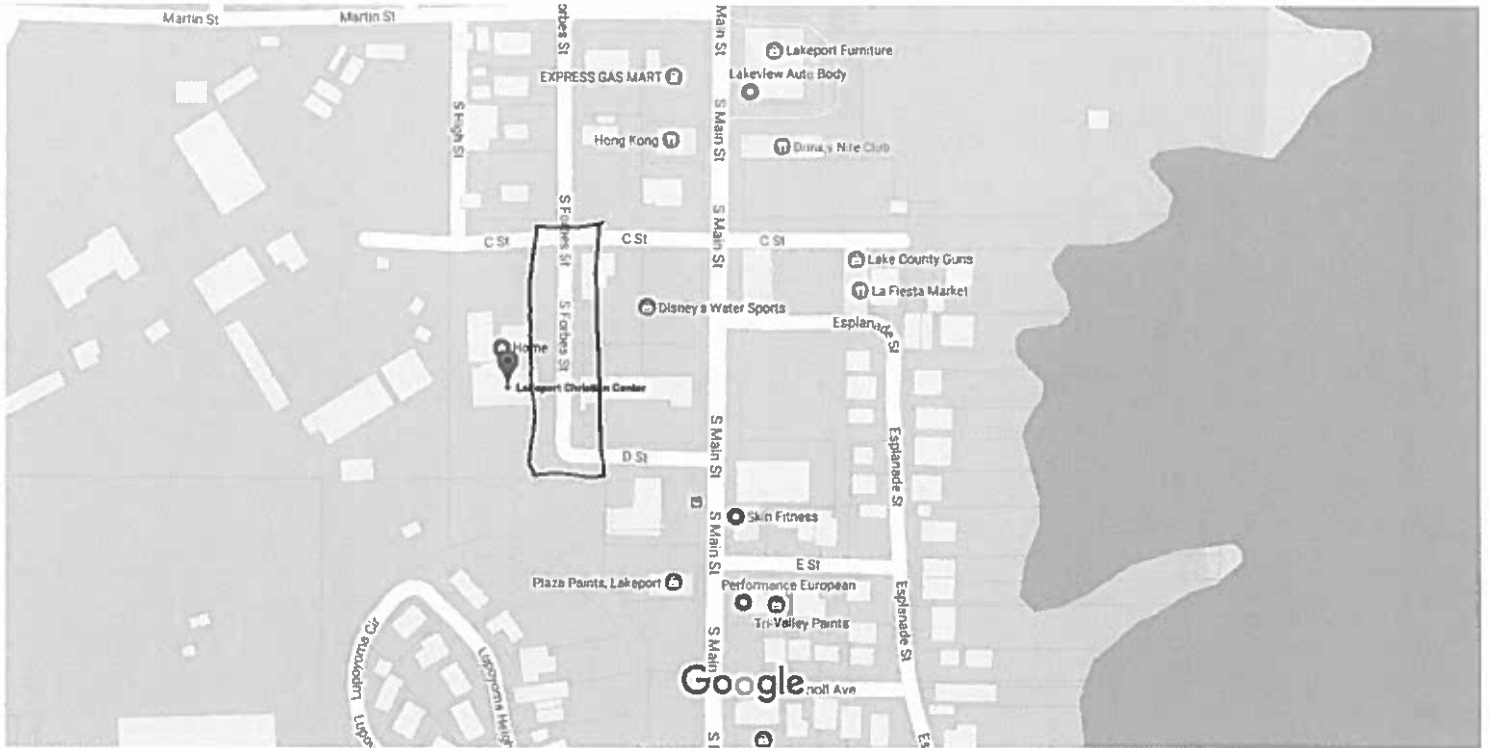
City of Lakeport, its officers, agents, employees and volunteers, regarding the block closing of South Forbes Street between "C" and "D" Street, Lakeport, CA for the Named Insured's Family Outreach event on October 28, 2017.

A. ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION

1. Paragraph C, Who Is An Insured, is amended to include as an insured the person or organization shown in the applicable schedule in the Declarations Page but only with respect to "bodily injury," "property damage," "personal injury," or "advertising injury" liability arising out of your operations or premises owned by or rented to you.

Refer to the Declarations Page to determine the additional insured person or organization.

Google Maps Lakeport Christian Center



Map data ©2017 Google United States 100 ft

Barricade at "C" and
 at "D" Streets to
 Block S. Forbes on
 this Block.

Lakeport Christian Center


5.0 ★★★★★ · 1 review

Church

Thank you!

 455 S Forbes St, Lakeport, CA 95453

 lcchub.com

 (707) 263-4514

From: brasmussen.lakeportpolice.org
To: [Hilary Britton](#)
Cc: [Jason Ferguson](#); [Joe Eastham](#); [Mike Sobieraj](#); [Rebekah Dolby](#)
Subject: Re: Application 2017-030 - Family Fun Fest
Date: Wednesday, October 04, 2017 3:11:23 PM
Attachments: [image002.png](#)

No police concern. No fiscal impact to police.

Brad Rasmussen

Chief of Police

Lakeport Police Department

2025 South Main Street

Lakeport, CA 95453

707-263-5491 EXT 101

www.lakeportpolice.org

@LakeportPoliceDepartment on Facebook, Twitter, Nextdoor, Instagram & Nixle

CONFIDENTIALITY NOTICE: This communication with its contents may contain confidential and/or legally privileged information. It is solely for the use of the intended recipient(s). Unauthorized interception, review, use or disclosure is prohibited and may violate applicable laws including the Electronic Communications Privacy Act. If you are not the intended recipient, please contact the sender and destroy all copies of the communication.

On October 4, 2017 at 11:32 AM Hilary Britton <hbritton@cityoflakeport.com> wrote:

Hi all,

Please find attached application 2017-030 from the Lakeport Christian Center requesting street closures on Forbes St. for the Family Fun Fest event, for your comments.

We would like to submit this for City Council approval at the October 17, 2017 meeting, so please have your comments back to me by 10/11/2017.

As always, thank you for your input.

Hilary Britton

Deputy City Clerk

City of Lakeport

225 Park Street

Lakeport, CA 95453

(707) 263-5615 x12

hbritton@cityoflakeport.com



USE OF ALCOHOL: Is a permit for alcoholic beverages requested? Yes No

If you have checked yes, you must obtain a signed permit from the Lakeport Police Department and attach it to this application. This will allow for consumption of alcoholic beverages in connection with the event but will NOT allow for the SALE of alcoholic beverages. If alcoholic beverages are going to be sold or included with the price of any ticket or admission to the event, then the applicant is required to obtain a one-day license from the California Department of Alcoholic Beverage Control. This one-day permit would be required in addition to a permit by the Lakeport Police Department.

HOLD HARMLESS AGREEMENT

In consideration of allowing the event(s) specified in this application, and to the fullest extent permitted by law, I/we agree to indemnify and hold harmless the City of Lakeport, its officers, agents, employees, and volunteers against and from any and all liability claims, lawsuits, damages, losses, expenses, and costs brought for, or on account of, injuries to or death of any person or persons, including myself and this organization, or damage to or destruction of property, arising out of, or in connection with the foregoing event(s).

Signature of Applicant
Responsible Official of Applicant Organization

Dated:

10/4/17

STAFF RESPONSE

This section to be completed by City and Other Affected Agencies:

Staff Name:		Department:	
<input type="checkbox"/> No Fiscal Impact	<input type="checkbox"/> Fiscal Impact (Describe/Include Estimated Costs)	<input type="checkbox"/> Police <input type="checkbox"/> Public Works <input type="checkbox"/> Parks	<input type="checkbox"/> Other (please specify):
The following will be Required:			
<input type="checkbox"/> Business License	<input type="checkbox"/> ABC License	<input type="checkbox"/> Health Department Permit	<input type="checkbox"/> Other (Specify):
Staff Comments:			
Environmental Health has no concerns regarding this event - no food vendors present. Tina Reppin 10/5/17			

This section to be completed by City Clerk following Council meeting:

Considered at Council Meeting (Date):	<input type="checkbox"/> Application Approved <input type="checkbox"/> Application Denied <input type="checkbox"/> Application Approved With Conditions (See Below)
Conditions of Approval:	

Attachments (specify):



CITY OF LAKEPORT

225 Park Street
Lakeport, CA 95453

Phone: (707) 263-5615, Ext. 12
Fax: (707) 263-8584

APPLICATION FOR USE OF PUBLIC AREAS

Please note: City Council meetings are held the FIRST and THIRD TUESDAY of the month. Application forms require City Council approval and must be completed and submitted to the City Clerk at least ten working days before the Council meeting at which they will be considered.

This section to be completed by City:

Application Received (Date): 10/10/17	Application No. 2017-031
<input checked="" type="checkbox"/> \$15.00 Application Fee Paid	For Council Meeting of (Date): 10/17/2017

This section to be completed by Applicant (please answer all questions):

Applicant Name: Derina Lucas	Organization Name: Eternally Wired Youth Ministries	
Address: 801 20th Street Lakeport CA 95453	Address: 875 N. High St Lakeport CA 95453	
Home Phone:	Work Phone:	Mobile Phone: 707-245-6910
Email Address: derina.lucas@hotmail.com		
Other Contact: Mathew Lucas	Phone for Other Contact: 707-245-8113	
Organization is: <input checked="" type="checkbox"/> Nonprofit Organization <input type="checkbox"/> For Profit Organization		

Name of Event: Harvest Revelation		
Description of Event: 4 booths, Dream Interpretation, Prophetic Art, Face painting, Spiritual Readings and passing out Candy		
Specific Location of Event (Map Must be Attached): corner of 20th st and Mellor Dr.		
Does this use involve public right of way, streets, or sidewalk? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please indicate specific location:		
If requesting closure of streets, sidewalk, etc., please describe notification procedure for affected businesses and/or residences: Notice notes to each house a few days before the Event		
Date(s) of Event: October 31, 2017	Total Number of Days: 1	Set Up Time: 4:pm Time of Event: 5:45pm-8:45pm Tear Down Time: 9:00pm

Specify anticipated number of people (both participants and the public):

Will any vendors be present? Yes No Will any food booths be present? Yes No

Requirements: <input checked="" type="checkbox"/> Electricity (cannot be guaranteed by City) from my house <input checked="" type="checkbox"/> Barricades <input checked="" type="checkbox"/> Street/Sidewalk Closures see attached map <input type="checkbox"/> No irrigation in park prior to event <input type="checkbox"/> Other (please specify): Coordination of these requirements must be made through the Public Works Department: (707) 263-0751	Specific City Staff Needs: <input type="checkbox"/> Police <input type="checkbox"/> Public Works <input type="checkbox"/> Parks <input type="checkbox"/> Other (please specify): The City reserves the right to bill applicant for related City costs.
---	--

Insurance Information: Specify Insurance Company: will follow-up Policy Number: Expiration Date: Limits of Coverage: INSURANCE CERTIFICATE REQUIRED Note: The insurance certificate provided to the City by your organization's insurance company must name the City of Lakeport as an additional insured for the event specified in this application and must include a copy of any endorsements. The minimum coverage amount required is \$2,000,000. The certificate and endorsements must also be in a form acceptable to risk management and available for review 15 working days prior to the scheduled event.
--

USE OF ALCOHOL: Is a permit for alcoholic beverages requested? Yes No

If you have checked yes, you must obtain a signed permit from the Lakeport Police Department and attach it to this application. This will allow for consumption of alcoholic beverages in connection with the event but will NOT allow for the SALE of alcoholic beverages. If alcoholic beverages are going to be sold or included with the price of any ticket or admission to the event, then the applicant is required to obtain a one-day license from the California Department of Alcoholic Beverage Control. This one-day permit would be required in addition to a permit by the Lakeport Police Department.

HOLD HARMLESS AGREEMENT

In consideration of allowing the event(s) specified in this application, and to the fullest extent permitted by law, I/we agree to indemnify and hold harmless the City of Lakeport, its officers, agents, employees, and volunteers against and from any and all liability claims, lawsuits, damages, losses, expenses, and costs brought for, or on account of, injuries to or death of any person or persons, including myself and this organization, or damage to or destruction of property, arising out of, or other occurrence during or in connection with the foregoing event(s).

Denina Lucas
Signature of Applicant
Responsible Official of Applicant Organization

Dated: 10/10/17

STAFF RESPONSE

This section to be completed by City and Other Affected Agencies:

Staff Name:		Department:	
<input type="checkbox"/> No Fiscal Impact	<input type="checkbox"/> Fiscal Impact (Describe/Include Estimated Costs)	<input type="checkbox"/> Police <input type="checkbox"/> Public Works <input type="checkbox"/> Parks	<input type="checkbox"/> Other (please specify):
The following will be Required:			
<input type="checkbox"/> Business License		<input type="checkbox"/> Health Department Permit	
<input type="checkbox"/> ABC License		<input type="checkbox"/> Other (Specify):	
Staff Comments:			

This section to be completed by City Clerk following Council meeting:

Considered at Council Meeting (Date):	<input type="checkbox"/> Application Approved <input type="checkbox"/> Application Denied <input type="checkbox"/> Application Approved With Conditions (See Below)
Conditions of Approval:	

Attachments (specify):



From: [Jason D. Ferguson](#)
To: [Hilary Britton](#)
Subject: Re: Application 2017-031 - Harvest Revelation
Date: Wednesday, October 11, 2017 7:40:40 AM
Attachments: [image002.png](#)

Hillary,

The alcohol box is not checked, do you know if they intend to sell alcohol at this event? If not, than there are no police concerns. If yes, they will need the appropriate permits.

Thank you!

Jason

*Jason Ferguson
Lieutenant
Lakeport Police Department
2025 S. Main St.
Lakeport, Ca. 95453
Office (707) 263-9654*

A true hero is not defined simply by the uniform he or she is wearing but rather the person who's wearing it!

-----Original Message-----

From: Hilary Britton [mailto:hbritton@cityoflakeport.com]
Sent: Tuesday, October 10, 2017 02:45 PM
To: Amanda Frazell (Dean.Eichelmann@lakecountyca.gov), Cheryl Bennett (cheryl.bennett@lakecountyca.gov), 'Cynthia Ader', 'Daniel Chance', 'Doug Grider', 'Executive Management', 'Jason Ferguson', 'Jim Kennedy', 'Joe Eastham', 'Linda Sobieraj', Lori Price (lorip@co.lake.ca.us), Mark Wall (mwaconsulting@comcast.net), 'Matt Hartzog', 'Mike Sobieraj', Pheakdey Preciado (pheakdey.preciado@lakecountyca.gov), 'Rebekah Dolby', 'Ron Ladd', Sheriff's Dept (records@lakecountyca.gov), Tina Rubin (Tina.Rubin@lakecountyca.gov)
Subject: Application 2017-031 - Harvest Revelation

Hi all,

Please find attached application 2017-031 for the annual Harvest Revelation event on Halloween, for your review and comments.

We would like to submit this for Council approval at 10/17/2017 meeting, so please have your comments back to me by 5:00 p.m. Thursday (10/12/2017).

As always, thank you for your input.

Hilary Britton

USE OF ALCOHOL: Is a permit for alcoholic beverages requested? Yes No

If you have checked yes, you must obtain a signed permit from the Lakeport Police Department and attach it to this application. This will allow for consumption of alcoholic beverages in connection with the event but will NOT allow for the SALE of alcoholic beverages. If alcoholic beverages are going to be sold or included with the price of any ticket or admission to the event, then the applicant is required to obtain a one-day license from the California Department of Alcoholic Beverage Control. This one-day permit would be required in addition to a permit by the Lakeport Police Department.

HOLD HARMLESS AGREEMENT

In consideration of allowing the event(s) specified in this application, and to the fullest extent permitted by law, I/we agree to indemnify and hold harmless the City of Lakeport, its officers, agents, employees, and volunteers against and from any and all liability claims, lawsuits, damages, losses, expenses, and costs brought for, or on account of, injuries to or death of any person or persons, including myself and this organization, or damage to or destruction of property, arising out of, or other occurrence during or in connection with the foregoing event(s).

Adriana Lucas
Signature of Applicant
Responsible Official of Applicant Organization

Dated: 10/10/17

STAFF RESPONSE

This section to be completed by City and Other Affected Agencies:

Staff Name:		Department:	
<input type="checkbox"/> No Fiscal Impact	<input type="checkbox"/> Fiscal Impact (Describe/Include Estimated Costs)	<input type="checkbox"/> Police <input type="checkbox"/> Public Works <input type="checkbox"/> Parks	<input type="checkbox"/> Other (please specify):
The following will be Required:		<input checked="" type="checkbox"/> Health Department Permit <input type="checkbox"/> Other (Specify):	
<input type="checkbox"/> Business License		<input type="checkbox"/> ABC License	
Staff Comments: a temporary health permit will be required for the giving away of candy to the general public. If the candy is given to the members of the ministry then a permit will not be required. Application needs to be submitted 7 days prior to the event. Pina Rubin 10/11/17			

This section to be completed by City Clerk following Council meeting:

Considered at Council Meeting (Date):	<input type="checkbox"/> Application Approved <input type="checkbox"/> Application Denied <input type="checkbox"/> Application Approved With Conditions (See Below)
Conditions of Approval:	

Attachments (specify):



CITY OF LAKEPORT

- City Council
- City of Lakeport Municipal Sewer District
- Lakeport Redevelopment Successor Agency
- Lakeport Industrial Development Agency
- Municipal Financing Agency of Lakeport

STAFF REPORT	
RE: Conduit Financing for the Martin Street Apartments Affordable Housing Project	MEETING DATE: 10-17-2017
SUBMITTED BY: Kevin M. Ingram, Community Development Director	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

Conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) on October 17, 2017 in connection with the proposed issuance of revenue bonds by the California Municipal Finance Authority (“CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed \$6,600,000, (the “Bond”), to assist in the acquisition, construction, improvement and equipping of a 24-unit multifamily rental housing project located at 1255 Martin Street, Lakeport, California (the "Project").

Adopt a resolution to approve the financing of the Project by the CMFA..

BACKGROUND:

On June 14, 2017, the Lakeport Planning Commission approved an Architectural and Design Review (AR 17-03) application submitted by Pacific West Communities, Inc. for the construction of a 24-unit affordable multi-family apartment complex on an approximately 3.5 acre portion of a 10.5 acre property located at 1255 Martin Street. A similar project, AR 15-01, for the construction of a 32-unit affordable senior housing apartment complex on this same site was approved by the Planning Commission in 2015.

The City of Lakeport in partnership with Pacific West Communities, Inc. was awarded a \$4.5 million HOME Investment Partnership Program grant in 2015 for the construction of this affordable housing project. In addition to the HOME loan, the City and PWA also applied for a \$1.2 million Community Development Block Grant (CDBG) grant for the construction of off-site development improvements necessary to service this project. The City and PWA was unsuccessful in obtaining CDBG funding during the 2016 grant cycle and as a result the project has been unable to move forward.

The project applicant and City are currently in the process of submitting a new CDBG application for funding. However, as a safety measure to ensure that this project can move forward regardless of whether or not CDBG monies are obtained, Pacific West Communities, Inc. is requesting that the City support the developer’s effort in the issuance of revenue bonds by the California Municipal Finance Authority (CMFA), in an amount not to exceed \$6,600,000 to assist in the completion of the Martin Street Apartments affordable multi-family housing project.

DISCUSSION:

Lakeport Family Associates (the “Borrower”) requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$6,600,000 of tax-exempt revenue bonds. The proceeds

of the Bonds will be used for the acquisition, construction, improvement and equipping of a 24-unit multifamily rental housing project located at 1255 Martin Street, Lakeport, California, generally known as Martin Street Apartments and operated by Buckingham Property Management

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the City of Lakeport must conduct a public hearing (the “TEFRA Hearing”) to provide the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an “applicable elected representative” of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY: The CMFA was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 270 municipalities, including the City of Lakeport, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA’s representatives and its Board of Directors have considerable experience in bond financings.

FISCAL IMPLICATIONS: The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. See **FISCAL IMPACT** below for additional information.

OPTIONS:

1. Adopt the resolution approving the issuance of the Bonds by the CMFA for the benefit of Lakeport Family Associates, a California Limited Partnership or a partnership created by Pacific West Communities, Inc, to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).
2. Take no action or take action to deny the proposed resolution approving the issuance of the Bonds by the CMFA.

Alternatively, the City Council could provide other direction.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other: RDA

Comments: The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California, but are to be paid for solely from funds provided by the Borrower.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the “Foundation”), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect

to the City of Lakeport, it is expected that a portion of the CMFA's issuance fee will be granted by the CMFA to the general fund of the City. Such grant may be used for any lawful purpose of the City.

SUGGESTED MOTION:

Adopt the proposed resolution to approve the financing of the Martin Street Apartment project located at 1255 Martin Street by the CMFA.

- Attachments:** 1. Draft Resolution

RESOLUTION NO. _____ (2017)

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEPORT
APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL
FINANCE AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS IN
AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,600,000
FOR THE PURPOSE OF FINANCING OR REFINANCING THE
ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF
MARTIN STREET APARTMENTS AND CERTAIN OTHER MATTERS
RELATING THERETO**

WHEREAS, Lakeport Family Associates, a California Limited Partnership (the “Borrower”) or a partnership created by Pacific West Communities, Inc. (the “Developer”), consisting at least of the Developer or a related person to the Developer and one or more limited partners, has requested that the California Municipal Finance Authority (the “Authority”) adopt a plan of financing providing for the issuance of one or more series of revenue bonds issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, in an aggregate principal amount not to exceed \$6,600,000 (the “Bonds”) for the acquisition, construction, improvement and equipping of a 24-unit multifamily rental housing project located at 1255 Martin Street, Lakeport, California, generally known as Martin Street Apartments (the “Project”) and operated by Buckingham Property Management; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the “Code”), the issuance of the Bonds by the Authority must be approved by the City of Lakeport (the “City”) because the Project is to be located within the territorial limits of the City; and

WHEREAS, the City Council of the City (the “City Council”) is the elected legislative body of the City and is one of the “applicable elected representatives” required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “Agreement”), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

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

Section 1. The foregoing resolutions are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is to be located, in accordance with said Section 147(f) and (b) Section 4 of the Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Bonds.

Section 4. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation, installation or operation of the Project; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 5. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 6. This resolution shall take effect immediately upon its adoption.

The foregoing Resolution was passed and adopted at a regular meeting of the City Council on the 17th day of October, 2017, by the following vote:

AYES:
NOES:
ABSTAINING:
ABSENT:

STACEY MATTINA, Mayor

ATTEST:

KELLY BUENDIA, City Clerk



CITY OF LAKEPORT

- City Council
City of Lakeport Municipal Sewer District
Lakeport Redevelopment Successor Agency
Lakeport Industrial Development Agency
Municipal Financing Agency of Lakeport

STAFF REPORT

RE: Authorizing the Refunding of the City of Lakeport Portion of California Statewide Communities Development Authority, Series 2007A Wastewater Revenue Bonds

MEETING DATE: 10/17/2017

SUBMITTED BY: Nicholas Walker, Finance Director

PURPOSE OF REPORT: Information only Discussion Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL:

Review staff's recommendation and approve the refinancing of the City's portion of the outstanding California Statewide Communities Development Authority (the "Authority"), Series 2007A Wastewater Revenue Bonds (the "Prior Bonds"), and adopt (i) a Resolution "Authorizing the Refinancing of Outstanding Series 2007A Wastewater Revenue Bonds and Directing the Execution and Delivery of Certain Financing Documents in Connection Therewith, and Providing for other Matters Properly Related Thereto."

BACKGROUND/DISCUSSION:

On January 3, 2008 the City participated in the issuance of the Prior Bonds. From the proceeds of the Prior Bonds the City was advanced \$3,060,000, of which amount \$2,510,000 remains outstanding (the "2007 City Obligation") pursuant to an Installment Purchase Agreement, dated as of December 1, 2007, by and between the City and the Authority (the "2007 Purchase Agreement").

The Prior Bonds are scheduled to mature on October 1, 2038, and bear interest at a rate of 4.00-4.75%. The City utilizes wastewater enterprise revenues to make semi-annual payments each April 1st and October 1st, with the total principal and interest payments averaging approximately \$190,000 each year to maturity. The Prior Bonds may be prepaid and refunded (i.e., replaced with another bond issue) with a deposit of sufficient funds into an escrow account that will pay interest and principal up to, and will fully payoff on, October 1, 2018.

At the Council meeting of September 19, 2017, Council adopted Resolution No. 2633 (2017) authorizing and directing (i) staff to commence proceedings for the refinancing of the 2007 City Obligation and corresponding Prior Bonds, (ii) the City Manager to enter into various agreements with members of the Financing Team, and (iii) the preparation of all documentation necessary to prepay and legally defease the 2007 City Obligation and corresponding Prior Bonds.

As a reminder, the Financing Team appointed by Council is as follows: Bond Counsel – Cameron Weist, The Weist Law Firm; Financial Advisor – Eric Scriven, NHA Advisors; Placement Agent – Todd Smith, Hilltop Securities; City Manager – Margaret Silveira; and Finance Director – Nick Walker

REVIEW AND ANALYSIS:

The City can accomplish the prepayment and refunding of the 2007 City Obligation and corresponding Prior Bonds by issuing new Series 2017 Wastewater Revenue Refunding Loan Obligations (the "2017 Obligations") to take the place of the Prior Bonds (this process is hereafter referred to as a "Refunding") and save significant money. The Public Works and Finance Departments have determined that a refinancing should also be utilized to restructure the debt to better serve the wastewater enterprise's longer-term objectives. To that end, Public Works and Finance are recommending that the debt payment on the refinancing be increased to \$240,000 annually and, given the lower rate and this higher payment, the term of the new bonds will be shortened by 6-7 years. By shortening the maturity of the 2017 Obligations, it will allow the wastewater enterprise to invest in capital projects when they are likely to be required on a more efficient, pay-as-you-go funding plan.

Staff has worked with Bond Counsel and our Financial Advisor to evaluate various financing options. Options include issuing 2017 Obligations on a publicly-offered basis through a public sale (this type of sale is commonly referred to as a "Public Offering"), or issuing the 2017 Obligations on a privately placed basis with a single sophisticated investor such as a regional or national bank (this type of sale is commonly referred to as a "Private Placement"). The Placement Agent reviewed recent comparable public offering transaction interest rates and also queried various potential private placement investors and found that the overall interest rate on a Private Placement is presently lower (based on a snapshot of current market conditions) than Public Offering rates. The Municipal Advisor has informed us that even if Public Offering rates were to be slightly lower than Private Placement rates, due to the small size of this transaction, any difference would likely be negated by the higher costs of issuance associated with a Public Offering. Based upon this information, staff is recommending that the 2017 Obligations be sold on a Private Placement basis, as it is expected that this approach will result in a better overall economic outcome (i.e., less cost and greater savings) than a Public Offering.

Based upon present market conditions (and similar transactions that have recently closed) it appears that the Prior Bonds may be refunded at lower interest rates (approximately 3.00%) and that the Refunding will result in a total cash flow savings (after all costs are factored in and accounted for) to the City's wastewater enterprise of approximately \$645,000. Using present value calculations, the Refunding is projected to produce a Net Present Value (NPV) savings of approximately \$205,000. Based upon a proposed 2017 Obligations par value of \$2,742,000, this represents a 7.5% NPV savings. Net present value is a measure of savings that takes into consideration the time value of money. Here the projected NPV savings are more than double the Government Finance Officers Association's "best practices" threshold recommendation of 3%.

It is anticipated that total cost of issuance will total approximately \$145,000, which will be paid from the proceeds of the 2017 Obligations. The savings referred to above are net of all costs. All annual costs of administration of the 2017 Obligations will be paid for by the wastewater enterprise and are estimated at \$5,000.

Attached is a draft preliminary numerical analysis for details as to the estimated savings calculations.

STRUCTURE AND TIMING:

The Refunding of the Prior Bonds is being structured pursuant to the statutory provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code.

Provided that the City Council approves staff recommendations this evening, we anticipate the bidding process will conclude in the next several weeks by the Placement Agent. Based upon the results of the bidding process, the City, with advice from the Financial Advisor and Placement Agent, will select the investor and be in position to close the bond transaction by the end of November.

SUMMARY OF THE FINANCING DOCUMENTS:

The subject Resolution being recommended for adoption essentially authorizes and approves the form of all the foundational legal documents (the "Financing Documents") required for the successful Refunding and issuance of the 2017 Obligations. The Financing Documents are included as attachments to the subject Resolution and are each briefly described as follows:

1. **Financing Agreement:** This is an agreement between the City and the Bank, which sets forth the covenants and specifics of the 2017 Obligations, including the City's promise to make future semi-annual debt service payments, the establishment and management of funds and accounts, the City's duties, repayment mechanisms and the Bank's rights and remedies in the event of default. Like the 2007 City Obligation, the Financing Agreement also requires the City to maintain Net Revenues (which is all revenues of the wastewater enterprise, less operation and maintenance expenses) in excess of 120% total annual debt service on the 2017 Obligations and any new parity debt issued in the future.

2. **Refunding Instructions:** These are refunding instructions pursuant to which the proceeds of the 2017 Obligations, together with the 2007 City Obligation Reserve Fund, as well as all other funds on hand with the Prior Trustee, will be deposited in the Escrow Fund, and used exclusively for the purpose of prepaying the 2007 City Obligation in full on October 1, 2018 (being the first possible call date).

HIGHLIGHTS OF OPPORTUNITY:

- Produces approximately \$645,000 in overall cash-flow savings
- The Reserve Fund associated with the 2007 City Obligation can be used to buy-down the principal of the 2017 Obligation
- The term of the debt is shortened by approximately 6 years
- Savings are net of all costs

OPTIONS:

1. Approve the recommendation as presented, adopt the associated resolution.
2. Do not approve but provide direction to staff.

FISCAL IMPACT:

None \$645,000 cash flow savings Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other: Fund _____

SUGGESTED MOTIONS:

Move to approve the proposed subject Resolution to authorize and direct the issuance of the 2017 Obligations and the corresponding Refunding of the Prior Bonds.

- Attachments:**
1. Resolution
 2. Form of Financing Agreement
 3. Form of Refunding Instructions
 4. Draft Numerical Savings Analysis

RESOLUTION NO. _____(2017)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEPORT
AUTHORIZING THE REFINANCING OF OUTSTANDING SERIES 2007A
WASTEWATER REVENUE BONDS, AND APPROVING AND DIRECTING
THE EXECUTION AND DELIVERY OF CERTAIN FINANCING
DOCUMENTS IN CONNECTION THEREWITH, AND PROVIDING FOR
OTHER MATTERS PROPERLY RELATING THERETO**

WHEREAS, the City of Lakeport (the “City”) has heretofore participated (through the California Statewide Communities Development Authority, which is hereafter referred to as “CSCDA”) in the issuance of Series 2007A Wastewater Revenue Bonds in the original amount of \$4,660,000 (the “CSCDA Bonds”), pursuant to an Indenture, dated as of December 1, 2007 (the “2007 Indenture”); and

WHEREAS, from the proceeds of the CSCDA Bonds the City was advanced \$3,060,000 (the “2007 Obligation”) pursuant to an Installment Purchase Agreement, dated as of December 1, 2007, by and between the City and CSCDA (the “2007 Purchase Agreement,” and together with the 2007 Indenture, the “2007 Obligation Agreements”); and

WHEREAS, the City Council, after due investigation and deliberation, now desires to arrange for the procurement of low interest rate municipal financing in connection with the proposed prepayment and defeasance (hereafter referred to as “Refunding”) of the City’s remaining outstanding principal balance of the 2007 Obligation, which will save the City and its ratepayers money as a result of reduced debt service payments stemming from such Refunding; and

WHEREAS, in order to carry out the Refunding, the City Council wishes at this time to authorize the issuance of its “City of Lakeport, Series 2017 Wastewater Revenue Refunding Loan Obligations (2017 Wastewater Refunding Project), Bank Qualified” (the “2017 Obligations”), pursuant to terms and conditions of a Financing Agreement (the “Financing Agreement”) related to the City’s wastewater enterprise (the “Enterprise”), dated as of November 1, 2017, by and between the City and a banking institution to be selected by staff (the “Bank”), a form copy of which has been presented at this meeting and is on file with the City Clerk; and

WHEREAS, pursuant to the Financing Agreement, the City will make payments from the net revenues of its Enterprise operations, sufficient in amount to pay back the debt service on the 2017 Obligations, as more particularly set forth in the Financing Agreement; and

WHEREAS, the City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code (the “Refunding Bond Law”), to procure execute and deliver the Financing Agreement for the purpose of refunding the 2007 Obligation; and

WHEREAS, it is now appropriate and necessary to call in for redemption the outstanding 2007 Obligation, in order to complete the Refunding; and

WHEREAS, in order to properly account for the Refunding, as well as the legal defeasance of the 2007 Obligation is now appropriate and necessary for the City to (i) make, execute and deliver the 2017 Obligations in the aggregate principal amount necessary to refund and legally defease the 2007 Obligation in advance of its scheduled maturities, and (ii) approve the form of Refunding Instructions, dated as of November 1, 2017, in connection with the Refunding of the 2007 Obligation (the “Refunding Instructions”), copies of which have been presented at this meeting and are on file with the City Clerk; and

WHEREAS, the City Council, with the aid of its staff, has reviewed the Financing Agreement and Refunding Instructions, the forms of which is on file with the City Clerk, and the City Council wishes at this time to approve the foregoing documents as being within the public interests of the City; and

WHEREAS, the City Council desires to designate the 2017 Obligations for purposes of Paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986 (the “Code”) as a “Qualified Tax-Exempt Obligation;” and

WHEREAS, the City Council wishes at this time to authorize all actions and proceedings relating to the procurement and delivery of the 2017 Obligations, the execution and delivery of the Financing Agreement and Refunding Instructions, as well as the Refunding and defeasance of the 2007 Obligation; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

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

Section 1. The City Council hereby specifically finds and declares that each of the statements, findings and determinations of the City set forth in the recitals set forth above and in the preambles of the documents approved herein are true and correct and that the Refunding will result in significant public benefits for the City. The City’s execution and delivery of the Financing Agreement and Refunding Instructions, as well as the Refunding and defeasance of the 2007 Obligation, is hereby authorized and approved, and this City Council does hereby consent to the application of the proceeds of the 2017 Obligations for the purposes contemplated by the City and the Bank, as provided for in the Financing Agreement and Refunding Instructions.

Section 2. The Mayor, City Manager and Finance Director, and any other person authorized by the City Council 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 execution and delivery of the Financing Agreement and Refunding Instructions, 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 procurement and consummation of the 2017 Obligations and the Refunding, 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 Financing Agreement.

Section 3. The City Council hereby authorizes and approves the 2017 Obligations pursuant to the terms and conditions of the Financing Agreement. The City Council hereby approves the Financing Agreement in substantially the form on file with the City Clerk, together with any additions thereto or changes therein (including, but not limited to, the final amount of the 2017 Obligations, the final interest rates, debt service payment schedules, and prepayment provisions) deemed necessary or advisable by an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Financing Agreement for and in the name and on behalf of the City, and the execution thereof shall be conclusive evidence of the City Council's approval of any such additions and changes. The City Council hereby authorizes the delivery and performance of the Financing Agreement.

Section 4. The City Council hereby approves the Refunding Instructions in substantially the form on file with the City Clerk, together with any additions thereto or changes therein (including, but not limited to, the final amount of the escrow, the final payment schedules, prepayment notices and investment instructions) deemed necessary or advisable by an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Refunding Instructions for and in the name and on behalf of the City, and the execution thereof shall be conclusive evidence of the City Council's approval of any such additions and changes. The City Council hereby authorizes the delivery and performance of the Refunding Instructions, and directs each Authorized Representative to take such action as deemed necessary or appropriate to cause the prepayment and defeasance of the 2007 Obligation.

Section 5. The City Council hereby designates the 2017 Obligations as "Qualified Tax-Exempt Obligations for purposes of paragraph (3) of section 265(b) of the Code. The City Council represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Code, except qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the 2017 Obligations, has been or will be issued by the City, including all subordinate entities of the City, during the calendar year 2017.

Section 6. The Mayor, City Manager and Finance Director, and any other person authorized by the City Council to act on behalf of the City and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by this Resolution, the Financing Agreement and the Refunding Instructions. Whenever any officer of the City is authorized to execute or countersign

any document or take any action contemplated by this Resolution, the Financing Agreement and the Refunding Instructions, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 7. The City Council hereby finds and determines that it has taken all of the foregoing actions, and made all of the foregoing findings, in full compliance with the law, and that all prior proceedings taken with respect to the Refunding were duly considered, and are hereby considered valid and in conformity with the requirements of law.

Section 8. This Resolution shall take effect from and after the date of its passage and adoption.

RESOLVED, APPROVED AND ADOPTED by the City of Lakeport on this 17th day of October, 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Stacey Mattina, Mayor

Attest:

Kelly Buendia, City Clerk
(seal)

SERIES 2017 FINANCING AGREEMENT

Dated as of November 1, 2017

By and Between

CITY OF LAKEPORT

And

Providing for the

**[\$Par Amount]
CITY OF LAKEPORT
SERIES 2017 WASTEWATER REVENUE REFUNDING OBLIGATIONS
(2017 Wastewater Refunding Project)
BANK QUALIFIED**

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SERIES 2017 FINANCING AGREEMENT

This SERIES 2017 FINANCING AGREEMENT, (this “Agreement”), dated for convenience as of November 1, 2017, is by and between _____, a _____ corporation duly organized and existing under the laws of the State of _____ (the “Bank”), and the CITY OF LAKEPORT, a municipal corporation and general law city, duly organized and validly existing under the laws of the State of California (the “City”);

W I T N E S S E T H:

WHEREAS, the City presently owns and operates certain facilities and property for its wastewater system (the “Enterprise”), and on January 3, 2008 in order to finance certain capital improvements to the Enterprise, the City participated in the issuance of California Statewide Communities Development Authority (the “Authority”), Series 2007A Wastewater Revenue Bonds in the original total aggregate principal amount of \$4,660,000 (the “Authority Bonds”), pursuant to an Indenture, dated as of December 1, 2007 (the “2007 Indenture”) by and among the City, the Authority and Union Bank of California N.A., as trustee thereunder (the “Prior Trustee”),

WHEREAS, from the proceeds of the Authority Bonds the City was advanced \$3,060,000 (the “Prior Obligation”) pursuant to an Installment Purchase Agreement, dated as of December 1, 2007, by and between the City and CSCDA (the “2007 Installment Purchase Agreement,” and together with the 2007 Indenture, the “Prior Obligation Documents”); and

WHEREAS, the City has determined that it is in the interests of the City at this time to provide for the execution and delivery of its “City of Lakeport, Series 2017 Wastewater Revenue Refunding Obligations (2017 Wastewater Refunding Project), Bank Qualified” (the “Obligation”), as evidenced by a Promissory Note, dated November __, 2017 (the “Note,” and together with the Obligation, the “2017 Obligations”) the proceeds of which will be used to provide financing for the refunding and defeasance all outstanding Prior Obligations; and

WHEREAS, the principal of and interest and redemption premium (if any) on the 2017 Obligations, and any bonds or other obligations issued on a parity therewith as provided herein, will be payable from and secured by a pledge of and lien on the Net Revenues (as defined herein) derived from the Enterprise, as expressly set forth in this Agreement; and

WHEREAS, in order to provide for the execution and delivery of this Agreement, to establish and declare the terms and conditions upon which the 2017 Obligations is to are made and secured, and to secure the payment of the principal thereof, premium (if any) and interest thereon, the City has authorized the execution and delivery of this Agreement; and

WHEREAS, the City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code (the “Bond Law”), to issue its bonds for the purpose of refunding certain outstanding obligations of the City, including Prior Obligations; and

WHEREAS, this Agreement also constitutes a secured promissory note for City’s repayment of the 2017 Obligations; and

WHEREAS, all things necessary to make the 2017 Obligations when issued, executed and delivered, the valid and binding obligation of the City, and to constitute this Agreement as a valid pledge of the revenues herein pledged to the payment of the principal of, prepayment premium, if any, and interest on the 2017 Obligations have been done and performed, as required by law, and the City is now fully authorized to enter into this Agreement, subject to the terms hereof; and

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on the 2017 Obligations at any time outstanding under this Agreement, 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 2017 Obligations are premised, and in consideration of the premises and of the mutual covenants herein contained and of the purchasing of the 2017 Obligations by the Bank, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree, for the benefit of the Bank from time to time of the 2017 Obligations, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“Additional Revenues” means, with respect to the issuance of any Parity Obligations, any or all of the following amounts:

(i) An allowance for Net Revenues from any additions or improvements to or extensions of the Enterprise to be made with the proceeds of such Parity Obligations and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year or such 12 month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36 month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of an Independent Engineer retained by the City and reasonably satisfactory to the Bank.

(ii) An allowance for Net Revenues arising from any increase in the charges made for service from the Enterprise which has become effective prior to the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year or such 12 month period, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12 month period, all as shown by the certificate or opinion of an Independent Financial Consultant employed by the City.

“Agreement” means this Series 2017 Financing Agreement, dated as of November 1, 2017, between the Bank and the City.

“Authority” means the California Statewide Communities Development Authority, a public body, corporate and politic.

“Authorized Representative” means the City’s Mayor, Mayor Pro Tem, City Manager, Finance Director, City Clerk, or any other person designated as an Authorized Representative of the City by a Certificate of the City signed by its Mayor, Mayor Pro Tem or City Manager and filed with the Bank.

“Bank” means (a) initially, _____, a _____ corporation, or (b) any assignee of Bank’s right, title or interest in this Agreement and other amounts due hereunder.

“Blue Sky Law” means state level anti-fraud statutes which regulate both the offer and sale of securities as well as the registration and reporting requirements for broker-dealers and individual stock brokers doing business (both directly and indirectly) in each state, as well as investment advisers seeking to offer their investment advisory services in the state, and enforced by each individual states’ attorney-general.

“Bond Counsel” means The Weist Law Firm, or any other attorney or firm of attorneys acceptable to the City of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income pursuant to Section 103 of the Code.

“Bond Law” means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 thereof.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions in the State of California are not closed.

“Certificate,” “Request” and “Requisition” of the City means a written certificate, request or requisition signed in the name of the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“City” means the City of Lakeport, a municipal corporation and general law city, duly organized and validly existing under the laws of the State of California.

“City Council” means the City Council of the City.

“City Manager” means the City Manager of the City.

“Closing Date” means the date on which the 2017 Obligations are purchased by the Bank.

“Computation Year” means, with respect to the 2017 Obligations, the period beginning on the Closing Date and ending on November __, 2018, and each successive one-year period thereafter through the Term of the 2017 Obligations.

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

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City relating to the execution and delivery of this 2017 Obligations, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, regulatory fees, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, and fees for execution, transportation and safekeeping of this Agreement and charges and fees in connection with the foregoing.

“County” means the County of Lake, California.

“Date of Taxability” means the date from and for which interest on the 2017 Obligations is subject to federal income taxation as a result of a Determination of Taxability.

“Debt Service” means, for any Fiscal Year, the sum of (1) the interest falling due during such Fiscal Year on all Parity Obligations that are outstanding under the documents or agreements pursuant to which they were issued, assuming that all outstanding serial Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are redeemed from sinking fund payments as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities that mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), (2) the principal amount of all serial Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) falling due by their terms during such Fiscal Year, and (3) the minimum amount of term Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) required to be paid or called and redeemed during such Fiscal Year, together with the redemption premiums, if any, thereon; provided that, (A) whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Obligations are not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Obligations have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Obligations is excludable from gross income under the applicable provisions of the Code, the most recently published The Bond Buyer Bond Revenue Index (or comparable index if no longer published) plus one hundred fifty (150) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus one hundred fifty (150) basis points, and (B) for purposes of calculating the Debt Service on any Parity Obligation requiring a balloon payment at maturity, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or (ii) six percent (6%), and the principal shall be assumed to be fully amortized, solved for substantially level debt service, over a period of fifteen (15) years from the date of calculation.

“Default Rate” means the then applicable interest rate on the 2017 Obligations plus 3%.

“Determination of Taxability” means any determination, decision, or decree made by the Internal Revenue Service, or by any court of competent jurisdiction, that as a result of actions or omissions of the City the interest payable on the 2017 Obligations is includable in the gross income for federal income tax purposes of the Bank; *provided, however*, that no such Determination of Taxability shall be deemed to have occurred if the City is contesting such determination in good faith and is proceeding diligently to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, or (b) abandonment of such appeal by the City.

“Enterprise,” or “Wastewater Enterprise” means, collectively, the entire system of the City for the collection, treatment, storage and disposal of Wastewater now owned or operated by the City, and all other properties, structures or works hereafter acquired and constructed by the City and determined to be a part of the Wastewater Enterprise, including, but not limited to, all facilities, works, properties, easements, rights-of-way, structures and assets, real and personal, tangible and intangible, of the City, now or hereafter existing, used or pertaining to the collection, treatment, storage and disposal of Wastewater, together with all additions, betterments, extension and improvements to such facilities or any part thereof hereafter acquired or constructed.

“Event of Default” means an event described in Section 6.1 hereof.

“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 that is acquired 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) that is acquired 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) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully, unconditionally and directly or indirectly secured or guaranteed by the full faith and credit 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 applicable, as its official fiscal year period.

“Generally Accepted Accounting Principles” means the generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the City that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems similar to the Enterprise, appointed and paid by the City, and who or each of whom:

- (1) is in fact independent and not under the domination of the City;
 - (2) does not have a substantial financial interest, direct or indirect, in the City;
- and
- (3) is not connected with the City as a councilmember, officer or employee of the City, but may be regularly retained to make reports to the City.

“Independent Financial Consultant” means a financial consultant qualified in the field of municipal finance, appointed and paid by the City, and who:

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

“2007 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of December 1, 2007, by and between the City and the Authority, relating to the repayment of the Prior Obligations.

“Insurance Consultant” means any nationally recognized independent actuary, insurance company or broker that has actuarial personnel knowledgeable with respect to insurance carried, by, required for and available to special districts operating facilities similar to the Enterprise, including a pooled self-insurance program in which premiums are established on the basis of the recommendation of an actuary of national reputation.

“Interest Account” means the account by that name in the Revenue Fund established pursuant to Section 4.3 hereof.

“Interest Component” means the portion of each 2017 Obligation Payment designated as Interest Component, as such is set forth on Exhibit A hereto.

“Interest Payment Date” means April 1 and October 1 of each year, commencing April 1, 2018, and continuing to and including the date on which the 2017 Obligation Payments have been paid in full.

“Maintenance and Operation Costs” means the reasonable and necessary costs and expenses paid by the City for maintaining and operating the Enterprise, as determined in accordance with Generally Accepted Accounting Principles, including but not limited to (a) costs associated with the collection, treatment storage and disposal of wastewater processed by the Enterprise, (b) costs of electricity and other forms of energy supplied to the Enterprise, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order, (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Enterprise, such as salaries and wages of employees, payments to the Public Employees Retirement System, overhead, taxes (if any) and insurance premiums, and (e) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof or of any resolution authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee for any such Parity Obligations and fees and expenses of Independent Certified Public Accountants and Independent Engineers, but in all cases excluding (i) transfers to other City departments, (ii) debt service payable on obligations incurred by the City with respect to the Enterprise, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the City or the Enterprise, (b) the ability of the City to carry out its business in the manner conducted as of the date of this Agreement or to meet or perform its obligations under this Agreement on a timely basis, or the (c) the validity or enforceability of this Agreement.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the City in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the City has notice or knowledge and which, (i) if determined adversely to the City, may have a Material Adverse Effect, (ii) seeks to restrain or enjoin any of the transactions contemplated hereby, or (iii) may adversely affect (A) the exclusion of interest with respect to the 2017 Obligation Payments from gross income for federal income tax purposes or the exemption

of such interest for state income tax purposes or (B) the ability of the City to perform its obligations under this Agreement.

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the Parity Obligations to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“Mayor” means the Mayor of the City.

“Mayor Pro Tempore” means the Mayor Pro Tempore of the City.

“Net Proceeds” means insurance proceeds or an eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Enterprise, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Net Revenues” means for any period, all of the Revenues during such period less all of the Maintenance and Operation Costs during such period.

“2017 Obligation Payment Dates” means collectively, the Interest Payment Dates and the Principal Payment Dates; provided that if any Payment Date shall fall on a non-Business Day, the Payment Date shall be the next succeeding Business Day and interest on such payment shall accrue to and including such next succeeding Business Day.

“2017 Obligation Payments” means all payments required to be paid by the City, as such is set forth on Exhibit A hereto, as may be amended from time to time, on each Payment Date pursuant to Section 4.2, and including any prepayment thereof pursuant to Section 3.4 or 3.5 hereof.

“2017 Obligation Proceeds” means the \$[Par Amount] amount received by the City from the Bank on the Closing Date.

“2017 Obligations” means the City of Lakeport, Series 2017 Wastewater Revenue Refunding Obligations (2017 Wastewater Refunding Project), Bank Qualified, structured and consummated pursuant to this Agreement, as evidenced by the Promissory Note.

“Parity Obligations” means the 2017 Obligations and corresponding 2017 Obligation Payments, and all other bonds, notes, loan agreements, installment sale agreements, leases, or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues incurred on a parity with the 2017 Obligations, issued in accordance with Section 5.13 hereof.

“Parity Obligations Documents” means, collectively, the indenture of trust, trust agreement, installment sale agreement, loan agreement or other document authorizing the issuance of any Parity Obligations or any securities which evidence Parity Obligations.

“Parity Payments” means all payments scheduled to be paid by the City under Parity Obligations.

“Principal Account” means the account by that name in the Revenue Fund established pursuant to Section 4.3 hereof.

“Principal Component” means the portion of each 2017 Obligation Payment designated as Principal Component, as such is set forth on Exhibit A hereto.

“Principal Payment Date” means October 1 of each year, commencing October 1, 2018, and continuing to and including the date on which the 2017 Obligation Payments have been paid in full.

“Prior Obligation Documents” means, collectively, the 2007 Indenture and the 2007 Installment Purchase Agreement.

“Prior Obligations” means the portion of the Authority Bonds allocable to, and secured by the 2007 Installment Purchase Agreement.

“Prior Trustee” means Union Bank of California N.A., as trustee under to the 2007 Indenture.

“Rate Stabilization Fund” means the fund by that name established and maintained pursuant to Section 5.3(d) hereof.

“Refunding Instructions” means the Refunding Instructions, dated as of November 1, 2017, in connection with the refunding of the Prior Obligations, by and between the City and Prior Trustee.

“Request of the City” or “Written Request” means a request in writing signed by the Mayor, Mayor Pro Tem, City Manager, Finance Director, City Clerk, or by any other officer of the City duly authorized for that purpose.

“Resolution” means the Resolution No. ____ (2017), adopted by the City Council on October 17, 2017, authorizing the execution and delivery of this Agreement, and otherwise providing for the execution and delivery of the 2017 Obligations.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 4.3 hereof.

“Revenues” means all gross income and revenue received or receivable by the City from the ownership and operation of the Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees, charges (including connection fees), insurance proceeds and condemnation awards received by the City and all other income and revenue howsoever derived by the City from the Enterprise; *provided, however*, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific water facilities, (ii) grants that are designated by the grantor for a specific Enterprise purpose (and are therefore not available for general operational purposes), (iii) customers’ water related deposits or any other water related deposits subject to refund until such deposits have become the property of the City, (iv) the proceeds of any ad valorem property taxes, and (v) the proceeds of any special assessments or special taxes levied upon real property within

any improvement district served by the City for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Enterprise, are not Revenues and are not subject to the lien hereof. Notwithstanding the foregoing, there shall be deducted from Revenues any amounts (of Revenues) transferred into the Rate Stabilization Fund as contemplated by Section 5.3(d) hereof, and there shall be added to Revenues any amounts transferred out of the Rate Stabilization Fund and into the Revenue Fund, as contemplated by Section 5.3(d) hereof.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including but not limited to loans, leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the pledge and lien securing the 2017 Obligation Payments.

“Taxable Rate” means an interest rate with respect to the 2017 Obligations equal to % per annum.

“Tax Certificate” means the Tax Certificate delivered by the City in connection with the issuance and delivery of the 2017 Obligations, as the same may be amended or supplemented in accordance with its terms.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Sections 103, 141, 148 and all related sections of the Code.

“Term” or “Term of this Agreement” means the time during which this Agreement is in effect, as provided in Section 3.3 hereof.

“2007 Indenture” means the Indenture, dated as of December 1, 2007, by and among the City, the Authority and the Prior Trustee, relating to the issuance of the Authority Bonds.

Section 1.2. Liability of City Limited to Net Revenues. Notwithstanding anything to the contrary contained in this Agreement, the City shall not be required to advance any money derived from any source of income other than the Net Revenues, for the payment of the principal of or interest or prepayment premiums, if any, on the 2017 Obligations or for the performance of any covenants herein contained, nor for the maintenance and operation of the Enterprise from any source of income other than the Revenues. The City may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness. The 2017 Obligations shall be payable exclusively from the Net Revenues as in this Agreement provided. The credit of the City is not pledged for the payment of the 2017 Obligations or its interest. The principal of and interest on the 2017 Obligations and any prepayment premiums upon the prepayment thereof shall not be a debt of the City, nor a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the City or any of its income, receipts, or revenues, except the Net Revenues pledged to the payment thereof as provided in this Agreement.

Section 1.3. Benefits of Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City and the Bank any right,

remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the City shall be for the sole and exclusive benefit of the Bank.

Section 1.4. Successor Is Deemed Included in all References to Predecessor. Whenever the City is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, and all agreements and covenants required hereby to be performed by or on behalf of the City shall bind and inure to the benefit of the successors thereof whether so expressed or not.

Section 1.5. Waiver of Personal Liability. No member of the City Council and no officer, agent, or employee of the City, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the 2017 Obligations, but nothing contained herein shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or hereby.

Section 1.6. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.7. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or the 2017 Obligations; but the Bank shall retain all the rights and benefits accorded to it under any applicable provisions of law. The City hereby declares that it would have adopted this Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 1.8. Designation as “Qualified Tax-Exempt Obligations.” The 2017 Obligations are designation as “Qualified Tax-Exempt Obligations for purposes of paragraph (3) of section 265(b) of the Code. The City represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Code, except qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the 2017 Obligations, has been or will be issued by the City, including all subordinate entities of the City, during the calendar year 2017.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the City. The City makes the following covenants, representations and warranties to the Bank as of the date of the execution and delivery of this Agreement:

- (a) The City is a municipal corporation and general law city, duly organized and validly existing under the laws of the State.
- (b) The City has full legal right, power and authority under the laws of the State to adopt the Resolution and to enter into this Agreement and the transactions contemplated herein, including, but not limited to, the refunding of the Prior Obligations, and to carry out its obligations hereunder and thereunder.
- (c) With the exception of the pledge of the Net Revenues made hereunder, the Net Revenues have not otherwise been pledged and there are no other liens against the Net Revenues, senior to, or on parity with the 2017 Obligations Payments.
- (d) By all necessary official action, the City has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, this Agreement, the Refunding Instructions and the consummation by it of all other transactions contemplated by this Agreement and the Resolution. When executed and delivered by the City, this Agreement, the Refunding Instructions and the 2017 Obligations will be in full force and effect and will constitute legal, valid and binding agreements or obligations of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.
- (e) The City's comprehensive annual financial report for the period ended June 30, 2016, presents fairly the financial condition of the City and the Enterprise as of the date hereof and the results of operation for the period covered thereby. Except as has been disclosed to the Bank, there has been no change in the financial condition of the City or the Enterprise since June 30, 2016, that will in the reasonable opinion of the City materially impair its ability to perform its obligations under this Agreement. All information provided by the City to the Bank with respect to the financial performance of the Enterprise is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.
- (f) As currently conducted, the City's activities with respect to the Enterprise are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the City is subject.

- (g) As long as the 2017 Obligations are outstanding, the City will notify the Bank or its designee, within 30 days, following the date of an event that (i) might reasonably be anticipated to cause a default on any obligation of the City, (ii) might reasonably be anticipated to cause a Material Adverse Change, (iii) might reasonably be anticipated to result in Material Litigation, and (iv) might reasonably be anticipated to have a negative material impact on the financial condition of the City.
- (h) The City is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject (including, without limitation, the Resolution, the Refunding Instructions and this Agreement), 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 event of default under any such instrument; and the adoption of the Resolution, the execution, delivery of the 2017 Obligations and the execution and delivery of the Refunding Instructions and this Agreement and compliance with the City's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instruments, except as provided by the Resolution, the Refunding Instructions and this Agreement.
- (i) No action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, is pending or, to the best of the City's knowledge, threatened against the City: (i) in any way affecting the existence of the City or in any way challenging the respective powers of the several offices or the titles of the officials of the City to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the making, execution or delivery of the Refunding Instructions, the 2017 Obligations or this Agreement or the application of the 2017 Obligation Proceeds; (iii) in any way contesting or affecting, as to the City, the validity or enforceability of the Bond Law, the Resolution, the Refunding Instructions, the 2017 Obligations or this Agreement; (iv) in any way contesting the powers of the City or its authority with respect to execution or delivery of the 2017 Obligations, the adoption of the Resolution, or the execution and delivery of the Refunding Instructions or this Agreement; (v) contesting the exclusion from gross income of interest on the 2017 Obligations for federal income tax purposes; or (vi) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the City to perform and satisfy its obligations under the Refunding Instructions, the 2017 Obligations or this Agreement; nor to the best of the City's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Bond Law, the proceedings authorizing the Resolution, the Refunding Instructions, the 2017 Obligations or this Agreement or the performance by the City of its obligations thereunder,

or the authorization, execution, delivery or performance by the City of the Refunding Instructions, the 2017 Obligations, the Resolution or this Agreement.

- (j) The City is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.
- (k) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the execution or delivery of the 2017 Obligations and the execution, delivery of and performance of this Agreement by the City have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no representation is made).
- (l) The City has the legal authority to apply and will apply, or cause to be applied, the 2017 Obligation Proceeds as provided in and subject to all of the terms and provisions of the Bond Law, the Resolution and this Agreement, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2017 Obligations.
- (m) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certificates may not be relied upon.
- (n) Any certificate, signed by any official of the City authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the City to the Bank as to the statements made therein.
- (o) Since the most current date of the information, financial or otherwise, supplied by the City to the Bank:
 - (i) There has been no change in the assets, liabilities, financial position or results of operations of the City which might reasonably be anticipated to cause a Material Adverse Effect;
 - (ii) The City has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect; and
 - (iii) The City has not (A) incurred any material indebtedness, other than the 2017 Obligation Payments and trade accounts payable arising in the ordinary course of the City's business and not past due, or (B) guaranteed the indebtedness of any other person.
- (p) Inasmuch as this Agreement represents a negotiated transaction, the City understands, and hereby confirms, that the Bank is not acting as a fiduciary of the City, but rather is acting solely in its capacity as Bank, for its own account. The City acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between

the City and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a “Municipal Advisor” as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the “Municipal Advisor Rules”), (iii) the Bank and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the City on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the City, and (vi) the City has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

ARTICLE III

TERMS OF THE 2017 OBLIGATIONS

Section 3.1. 2017 Obligations Proceeds. The 2017 Obligations shall be purchased by the Bank in the aggregate amount of \$[Par Amount] in immediately available funds on the Closing Date. On the Closing Date, the Bank shall transfer the 2017 Obligation Proceeds as set forth in Section 3.2 below.

Section 3.2. Deposit and Application of 2017 Obligation Proceeds. The City hereby instructs the Bank (to which instruction the Bank hereby agrees) to set-aside a portion of the 2017 Obligation Proceeds in the approximate amount of \$_____ (the “COI Set-Aside Funds”) for the payment of Costs of Issuance on behalf of the City. The City hereby instructs the Bank (to which the Bank also agrees) to wire the amount of \$_____ directly to the Escrow Agent, in accordance with the Refunding Instructions, in full satisfaction of the Prior Obligations. The balance of 2017 Obligation Proceeds, if any, received by the City shall be deposited in the Revenue Fund.

Section 3.3. Term of the 2017 Obligations. The Term of the 2017 Obligations shall commence on the Closing Date, and shall end on the date on which the 2017 Obligations shall be paid in full or provision for such payment shall be made as provided herein.

Section 3.4. Optional Prepayment. On and after the Closing Date, the City shall have the option to prepay the unpaid Principal Components of the 2017 Obligations in whole or in part, on any 2017 Obligation Payment Date, from any source of available funds, at a prepayment price equal to the aggregate amount of Principal Components to be prepaid, together with the interest required to be paid thereon on such 2017 Obligation Payment Date, plus a prepayment penalty as follows:

Prepayment Dates

Prepayment Premium

The City shall give the Bank notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

Section 3.5. Prepayment upon Casualty Loss or Governmental Taking. At the City's option, and upon thirty (30) days' prior written notice to the Bank, the 2017 Obligations shall be subject to prepayment as a whole or in part on any date, from the Net Proceeds of casualty insurance or a governmental taking of the Enterprise or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein, at a prepayment price equal to the sum of the principal prepaid plus accrued interest thereon to the date fixed for prepayment, without premium.

Section 3.6. Execution of the Agreement. The execution of this Agreement by an Authorized Representative shall constitute conclusive evidence of such officers' and the City Council's approval hereof, including any changes, insertions, revisions, corrections, or amendments as may have been made hereto.

Section 3.7. Assignment by the Bank. The Bank's right, title and interest in and to this Agreement and all proceeds, with prior written notice to the City, may be assigned and reassigned to one or more assignees or sub-assignees by Bank, without the necessity of obtaining the consent of City; provided, that such assignment shall not result in more than thirty-five (35) assignees or sub-assignees of the Bank's rights and interests in this Agreement, or that such assignment shall not result in the creation of any interest in this Agreement in an aggregate principal amount that is less than one hundred thousand dollars (\$100,000); and further provided that Bank has filed with the City at least five Business Days' prior written notice thereof along with an executed copy of an investor's letter addressed to the City and the Bank substantially in the form of the letter delivered by the Bank on the Closing Date attached hereto as Exhibit B. The City shall pay all 2017 Obligation Payments hereunder to the Bank, as provided in Section 4.2 hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the City.

Section 3.8. Closing Conditions. The Bank has entered into this Agreement in reliance upon the representations and warranties of the City contained in this Agreement 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 pursuant to this Agreement at or prior to the Closing Date. Accordingly, the obligation of Bank to execute this Agreement 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 Agreement shall be true, complete and correct on the Closing Date.

(b) All representations, warranties and covenants made herein, 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 Resolution, the Refunding Instructions and this Agreement 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 Agreement, and all necessary action of the City relating to the issuance of the 2017 Obligations 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 2017 Obligations is excluded from gross income for State and federal income tax purposes, (II) the Agreement has been duly authorized, executed and delivered by the City and is a legal, valid and binding obligation of the City, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy and judicial discretion, (III) the Agreement has been designated as a “Qualified Tax-Exempt Obligation” within the meaning of Section 265(b)(3)(B) of the Code, and (IV) the Prior Obligations have been legally defeased;

(ii) a certificate or certificates, dated the Closing Date and signed on behalf of the City by an Authorized Representative, to the effect that (I) the representations and warranties contained in this Agreement are true and correct in all material respects on and as of the Closing Date 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 2017 Obligations 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 2017 Obligations 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 2017 Obligations has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the 2017 Obligations 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 Resolution;

(iv) the items required by the Resolution as conditions for execution and delivery of the 2017 Obligations;

(v) a Tax Certificate of the City, in form and substance satisfactory to Bond Counsel;

- (vi) the filing copy of 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 and general law city, duly organized and validly existing under the laws of the State of California, and has all requisite power and authority thereunder: (a) to adopt the Resolution, and to enter into, execute, deliver and perform its covenants and agreements under this Agreement; (b) to make, execute and deliver the 2017 Obligations; (c) to pledge the Net Revenues as contemplated by this Agreement; and (d) 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 Agreement, and the City has duly authorized the execution and delivery of, and the due performance of its obligations under, this Agreement and the 2017 Obligations;

(C) the adoption of the Resolution, the execution and delivery by the City of this Agreement and the 2017 Obligations and the compliance with the provisions of this Agreement and the 2017 Obligations, 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 Agreement, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2017 Obligations, or in any way contesting or affecting the validity or enforceability of this Agreement or the Resolution, or contesting the powers of the City or its authority with respect to this Agreement or the Resolution;

(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 Agreement; and

(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 Agreement, 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 date of this Agreement and as of the Closing Date, of the representations, warranties, agreements and covenants of the City contained herein 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 IV

SECURITY

Section 4.1. Pledge of Net Revenues. The City hereby irrevocably pledges all of the Net Revenues and amounts on deposit in the Revenue Fund to the punctual payment of the 2017 Obligation Payments. This pledge shall constitute a first lien on the Net Revenues for the payment of the 2017 Obligations in accordance with the terms hereof, which lien is on parity with the lien on Net Revenues that secures the payment of Parity Obligations. The Net Revenues will not be used for any other purpose while any of the 2017 Obligation Payments are unpaid, except as otherwise set forth herein.

Section 4.2. Repayment of the 2017 Obligations. The City hereby agrees to repay the 2017 Obligations from Net Revenues in the aggregate principal amount of \$[Par Amount] together with interest (calculated at the rate of %, on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semi-annual 2017 Obligation Payments in the respective amounts and on the respective 2017 Obligation Payment Dates specified in Exhibit A hereto, and by this reference made a part hereof. Anything to the contrary in this Agreement notwithstanding, from and after the Date of Taxability following a Determination of Taxability, the 2017 Obligations shall bear interest at the Taxable Rate.

So long as the 2017 Obligations are owned by the Bank, all principal and interest payments with respect to the 2017 Obligations shall be made by wire transfer using the following wiring instructions (unless the City shall receive subsequent wiring instructions from the Bank):

NAME OF THE BANK:

ABA NUMBER:

ACCOUNT NAME:

ACCOUNT NUMBER:

FOR CREDIT TO: City of Lakeport

Section 4.3. Revenues; Establishment and Application of Revenue Fund. The City hereby covenants and agrees to establish, maintain and hold in trust a separate special trust fund

to be designated the “Revenue Fund” (herein referred to as the “Revenue Fund”) so long as the 2017 Obligations remains outstanding. Within the Revenue Fund the City shall establish and maintain a separate Interest Account, Principal Account and Redemption Account therein. The Revenue Fund shall be kept separate and apart from all other funds and accounts held by the City and shall be administered as provided herein. The City hereby covenants and agrees that all Revenues, when and as received, will be received and held by the City in trust for the benefit of the Bank and owners of any Parity Obligations, and will be allocated and deposited by the City in the Revenue Fund. All Revenues shall be disbursed, allocated and applied solely to the uses and purposes set forth as follows:

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

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

(b) All Net Revenues remaining in the Revenue Fund (after payment of all Maintenance and Operation Costs) on each 2017 Obligation Payment Date, shall transferred by the City from the Revenue Fund and allocated to the following respective accounts (each of which the City shall establish and maintain within the Revenue Fund), the following amounts in the following order of priority, the requirements of each such account (including the funding of any deficiencies in any such account resulting from insufficient Net Revenues necessary to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(1) Interest Account. On each Interest Payment Date, the City shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all outstanding Parity Obligations. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all outstanding Parity Obligations on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the City solely for the purpose of paying interest on the Parity Obligations as it shall become due and payable (including accrued interest on any Parity Obligations purchased or redeemed prior to maturity pursuant to this Agreement). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the outstanding Parity Obligations, the City shall apply such amounts to the payment of interest on each of the outstanding Parity Obligations on a pro rata basis.

(2) Principal Account. On each Principal Payment Date on which the principal of Parity Obligations is payable, the City shall deposit in the Principal Account an amount

required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Parity Obligations coming due and payable on such Principal Payment Date and the amount of principal becoming due and payable on any mandatory sinking account payment due on all outstanding Parity Obligations, if any. All moneys in the Principal Account shall be used and withdrawn by the City solely for the purpose of paying the principal of the Parity Obligations at the maturity date or upon early redemption, as the case may be. In the event that the amounts on deposit in the Principal Account on any Principal Payment Date are insufficient for any reason to pay the aggregate amount of principal then coming due and payable on the outstanding Parity Obligations, the City shall apply such amounts to the payment of principal on each of the outstanding Parity Obligations on a pro rata basis.

(3) Redemption Account. The City shall establish and maintain a Redemption Account, amounts in which shall be used and withdrawn by the City solely for the purpose of paying the principal, interest and premium (if any) on the Principal Components to be redeemed pursuant to Section 3.4 or 3.5, as applicable.

(4) Reserved.

(5) Subordinate Debt Repayment. Payments relating to principal and interest on or with respect to Subordinate Debt in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(6) Subordinate Debt Reserve Accounts. To make payments required with respect to Subordinate Debt to replenish reserve accounts established therefor in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(7) General Expenditures. For any lawful purpose of the City, including, but not limited to, any costs of capital improvements to the Enterprise.

Section 4.4. Rebate Fund. The City shall establish the Rebate Fund and shall comply with the requirements below. All money at any time deposited in the Rebate Fund shall be held by the City in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the applicable Tax Certificate, unless the City obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the 2017 Obligations will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

(a) Excess Investment Earnings.

(i) Computation. Within 55 days of the end of each fifth Computation Year with respect to the 2017 Obligations, the City shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and

Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Computation Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The City shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Computation Year with respect to the 2017 Obligations, an amount shall be deposited to the Rebate Fund by the City from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.4(a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, the City shall withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The City shall pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Computation Year with respect to the 2017 Obligations, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Computation Year; and

(Y) Not later than 60 days after the payment of all the 2017 Obligations, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Subsection 4.4(a)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the City, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption, if any, and payment of the 2017 Obligations and the payments described in Section 4.4(a)(iii), shall be utilized in any manner by the City.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.4 or this Agreement to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Agreement and any Parity Obligations.

Section 4.5. Special Obligation of the City; Obligations Absolute. The City's obligation to pay the 2017 Obligation Payments shall be a special obligation of the City limited solely to Net Revenues and amounts on deposit in the Revenue Fund. Under no circumstances shall the City be required to advance moneys derived from any source of income other than Net Revenues and other sources specifically identified herein for the payment of the 2017 Obligation Payments, nor shall any other funds or property of the City be liable for the payment of the 2017 Obligation Payments. Notwithstanding the foregoing provisions of this Section, however, nothing herein is intended to prohibit the City voluntarily from making any payment hereunder from any source of available funds of the City.

The obligations of the City to pay the 2017 Obligation Payments from 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, the Bank 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 Bank.

Until such time as all of the 2017 Obligation Payments shall have been fully paid or prepaid, the City (a) will not suspend or discontinue payment of any 2017 Obligation Payments, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement 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 the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

Section 4.6. Reduction upon Partial Prepayment. In the event the City prepays less than all of the remaining Principal Components of the 2017 Obligation Payments pursuant to Sections 3.4 or 3.5 hereof, the City shall revise Exhibit A, which schedule shall take into account such prepayment and shall be and become for all purposes thereafter the "Amended Exhibit A to this Agreement." The City shall forward copies of all such amendments to the Bank.

Section 4.7. Rate on Overdue 2017 Obligation Payments. In the event the City should fail to make any of the 2017 Obligation Payments required in Section 4.2 hereof on or before the due date therefor, the 2017 Obligation Payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the Default Rate.

ARTICLE V

COVENANTS OF THE CITY

Section 5.1. Operation and Maintenance of the Enterprise. The City will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner and will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.2. Against Sale or Other Disposition of Property. The City will not sell, lease, or otherwise dispose of the Enterprise or any part thereof essential to the proper operation of the Enterprise or to the maintenance of the Revenues. The City will not enter into any agreement or lease that impairs the operation of the Enterprise or any part thereof necessary to secure adequate Revenues for the payment of the 2017 Obligations or that would otherwise impair the rights of the City with respect to the Revenues or the operation of the Enterprise. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the Enterprise, or any material or equipment that has become worn out, may be sold at not less than the Fair Market Value thereof. The City shall deposit the proceeds of such sale in the Revenue Fund.

Section 5.3. Rates, Fees, and Charges. (a) The City will, at all times while the 2017 Obligations remains outstanding, fix, prescribe and collect rates, fees and charges in connection with the Enterprise so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order set forth below:

- (1) All Maintenance and Operation Costs of the Enterprise;
- (2) The Debt Service payments and all other payments (including payments under reimbursement agreements) with respect to all Parity Obligations as they become due and payable;
- (3) All amounts, if any, required to restore the balance in any reserve accounts established for Parity Obligations in accordance with the terms of such Parity Obligations Documents, without preference or priority; and
- (4) All payments required to meet any other obligations of the City that are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues during such Fiscal Year.

(b) Furthermore, 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 which are sufficient to yield estimated Net Revenues which are at least equal to one hundred twenty percent (120%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year. The City may make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its rates, fees and charges below those in effect unless the Net Revenues resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

(c) If the City violates the covenants set forth in subsections (a) or (b) hereof, such violation shall not, in and of itself, be a default under this Agreement and shall not give rise to a declaration of an Event of Default so long as (i) Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to subsection (d) below), are at least equal to the Maximum Annual Debt Service, and (ii) within 120 days after the date such violation is discovered, the City either (y) transfers enough moneys from the Rate Stabilization Fund sufficient to yield estimated Net Revenues which are at least equal to one hundred twenty percent (120%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year in compliance with subsection (b) hereof, or (z) hires an Independent Financial Consultant to review the revenues and expenses of the Enterprise, and abides by such consultant's recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Maintenance and Operation 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; *provided, however*, that, if the City does not, or cannot, transfer from the Rate Stabilization Fund the amount necessary to comply with subsection (b) hereof, or otherwise cure such violation within twelve (12) months after the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.1(a)(2) hereof.

(d) There is hereby created a separate fund to be known as the "Rate Stabilization Fund," to be held and maintained by the City. The Rate Stabilization Fund is not pledged to secure payment of the 2017 Obligation Payments. Amounts in the Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (d). The City shall have the right to deposit into the Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) one hundred twenty (120) days following the end of such Fiscal Year.

For the purpose of computing the amount of Revenues for any Fiscal Year for purposes of the preceding subsection (a), or the amount of Net Revenues for any Fiscal Year for purposes of the preceding subsection (b), the City shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund to the Revenue Fund, such transfers to be made until (but not after) one hundred twenty (120) days after the end of such Fiscal Year. In addition, the City shall be permitted to withdraw amounts on deposit in the Rate Stabilization Fund for any other lawful purpose. The Rate Stabilization Fund is not pledged to secure payment of the 2017 Obligation Payments.

Section 5.4. Collection of Rates and Charges. The City will have in effect at all times rules and regulations requiring each consumer or customer utilizing the Enterprise facilities to pay the rates, fees and charges applicable to such use or benefit received. Except in connection with the receipt of federal or State funding, the City will not permit any part of the Enterprise or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State and any city, county, district, political subdivision, public corporation or agency of any thereof).

Section 5.5. Competitive Facilities. Except for any Enterprise facilities existing as of the date hereof, the City will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, authority, city, special district, or political subdivision or any person

whomsoever to acquire, maintain or operate within the sphere of influence of the City any wastewater system competitive with the Enterprise; provided, however, that the City may, with the written consent of the Bank first had and obtained, assign all or a portion of the Enterprise to another entity upon delivery to the Bank of an opinion of counsel experienced in the field of law relating to municipal bonds that such assignment will not adversely affect the tax-exempt status of the interest with respect to the 2017 Obligations, and provided such entity assumes the obligations of the City hereunder.

Section 5.6. Insurance. (a) The City will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The City shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to prepay the 2017 Obligations and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such Parity Obligations.

Alternatively, if the proceeds of such insurance are sufficient to enable the City to retire all outstanding Parity Obligations and all other amounts due hereunder, the City may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Enterprise, and thereupon such proceeds shall be applied to the prepayment of such Parity Obligations and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which other Parity Obligations were issued.

(b) The City will procure and maintain commercial general liability insurance covering claims against the City for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

(c) The City will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof; such insurance to cover all persons employed in connection with the Enterprise.

(d) All policies of insurance required to be maintained herein shall provide that the Bank shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may, with the prior written consent of the Bank, be maintained by the City in the form of self-insurance. The City shall certify to the Bank that (i) the City has segregated amounts in a special insurance reserve meeting the requirements of this Section; (ii) an Insurance Consultant certifies annually, on or before January 1 of each year in which self-insurance is maintained, in writing to the Bank that the City's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage; and (iii) such reserves are held in a separate trust fund by an independent trustee. Any statements of self-insurance shall be delivered to the Bank. The City shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

The City shall cause the Bank to be named as an additional insured with respect to the City's liability insurance, and as a loss payee with respect to any property damage insurance. The City shall not allow any insurance to expire without thirty (30) days prior written notice to the Bank.

Section 5.7. Eminent Domain. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the resulting Net Proceeds thereof shall be applied as follows:

(a) If (1) the City delivers to the Bank a Certificate of the City showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the City by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the City from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the City to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive); then the City shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such Certificate of the City and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the City for such purpose shall be applied to prepay the Principal Components and the principal amount of any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Principal Components of the 2017 Obligations and the principal amounts of any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

Section 5.8. Additional Information. The City agrees to furnish to the Bank, promptly, from time to time, such information regarding the operations, financial condition and property of the City and the Enterprise as the Bank may reasonably request.

Section 5.9. Compliance with Law and Contracts. The City will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of the Enterprise by contract, or prescribed by any law of the United

States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control.

Section 5.10. Punctual Payment. The City will punctually pay the principal and interest to become due in respect of the 2017 Obligations, in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not rescind this Agreement for any cause.

Section 5.11. Reserved.

Section 5.12. Protection of Security and Rights of the Bank. The City will preserve and protect the security of the 2017 Obligations and the rights of the Bank and will warrant and defend the Bank's rights against all claims and demands of all persons. From and after the Closing Date, the 2017 Obligations shall be incontestable by the City.

Section 5.13. Parity Obligations.

(a) So long as the 2017 Obligations are outstanding, the City shall not issue or incur any obligations payable from Revenues or Net Revenues senior or superior to the payment of Debt Service on the 2017 Obligations. The City may at any time issue Parity Obligations payable from Net Revenues on parity with Debt Service on the 2017 Obligations to provide financing or refinancing for the Enterprise in such principal amount as shall be determined by the City. The City may issue or incur any such Parity Obligations subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

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

(2) The Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to Section 5.3(d) hereof), calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the City for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the City, or (ii) as shown by the books of the City for any more recent twelve (12) month period within the preceding eighteen (18) months selected by the City, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the City, plus in either case (at the option of the City) the Additional Revenues, shall be at least equal to one hundred twenty percent (120%) of the amount of Maximum Annual Debt Service on all outstanding Parity Obligations and the Parity Obligations to be issued; and

(3) At the City's sole discretion, there may be established from the proceeds of such Parity Obligations a reserve fund for the security of such Parity Obligations, in an amount equal to the lesser of (i) the maximum amount of debt service required to be paid by the City with respect to such Parity Obligations during any Fiscal Year and (ii) the maximum amount then permitted under the Code, in either event as certified in writing by the City.

The provisions of subsection (2) of this Section shall not apply to any Parity Obligations if, and to the extent that (i) all of the proceeds of such Parity Obligations (other than proceeds applied to pay costs of issuing such Parity Obligations and to make the reserve fund deposit required pursuant to subsection (3) of this Section) shall be deposited in an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on such outstanding Parity Obligations, and (ii) at the time of the incurring of such Parity Obligations, the City certifies in writing that maximum annual debt service on such Parity Obligations will not exceed Maximum Annual Debt Service on the outstanding Parity Obligations being refunded, and (iii) the final maturity of such Parity Obligations is not later than the final maturity of the Parity Obligations being refunded.

(b) In order to maintain the parity relationship of debt service payments on all Parity Obligations permitted hereunder, the City covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Obligations, will be structured to occur semi-annually on April 1 and October 1, in each year as such payments are due with respect to the Debt Service payments, and reserve account replenishment with respect to any Parity Obligations will be structured to occur within one year, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service payments on the 2017 Obligations and all Parity Obligations, and not prior thereto.

(c) The City may at any time execute contracts or issue bonds or other indebtedness payable from Net Revenues or the Revenue Fund payable on a subordinated basis to the payment of the Debt Service payments on Parity Obligations.

Section 5.14. Against Encumbrances. The City hereby covenants and agrees that it shall not incur any obligations that are secured by a pledge and lien on the Net Revenues that is senior to the pledge and lien on the Net Revenues contained herein. The City will not make any pledge of or place any lien on the Net Revenues except as provided herein. The City may pledge Net Revenues to secure Parity Obligations issued in accordance with Section 5.13 hereof. The City may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on Net Revenues that is subordinate in all respects to the pledge of and lien on the Net Revenues provided herein.

Section 5.15. Further Assurances. The City will adopt, make, execute and deliver any and all further resolutions, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Bank of the rights and benefits provided to it herein.

Section 5.16. Financial Reports. Promptly upon receipt by the City and in no event later than April 1 after the close of each Fiscal Year (unless otherwise agreed in writing by the Bank), the City will furnish, or cause to be furnished, to the Bank an audit report of an Independent Certified Public Accountant with respect to such Fiscal Year, covering the operations of the Enterprise for said Fiscal Year. Such audit report shall include statements of the status of each account pertaining to the Enterprise, showing the amount and source of all deposits therein, the amount and purpose of the withdrawals therefrom and the balance therein at the beginning and end of said Fiscal Year.

Each such audit, in addition to whatever matters may be considered proper by the Independent Certified Public Accountant to be included therein, shall include a statement as to whether or not the Net Revenues for such Fiscal Year were equal to at least 1.20 times the Debt Service for such Fiscal Year, calculated as provided in Section 5.3 hereof. In addition, the City shall deliver to the Bank, not later than August 15 of each year, commencing August 15, 2018, a copy of the City's adopted budget for the then current Fiscal Year. The City shall also deliver to the Bank a copy of any update to the City's budget adopted for a Fiscal Year with thirty (30) days of the adoption of such updated budget.

Section 5.17. Reserved.

Section 5.18. Observance of Laws and Regulations. The City will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the City, including the City's right to exist and carry on business as a California general law city, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 5.19. Private Activity Bond Limitation. The City shall assure that monies deposited pursuant to this Agreement are not so used as to cause this Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(d) of the Code.

Section 5.20. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause this Agreement or the Interest Components of the 2017 Obligation Payments to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.21. Maintenance of Tax Exemption. The City shall take all actions necessary to assure the exclusion of the Interest Components of the 2017 Obligation Payments from the gross income of the Bank to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date. Upon the occurrence of a Determination of Taxability, then the City shall pay to the Bank, within thirty (30) days after receipt of such determination, the amount which, with respect to interest payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest on the 2017 Obligations due through the date of such event) that are imposed as a result of the loss of the exclusion, will restore the Bank the same after tax yield on the 2017 Obligations that it would have realized had the exclusion not been lost.

Section 5.22. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Section 5.23. No Arbitrage. The City shall not take any action with respect to the proceeds of the 2017 Obligations which, if such action had been reasonably expected to have been taken, or

had been deliberately and intentionally taken, on the date this Agreement was entered into would have caused the 2017 Obligations to be an “arbitrage bond” within the meaning of Section 148 of the Code.

Section 5.24. Budget. The City hereby covenants to take such action as may be necessary to include all 2017 Obligation Payments and all other amounts due hereunder in its annual budget and to make the necessary annual appropriations for all such 2017 Obligation Payments and all other amount due hereunder.

Section 5.25. Notices. The City shall provide to the Bank:

(a) Immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Agreement, together with a detailed statement by an Authorized Representative of the steps being taken by the City to cure the effect of such Event of Default.

(b) Prompt written notice (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the City or the Enterprise or the Revenues which involve claims equal to or in excess of \$1,000,000 or that seeks injunctive relief, or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of \$1,000,000.

(c) Prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any Revenues.

(d) Promptly upon notice thereof, any termination or cancellation of any insurance policy which the City is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the City property in excess of an aggregate of \$500,000.

(e) With reasonable promptness, such other information respecting the City, Enterprise, and the operations, affairs and financial condition of the City as the Bank may from time to time reasonably request.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default and Remedies.

(a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the City to pay any Principal Component or Interest Component on the 2017 Obligations when due and payable.

(2) Failure by the City to observe and perform any covenant, condition or agreement on its part contained herein pertaining to the Enterprise, other than in clause (1) of this subsection, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Bank; *provided, however,* if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Bank shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within such thirty (30) day period and diligently pursued until the default is corrected.

(3) Default by the City under any Parity Obligation (or Subordinate Debt which requires or permits the immediate acceleration thereof).

(4) Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the City or of all or substantially all of its assets, by or with the consent of the City, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty (60) days, or agreement by the City with the City's creditors to effect a composition or extension of time to pay the City's debts, or request by the City for a reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or a general or any assignment by the City for the benefit of the City's creditors.

(5) Any statement, representation or warranty made by the City in or pursuant to this Agreement or its execution, delivery or performance proves to have been false, incorrect, misleading, or breached in any material respect on the date made, and is continuing for a period of thirty (30) days after written notice specifying such misrepresentation or breach and requesting that it be remedied has been given to the City by the Bank; provided, however, that the Bank and the City may agree that action by the City to cure such failure may be extended beyond such thirty-day period.

(6) This Agreement or any material provision of this Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the City or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the City, or the City shall renounce the same or deny that it has any further liability hereunder.

(7) Dissolution, termination of existence or insolvency of the City.

(8) Any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Agreement shall find or rule that this Agreement is not valid or not binding on the City.

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bank shall have the right, at its option upon notice to the City, to declare the unpaid aggregate Principal Components of the 2017 Obligations, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Bank shall also have the right, at its option upon notice to the City, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the City to charge and collect rates for services provided by the City and the Enterprise sufficient to meet all requirements of this Agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the 2017 Obligation Payments then due or thereafter to become due during the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Agreement, subject to the following paragraph.

Notwithstanding any provision of this Agreement, the City's liability to pay the 2017 Obligation Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Article IV hereof. In the event that Net Revenues shall be insufficient at any time to pay a Principal Component and/or Interest Component in full, the City shall not be liable to pay or prepay such delinquent 2017 Obligation Payment other than from Net Revenues.

Section 6.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 6.1, all Net Revenues thereafter received by the City shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Net Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Bank if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel; and

Second, to the payment of the entire unpaid aggregate Principal Components of the 2017 Obligations and the unpaid principal amount of any other obligations secured by the Net Revenues and the accrued interest thereon, with interest on the overdue payments at the rate or rates of interest applicable to the 2017 Obligations and such other obligations if paid in accordance with their respective terms.

Section 6.3. Other Remedies of the Bank. The Bank shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Bank; or

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

Section 6.4. Non-Waiver. Nothing in this article or in any other provision hereof, or in the 2017 Obligations, shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest on the 2017 Obligations to the Bank when due, as herein provided, out of the Net Revenues herein pledged for such payment, or shall affect or impair the right of the Bank, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in this Agreement.

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

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

Section 6.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 6.6. Prosecution and Defense of Suits. The City shall promptly, upon request of the Bank or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Enterprise whether now existing or hereafter arising and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose.

ARTICLE VII

NOTICES

Section 7.1. Notices. All written notices under this Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice is effective either (a) upon transmission by facsimile transmission, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The City or the Bank may, by written notice to the other parties, from time to time modify the address or number to which communications are given hereunder.

If to the City: City of Lakeport
 225 Park Street
 Lakeport, CA 95453
 Attention: City Manager
 Fax: (707) 263-8584

If to the Bank:

Attention:

ARTICLE VIII

AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE

Section 8.1. Amendments Permitted. (a) This Agreement and the rights and obligations of the City and of the Bank may be modified or amended at any time by a written supplemental agreement entered into by the City and the Bank.

(b) From and after the time any supplemental agreement becomes effective pursuant to this Article, this Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Agreement and the Bank shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.2. Discharge of Agreement. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Bank the principal of and the interest and the prepayment premium, if any, on this Agreement at the times and in the manner stipulated herein, then all agreements, covenants and other obligations of the City to the Bank hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) This Agreement shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case this Agreement is to be prepaid on any date prior to its final principal payment date, the City shall have mailed a notice of prepayment to the Bank, (2) there shall have been deposited with the Bank, or an escrow agent reasonably acceptable to the Bank, either money in an amount that shall be sufficient or direct obligations of the United States of America that are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Bank or such escrow agent at the same time, shall be sufficient (in the opinion of an Independent Certified Public Accountant) to pay when due the interest to become due on this Agreement on and prior to the final Principal Payment Date or prepayment date thereof, as the case may be, and the principal of and prepayment premiums, if any, on this Agreement on and prior to the final principal payment date or the prepayment date thereof, as the case may be, and (3) if this Agreement is not subject to prepayment within the next succeeding sixty (60) days, the City shall have mailed a notice to the Bank that the deposit required by clause (2) above has been made with the Bank or such escrow agent and that this Agreement is deemed to have been paid in accordance with this section and stating the principal payment dates or prepayment date, as the case may be, upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on this Agreement; provided, however, that the City shall have provided an opinion of Bond Counsel that such deposit will not adversely affect the exclusion of interest on the 2017 Obligations from gross income of the Bank for federal income tax purposes.

Section 8.3. General Authorization. The Authorized Representatives of the City, and

each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver any and all documents (including specifically the Refunding Instructions), to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the financing and to effect the purposes of this Agreement. All actions heretofore taken by officers, employees, and agents of the City that are in conformity with the purposes and intent of this Agreement are hereby approved, confirmed, and ratified.

Section 8.4. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Bank and the City and their respective successors and assigns.

Section 8.5. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.6. Further Assurances and Corrective Instruments. The Bank and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

Section 8.7. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Agreement.

Section 8.9. Agreement to Pay Attorneys' Fees and Expenses. The City will pay the Bank its reasonable attorney fees incurred subsequent to an Event of Default.

Section 8.10. Net-Net-Net Contract. This Agreement is a "net-net-net contract" and the City hereby agrees that the 2017 Obligation Payments are an absolute net return to the Bank, free and clear of any expenses, charges or set-offs whatsoever.

Section 8.11. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

* * * * *

[Signature page to follow]

IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed in its corporate name by its duly authorized officer; and the City has caused this Agreement to be executed in its name by its City Manager, as of the date first above written.

By: _____

CITY OF LAKEPORT

By: _____
Margaret Silveira, City Manager

EXHIBIT B**FORM OF BANK LETTER**

This letter is to provide you with certain representations and agreements with respect to the above-referenced \$[Par Amount] aggregate principal amount of the City of Lakeport, Series 2017 Wastewater Revenue Refunding Obligations (2017 Wastewater Refunding Project), Bank Qualified (the "Obligation"), as evidenced by a Promissory Note, dated November __, 2017 (the "Note," and together with the Obligation, the "2017 Obligations"). The 2017 Obligations were approved by the City pursuant to Resolution No. ____ (2017) (the "Resolution"), adopted by the City Council of the City of Lakeport (the "City") on October 17, 2017, and was executed and delivered pursuant to a Financing Agreement, dated as of November 1, 2017, by and between _____, a _____ corporation (the "Bank," the "undersigned," "us" or "we," as applicable) and the City (the "Agreement"). Capitalized terms not otherwise defined herein will have the meanings set forth in the Agreement.

We hereby represent and warrant to you and agree with you as follows:

(i) the Bank is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and has the full legal right, power and authority to enter into the Agreement;

(ii) the undersigned is a duly appointed, qualified, and acting officer of the Bank and is authorized to cause the Bank to make the representations and warranties contained herein on behalf of the Bank;

(iii) the Bank has sufficient knowledge and experience in financial and business matters, including municipal and other tax-exempt obligations similar to the 2017 Obligations, to be able to evaluate the risks and merits of the obligation represented by the 2017 Obligations and is able to bear the economic risks of such obligation;

(iv) the Bank understands that the neither the 2017 Obligations nor the Agreement have been registered with any federal or state securities agency or commission; and further understands that the 2017 Obligations and the Agreement (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (b) will not be listed in any stock or other securities exchange; and (c) will not carry a rating from any rating service;

(v) the Bank acknowledges that it has either been supplied with or has been given access to information to which a reasonable investor would attach significance in making investment decisions, and the Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the legal, physical and fiscal condition of the City and the City's Enterprise, as well as the insurance, security and prepayment arrangements set forth in the Agreement and the 2017 Obligations, so that, as a reasonable investor, the Bank has been able to make an informed decision to enter into the Agreement;

(vi) the Bank understands and acknowledges that no official statement, offering memorandum or any disclosure document has been prepared, nor is any contemplated to be prepared;

(vii) the Bank acknowledges that there is no reserve fund required for the 2017 Obligations;

(viii) the Bank understands and acknowledges it is purchasing the 2017 Obligations on a private placement basis, and it is not intended that the transaction be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), and therefore the City has not undertaken, other than as provided in the Agreement, to provide to or for the benefit of holders of the 2017 Obligations financial or operating data or any other information with respect to the City or the 2017 Obligations on an ongoing basis;

(ix) the Bank has made its own inquiry and analysis with respect to the 2017 Obligations and the security therefore, and other material factors affecting the security and payment of the 2017 Obligations;

(x) the Bank is either:

(a) an “accredited investor” as such term is defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended (the “Securities Act”); or

(b) a “qualified institutional buyer” as such term is defined in Rule 144A promulgated under the Securities Act;

(xi) the Bank is purchasing the 2017 Obligations for its own account and not with present view toward resale or distribution, and we have not offered, offered to sell, offered for sale or sold any of the 2017 Obligations by means of any form of general solicitation or general advertising, and we are not an underwriter of the 2017 Obligations within the meaning of Section 2(11) of the Securities Act; *provided, however*, that the Bank reserves the right to sell, transfer, assign or redistribute the 2017 Obligations without the consent of the City in accordance with the Agreement and all applicable securities laws, but agrees that any such sale, transfer or redistribution by the Bank shall be:

(a) to any subsidiary of the Bank, any affiliate of the Bank, any entity arising out of any merger or consolidation of the Bank, or a trustee in bankruptcy of the Bank, as certified to the City by an officer of such transferee, but only to the extent allowable under the Securities Act;

(b) to any “accredited investor” (as defined in Regulation D promulgated under the Securities Act) or any “qualified institutional buyer” (as defined in Rule 144A promulgated under the Securities Act);

(c) to any bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any “accredited investor” as defined in clause (x), above, “qualified institutional buyer” as defined in clause (x), above, or on its own behalf as a “qualified institutional buyer” as defined in clause (x), above or an “accredited investor” as defined in clause (x), above), as certified to the City by an officer of such transferee; or

(d) to any trust or custodial arrangement each of the beneficial owners of which is required to be an “accredited investor” or “qualified institutional buyer” (as defined in clause (x), above);

(xii) the Bank recognizes that purchase of the 2017 Obligations involves significant risks, there is no established market for the 2017 Obligations and that none is likely to develop and, accordingly, the Bank must bear the economic risk of the 2017 Obligations for an indefinite period of time;

(xiii) the Bank further acknowledges that it is responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to federal and state securities and income tax laws it may have with respect to subsequent assignments or assignees of the 2017 Obligations if and when any such future disposition of the 2017 Obligations may occur;

(xiv) the Bank acknowledges that (i) The Weist Law Firm (“Bond Counsel”) is acting as bond counsel to the City, that Bond Counsel has no attorney-client relationship with the Bank, and that the Bank has sought legal advice from its own counsel to the extent it concluded legal advice was necessary, and (ii) that NHA Advisors (“Municipal Advisor”) is acting as municipal advisor to the City, and that Municipal Advisor owes no fiduciary duty to the Bank and further that the Bank has not sought or relied upon financial advice from Municipal Advisor relating to its decision to purchase the 2017 Obligations; and

(xv) The Bank is not relying upon the City, Bond Counsel, or any of their affiliates or employees for advice as to the merits and risks pertaining to the 2017 Obligations. The Bank has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

Capitalized terms shall have the meaning set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Bank Letter as of the __th day of November, 2017.

EXHIBIT C

FORM OF PROMISSORY NOTE

No. R-1

[\$Par Amount]

\$[Par Amount]
CITY OF LAKEPORT
SERIES 2017 WASTEWATER REVENUE REFUNDING OBLIGATIONS
(2017 Wastewater Refunding Project)
BANK QUALIFIED

PROMISSORY NOTE

INTEREST RATE: . . %

CLOSING DATE: November __, 2017

MATURITY DATE: October 1, 20__

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ MILLION ____ HUNDRED ____ THOUSAND DOLLARS

This Note evidences the obligations (the “2017 Obligations”) of the City of Lakeport (the “City”) under the Financing Agreement dated as of November 1, 2017 (the “Agreement”), by and between the City and _____ (the “Bank”), which is being executed and delivered by the City. The City for value received, hereby promises to pay to the registered owner named above, or registered assigns (the “Owner”), on the Maturity Date set forth above, unless prepaid prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Closing Date set forth above, or from the most recent 2017 Obligation Payment Date (as hereinafter defined) to which interest has been paid or duly provided for. Interest on the unpaid principal balance of this Note shall be payable semiannually on each April 1 and October 1, commencing April 1, 2018 (each, a “2017 Obligation Payment Date”), at the interest rate set forth above, until the principal amount hereof is paid in full or made provision for such payment has been made; *provided, however*, that if at the time of authentication of this Note, interest is in default on this Note, this Note shall bear interest from the 2017 Obligation Payment Date to which interest has previously been paid or made available for payment; *and provided further*, that (i) from and after the Date of Taxability (as defined in the Agreement) following a Determination of Taxability (as defined in the Agreement), the Note shall be subject to payment adjustment in accordance with Section 5.21 of the Agreement, and (ii) from and after an Event of Default (as defined in the Agreement), the Note shall bear interest at the Default Rate (as defined in the Agreement).

The City is authorized to enter into the Agreement and to issue this Note in the aggregate principal amount of \$[Par Amount] pursuant to Resolution No. ____ (2017) (the “Resolution”), adopted by the City Council of the City on October 17, 2017, and Section 53570 *et seq.* of the California Government Code (the “Bond Law”).

Reference is made to the Agreement for the complete provisions thereof, and by acceptance hereof the registered owner of this Note assents to said terms and conditions as if fully set forth herein. The Agreement is authorized under, and this Note is issued under, and both are to be construed in accordance with, the Bond Law and other laws of the State of California.

Pursuant to the Bond Law, the Resolution and the Agreement, the principal of and interest on this Note are payable from Net Revenues (as defined in the Agreement), and funds held under the Agreement. The City has agreed in the Agreement to collect Net Revenues sufficient to pay the payments on the 2017 Obligation and the Note when due.

The Note is subject to optional prepayment as set forth in the Agreement. The Note is also subject to extraordinary prepayment in accordance with the Agreement.

This Note shall be registered in the name of the Registered Owner hereof, as to both principal and interest. Each registration and transfer of registration of this Note shall be entered by the City in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of this Note is subject to acceleration upon a default as prescribed in the Agreement.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the City that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the City has caused this Note to be dated the Closing Date shown first above, to be signed by the manual signature of its City Manager, and attested to by the manual signature of its City Clerk, and has caused this Note to be dated as of the dated date set forth above.

CITY OF LAKEPORT

By: _____
Margaret Silveira, City Manager

ATTEST:

By: _____

**[/Par Amount]
CITY OF LAKEPORT
SERIES 2017 WASTEWATER REVENUE REFUNDING OBLIGATIONS
(2017 Wastewater Refunding Project)
BANK QUALIFIED**

IRREVOCABLE REFUNDING INSTRUCTIONS

These IRREVOCABLE REFUNDING INSTRUCTIONS (these "Instructions") are dated as of November 1, 2017, and are given by the CITY OF LAKEPORT, a public body and political subdivision, organized and existing under and by virtue of the laws of the State of California (the "City"), to MUFG UNION BANK, N.A., acting as trustee for the 2007 Obligations described below (the "2007 Trustee");

B A C K G R O U N D :

1. In order to provide funds for the acquisition and construction of certain public improvements within the City, the City (through the Lakeport Public Financing Authority) has previously participated in the issuance of California Statewide Communities Development Authority (the "Authority"), Series 2007A Wastewater Revenue Bonds in the original total aggregate principal amount of \$4,660,000 (the "Authority Bonds"), pursuant to an Indenture, dated as of December 1, 2007 (the "2007 Indenture") by and among the City, the Authority and Union Bank of California N.A., as trustee thereunder (the "Prior Trustee").

2. From the proceeds of the Authority Bonds the City was advanced \$3,060,000 (the "2007 Obligation") pursuant to an Installment Purchase Agreement, dated as of December 1, 2007, by and between the City and the Authority (the "2007 Installment Purchase Agreement," and together with the 2007 Indenture, the "2007 Obligation Documents").

3. The City has determined that it is in the public interests of the City to provide for the advance refunding of the outstanding principal balance of the 2007 Obligation (the "Refunding"), and to that end, in order to obtain funds necessary to implement such Refunding, the City has provided for the execution and delivery of its City of Lakeport, Series 2017 Wastewater Revenue Refunding Obligations (2017 Water Refunding Project), Bank Qualified, in the aggregate principal amount of \$ _____ (the "2017 Obligations"), all pursuant to and secured by a Financing Agreement (the "Financing Agreement"), dated as of November 1, 2017, by and between the City and _____, _____ (the "Bank").

4. The 2007 Obligation is subject to redemption in full on October 1, 2017 upon the payment of all outstanding principal and accrued interest thereon.

5. The City wishes to give these Instructions to the 2007 Trustee for the purpose of providing for the payment in full of the principal and interest represented by the 2007 Obligation upon the redemption thereof on October 1, 2017 (the "Redemption Date").

6. The 2007 Trustee has previously been instructed by the City to provide the holders (i.e., USDA) of the 2000 Obligations with a conditional notice of redemption, meeting the requirements of the 2000 Trust Agreement, which notice has been duly delivered by the 2007 Trustee.

7. As a result of the deposit and investment of funds in accordance with these Instructions, the

2007 Obligation will be discharged in accordance with the provisions of Article IX of the 2007 Installment Purchase Agreement (the “Defeasance”).

8. Amounts required to fund such deposit will be provided in part from funds on hand with the 2007 Trustee, with the balance being provided by the Bank, by virtue of the Bank’s purchase of the 2017 Obligations.

INSTRUCTIONS:

In order to provide for the payment and prepayment of the 2007 Obligation in accordance with the 2007 Installment Purchase Agreement, and the corresponding payment and prepayment of the Authority Bonds in accordance with Article VIII of the 2007 Indenture, the City hereby irrevocably directs the 2007 Trustee as follows:

Section 1. Deposit with 2007 Trustee. On November __, 2017 (the “Closing Date”), the City shall cause to be transferred to the 2007 Trustee for deposit in the _____ Fund, the amount of \$_____ (the “Defeasance Proceeds”) in immediately available funds, to be derived as from proceeds of the 2017 Obligations provided by the Bank to the City.

On the Closing Date, upon deposit of the amounts set forth in this Section 1, the _____ Fund shall be deemed a special and irrevocable escrow fund (the “2007 Escrow Fund”) to be held in the custody of the 2007 Trustee for the benefit of the owners of the 2007 Obligations. The moneys held in the 2007 Escrow Fund shall be irrevocably set aside by the 2007 Trustee for the payment of the 2007 Obligations, as provided herein, and in accordance with the applicable provisions of the 2007 Obligation Documents. The City, the Authority and the 2007 Trustee will have no interest in the funds or investments held in the 2007 Escrow Fund.

Section 2. Investment and Application of Amounts Escrow Fund. The 2007 Trustee is hereby irrevocably instructed to hold any (which none are expected due to the following paragraph) moneys deposited in the 2007 Escrow Fund uninvested.

The 2007 Trustee is hereby irrevocably instructed, to which instructions the 2007 Trustee agrees, to apply the amounts on deposit in the 2007 Escrow Fund to pay and redeem the 2007 Obligations, in accordance with the following schedule:

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u> <u>Redeemed</u>	<u>Redemption</u> <u>Premium</u>	<u>Total</u>
04/01/2018					
10/01/2018					
Totals					

Following the payment and redemption of the 2007 Obligations and corresponding Authority Bonds in full on October 1, 2018, the Escrow Agent shall transfer any amounts remaining on deposit in the Escrow Fund to the City.

Section 3. Irrevocable Election to Prepay the 2007 Obligations. The City hereby irrevocably elects to prepay all of the outstanding 2007 Obligations on the Redemption Date.

Section 4. Application of Certain Terms of 2007 Obligation Documents. All of the terms of the 2007 Obligation Documents relating to the payment and prepayment of principal and interest represented by the 2007 Obligations, as well as the protections, immunities and limitations from liability afforded the 2007 Trustee, are incorporated in these Instructions as if set forth in full herein.

Section 5. No Right of Set Off. Under no circumstances shall amounts deposited in or credited to the 2007 Escrow Fund be deemed to be available for any purpose other than as set forth herein. The 2007 Trustee has no lien upon or right of set off against the cash and securities at any time on deposit in the 2007 Escrow Fund.

Section 6. Applicable Law. These Instructions shall be governed by and construed in accordance with the laws of the State of California.

Section 7. Execution in Counterparts. These Instructions may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the 2007 Trustee have each caused these Instructions to be executed by their duly authorized officers all as of the date first above written.

CITY OF LAKEPORT, CALIFORNIA,

By: _____

Attest:

By: _____

ACCEPTED AND AGREED:

MUFG UNION BANK, N.A.,
as 2007 Trustee

By: _____

City of Lakeport

2017 Wastewater Revenue Refunding Bonds

(Refunds 2007 Bonds)

PP - Accelerated - BQ Rate

Sources & Uses

Dated 11/30/2017 | Delivered 11/30/2017

Sources Of Funds

Par Amount of Bonds	\$2,742,000.00
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Total Sources	\$2,742,000.00
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Uses Of Funds

Deposit to Current Refunding Fund	2,596,487.35
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Costs of Issuance	145,000.00
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Rounding Amount	512.65
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Total Uses	\$2,742,000.00
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City of Lakeport

2017 Wastewater Revenue Refunding Bonds

(Refunds 2007 Bonds)

PP - Accelerated - BQ Rate

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2018	109,648.50	109,648.50	57,780.00	(51,868.50)
06/30/2019	239,370.00	239,370.00	189,060.00	(50,310.00)
06/30/2020	239,435.00	239,435.00	190,960.00	(48,475.00)
06/30/2021	239,350.00	239,350.00	187,560.00	(51,790.00)
06/30/2022	239,115.00	239,115.00	188,847.50	(50,267.50)
06/30/2023	239,715.00	239,715.00	189,910.00	(49,805.00)
06/30/2024	239,150.00	239,150.00	185,860.00	(53,290.00)
06/30/2025	239,420.00	239,420.00	186,697.50	(52,722.50)
06/30/2026	239,510.00	239,510.00	187,310.00	(52,200.00)
06/30/2027	239,420.00	239,420.00	187,697.50	(51,722.50)
06/30/2028	239,150.00	239,150.00	187,860.00	(51,290.00)
06/30/2029	239,685.00	239,685.00	187,797.50	(51,887.50)
06/30/2030	239,025.00	239,025.00	187,390.00	(51,635.00)
06/30/2031	239,170.00	239,170.00	186,632.50	(52,537.50)
06/30/2032	124,845.00	124,845.00	185,640.00	60,795.00
06/30/2033	-	-	184,412.50	184,412.50
06/30/2034	-	-	187,832.50	187,832.50
06/30/2035	-	-	185,862.50	185,862.50
06/30/2036	-	-	188,500.00	188,500.00
06/30/2037	-	-	185,781.25	185,781.25
06/30/2038	-	-	187,706.25	187,706.25
06/30/2039	-	-	184,275.00	184,275.00
Total	\$3,346,008.50	\$3,346,008.50	\$3,991,372.50	\$645,364.00

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	205,069.72
Net PV Cashflow Savings @ 3.000%(Bond Yield)	205,069.72
Contingency or Rounding Amount	512.65
Net Present Value Benefit	\$205,582.37
Net PV Benefit / \$2,510,000 Refunded Principal	8.191%
Net PV Benefit / \$2,742,000 Refunding Principal	7.498%
Average Annual Cash Flow Savings	30,731.62

Refunding Bond Information

Refunding Dated Date	11/30/2017
Refunding Delivery Date	11/30/2017

City of Lakeport

2017 Wastewater Revenue Refunding Bonds

(Refunds 2007 Bonds)

PP - Accelerated - BQ Rate

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
10/01/2018	244,000.00	3.000%	67,548.50	311,548.50	311,548.50
10/01/2019	167,000.00	3.000%	74,940.00	241,940.00	241,940.00
10/01/2020	172,000.00	3.000%	69,930.00	241,930.00	241,930.00
10/01/2021	177,000.00	3.000%	64,770.00	241,770.00	241,770.00
10/01/2022	183,000.00	3.000%	59,460.00	242,460.00	242,460.00
10/01/2023	188,000.00	3.000%	53,970.00	241,970.00	241,970.00
10/01/2024	194,000.00	3.000%	48,330.00	242,330.00	242,330.00
10/01/2025	200,000.00	3.000%	42,510.00	242,510.00	242,510.00
10/01/2026	206,000.00	3.000%	36,510.00	242,510.00	242,510.00
10/01/2027	212,000.00	3.000%	30,330.00	242,330.00	242,330.00
10/01/2028	219,000.00	3.000%	23,970.00	242,970.00	242,970.00
10/01/2029	225,000.00	3.000%	17,400.00	242,400.00	242,400.00
10/01/2030	232,000.00	3.000%	10,650.00	242,650.00	242,650.00
10/01/2031	123,000.00	3.000%	3,690.00	126,690.00	126,690.00
Total	\$2,742,000.00	-	\$604,008.50	\$3,346,008.50	\$3,346,008.50



CITY OF LAKEPORT

City Council
City of Lakeport Municipal Sewer District
Lakeport Redevelopment Successor Agency
Lakeport Industrial Development Agency
Municipal Financing Agency of Lakeport

STAFF REPORT

RE: Purchase of Phone System Upgrade

MEETING DATE: 10/17/2017

SUBMITTED BY: Nicholas Walker, Finance Director

PURPOSE OF REPORT: Information only Discussion Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to approve and authorize the City Manager to enter into a service agreement with Network Innovations Inc. for the purchase and installation of a new phone system.

BACKGROUND/DISCUSSION:

The phone system currently being utilized by the departments at City Hall and Public Works Corporation Yard has been in service for greater than nineteen years. This system is antiquated to say the least. In addition to system components being discontinued by the developer, all servicing to the system requires the use of a third-party provider which costs the City \$100 per hour. While service calls to correct issues with the current system are rare, any replacement parts or components are not available for purchase.

Staff has evaluated multiple types of phone systems over the last three months. It has been determined that an on-site Voice over Internet Protocol (VoIP) system is preferable. The server is housed on-site allowing the flexibility to make system changes electronically through a computerized program while at the same time offering the same reliability as standard copper wire phone lines.

The AltiGen MaxCS solution offers a robust suite of features which meet the City's phone system needs which include:

- Standard and Advanced PBX functionality
- Auto Attendant/Integrated Voice Response
- Advanced Call Routing
- Multi-site Enterprise Manager
- Call Recording
- Call Reporting
- Visual Voicemail
- Meet-me Audio Conference Bridge
- Automatic Call Distribution/Contact Center
- Mobility
- API/SDK for 3rd party integration

In conjunction with the phone system upgrade, staff has been working closely with AT&T to evaluate and consolidate the accounts which are maintained by the City. This project will be implemented with the phone system upgrade and is still in progress. To date, staff has identified approximately \$500 in monthly savings from the project.

ANALYSIS:

Staff solicited quotes from two other providers for which those quotes are attached. While quantities and products vary between the attached quotes, the staff recommended provider Network Innovations Inc. comes in as the highest quote by only \$1,297 after adjustments to the proposed quantities. The product offered by the low quote, Avia an AT&T partner, was of a significantly lower quality than the other quotes. Network Innovations Inc. comes highly recommended by Polestar, the City’s contract IT service provider and by a local non-profit who utilized the staff recommended provider. Staff feels the existing relationship between Polestar and Network Innovations Inc., along with Polestar’s experience with the product offered by the staff recommended provider, will be well worth the additional \$1,297. A summary of the quotes with cost adjustments is provided below:

	Avia	Capture	Network Innovations Inc.
Quote Price	\$ 23,294.81	\$ 28,861.61	\$ 24,348.44
Adjustment	(1,546.72)	(4,936.71)	873.84
Adjusted Quote Price	\$ 21,748.09	\$ 23,924.90	\$ 25,222.28

OPTIONS:

To authorize the City Manager to enter into a service agreement with Network Innovations Inc. for the purchase and installation of a new phone system and authorize the recommended budget adjustment.

To direct staff to conduct further investigation on service providers.

FISCAL IMPACT:

None \$25,222.28 Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase:

Staff has been investigating potential phone system upgrades and a budgeted amount of \$10,000 was approved in the 17/18 budget solely in the general fund. This amount has been rolled forward for a few years without being increased for estimated increased costs to phone systems. The total requested budget adjustment requested is \$15,223 of which \$89 is allocated to the General Fund and \$7,567 is allocated to each the Water OM Fund and the Sewer OM Fund.

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other:

Comments:

SUGGESTED MOTIONS:

Move to authorize the City Manager to enter into a service agreement with Network Innovations Inc. for the purchase and installation of a new phone system and authorize the recommended budget adjustment.

- Attachments:**
 1. City of Lakeport_Schedule of Charges 09202017115017 (Avia)
 2. CAPQ3801-SSW below 50 users software only-customer provided server (Capture)
 3. NIIQ4232-02_QuoteValet_2017-09-27_2-23.13pm (Network Innovations Inc.)

SCHEDULE OF CHARGES
HARDWARE AND SOFTWARE
EQUIPMENT AGREEMENT

ATTACHMENT 1

City of Lakeport

Company Name:
 City of Lakeport
Customer Sold To #:
 Nick Walker
Ship to Contact: Nick Walker
Ship to Tel: (707) 263-5615, X16

Quote Number: AUS3477325
 Quote Date: 9/20/2017
 Expiration Date: 11/19/2017
Ship to Address:
 225 Park St.
 Lakeport CA 95453

Account Executive: Thuysi Nguyen

Delivery Date:

The following charges apply to this SOW and Project only.

<u>QTY</u>	<u>PRODUCT</u>	<u>TOTAL LIST</u>	<u>TOTAL PRICE</u>
35	ASBCE R7 STANDARD SERVICES SESSION	\$2,975.00	\$1,295.00
1	IP OFFICE R10 RECEPTIONIST 1 PLDS LIC:CU	\$619.00	\$273.09
35	IP OFFICE R10 SIP TRUNK 1 PLDS LIC:CU	\$2,695.00	\$1,189.18
1	IP OFFICE R10 ESSENTIAL EDITION PLDS	\$528.00	\$232.94
1	IP OFFICE R10 PREFERRED VOICEMAIL PRO	\$2,020.00	\$891.18
1	ASBCE CORE PORTWELL CAD FOR IPO	\$1,950.00	\$848.82
1	POWER CORD USA	\$23.00	\$12.99
2	POWER CORD 18AWG 10 Amp AC US/NORTH	\$38.00	\$16.78
2	IP OFFICE IP500 RACK MOUNTING KIT	\$126.00	\$55.60
1	IP OFFICE 500 VERSION 2 CONTROL UNIT	\$683.00	\$301.33
1	IP OFFICE IP500 V2 SYSTEM SD CARD MU-	\$53.00	\$23.39
1	BUTTON MODULE 12 BUTTON	\$182.00	\$79.22
1	IP OFFICE MEDIA CARD VOICE (VCM) CODING	\$184.00	\$81.18
1	IP OFFICE IP500 V2 COMBO CARD ATM V2	\$631.00	\$278.39
3	9508 TELSET FOR IPO ICON ONLY	\$1,332.00	\$587.65
1	IP OFFICE UNIFIED COMMUNICATIONS	\$1,135.00	\$500.74
1	1416 TELSET FOR CM/IP OFFICE/INTEGRAL	\$289.00	\$158.95
1	ASBCE R7 SYSTEM SOFTWARE USB	\$50.00	\$21.76
8	9508 TELSET FOR IP OFFICE ICON 4 PACK	\$12,920.00	\$5,700.05

Finance your new system with an AT&T Capital Services Lease		
	\$1 Purchase	FMV
12 Monthly Payments of:	\$1,834.77	\$1,711.53
24 Monthly Payments of:	\$954.11	\$887.83
36 Monthly Payments of:	\$641.02	\$621.78
48 Monthly Payments of:	\$498.97	\$504.61
60 Monthly Payments of:	\$416.19	\$431.03
Lease rates are for commercial leases only and <u>do not include applicable taxes or maintenance costs</u>		
Lease proposal subject to credit approval and acceptance by AT&T Capital Services. Questions? Call 1-800-733-1481		

Equipment Subtotal:	\$33,226.20
Discount:	\$18,431.22
Equipment Total:	\$14,794.98
Installation:	\$6,300.66
Shipping:	\$73.97
Training:	
Support Services:	\$1,108.80
OEM/ERS Services:	\$0.00
Services Subtotal:	\$1,108.80
Voice Maint Solutions:	\$1,016.40
Grand Total:	\$23,294.81

Note:
 - All returns subject to a 20% restocking fee
 - Shipping costs are estimates
 - Quote does not include applicable taxes
 - The above prices DO NOT include any required house and/or net-Pop cables or monthly line charges

SCHEDULE OF CHARGES
HARDWARE AND SOFTWARE
EQUIPMENT AGREEMENT

ATTACHMENT 1

City of Lakeport

Company Name:
 City of Lakeport
Customer Sold To #:
 Nick Walker
Ship to Contact: Nick Walker
Ship to Tel: (707) 263-5615, X16

Quote Number: AUS3477325
 Quote Date: 9/20/2017
 Expiration Date: 11/19/2017
Ship to Address:
 225 Park St.
 Lakeport CA 95453

Account Executive: Thuysi Nguyen

Delivery Date:

The following charges apply to this SOW and Project only.

<u>QTY</u>	<u>PRODUCT</u>	<u>TOTAL LIST</u>	<u>TOTAL PRICE</u>
1	IP OFFICE IP500 DIGITAL STATION 30B V2	\$3,895.00	\$1,718.39
1	TRIPP LITE UPS SYSTEM SMART ONLINE	\$898.20	\$528.35
35	Reuse Wiring		
1	Test SIP Trunks		
	AT&T Voice Mtc Svcs - 8x5x1 Year(s)		\$1,016.40

Finance your new system with an AT&T Capital Services Lease		
	\$1 Purchase	FMV
12 Monthly Payments of:	\$1,834.77	\$1,711.53
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Equipment Subtotal:	\$33,226.20
Discount:	\$18,431.22
Equipment Total:	\$14,794.98
Installation:	\$6,300.66
Shipping:	\$73.97
Training:	
Support Services:	\$1,108.80
OEM/ERS Services:	\$0.00
Services Subtotal:	\$1,108.80
Voice Maint Solutions:	\$1,016.40
Grand Total:	\$23,294.81

Date Printed: 9/20/2017

Release Date: 9/21/16

Customer Initials



An Employee-Owned Company

Capture Technologies, Inc.

3575 Alameda Ave, Oakland, CA 94601
 t. 800.544.5050 f. 510.534.0202

QUOTE

Number CAPO3801

Date Jul 27, 2017

Sold To	Ship To	Account Executive
City of Lakeport Jeoff Nunes 225 Park St Lakeport, CA 95453 USA Phone (707) 279-1228 Fax	City of Lakeport 225 Park St Lakeport, CA 95453 USA Phone 7072636004 Fax	Chris McCay 2617 "K" St, Suite #125 Sacramento, CA 95816 cmccay@capturet.com Phone 510.500.1469 Fax 510.485.5169

This Proposal includes software only, customer provided server for up to 50 Users. 2 third party licenses for Polycom 6000 conference phones and 35 MAXCS Advanced Combo Station licenses which includes: MaxCommunicator (desktop application)/ MAXMobile (for iPhone and Android)/ IPTalk (softphone)/ Exchange Integration and Third party Sip integration for new Polycom desktop Phones. Also included is software assurance, installation, set up and training.

Terms	Down Payment	Valid Till
Net 10	\$14,430.81	10/31/2017

Part #	Description	Qty	Unit Price	Ext. Price
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Non Reoccurring Fees

900200xxx	MaxCS Software-Only Standard Edition - Can be licensed up to 50 Users w/Virtual System Key	1	\$2,495.00	\$2,495.00
Server Options				
900100xxx	Adtran Total Access 904 with T1 interface	1	\$995.00	\$995.00
900200192	SIP Trunking License -	23	\$100.00	\$2,300.00
900200776	MAXCS Advanced Combo Station - Advanced Station/ MaxCommunicator/ MAXMobile (iPhone and Android)/ IPTalk (softphone)/ Exchange Integration, Third party Sip integration	35	\$200.00	\$7,000.00
900200504	Third Party SIP Device Seat License-	2	\$75.00	\$150.00
Phone Options				
900200794	Polycom VVX 310 - 6 Line Display Phone (GB)	25	\$139.00	\$3,475.00
900200759	Polycom VVX 410 - 12 Line Display Phone (GB)	0	\$179.00	\$0.00
900300420	Polycom VVX 310/410 Ac Power Supply	25	\$14.95	\$373.75
900200760	Polycom VVX 500 - 12 Line Display Business Media Phone (GB)	10	\$229.00	\$2,290.00
900200761	Polycom VVX 600 - 16 Line Display Business Media Phone (GB)	0	\$319.00	\$0.00
900300419	Polycom VVX 500/600 Ac Power Supply	10	\$24.95	\$249.50

Part #	Description	Qty	Unit Price	Ext. Price
900100542	Polycom VVX USB Camera for VVX 500/600	0	\$125.00	\$0.00
900100152	Polycom IP 6000 Conference Phone - POE	2	\$629.00	\$1,258.00
900100xxx	Polycom IP 6000 Conference Phone - AC Power Supply	2	\$109.00	\$218.00
900100xxx	Polycom 2 Pack Extended Microphones for VTX1000 AND IP6000	0	\$299.00	\$0.00
Installation & Support				
Install	Installation and Configuration	1	\$2,775.00	\$2,775.00
CNAL-8x5P	Altigen Annual Support - 8x5 (24x7) Phone Support	1	\$1,443.00	\$1,443.00
ASMA	Altigen Annual Software Assurance	1	\$1,814.00	\$1,814.00
One Time Charges (NRC)				\$26,836.25
			SubTotal	\$26,836.25
			Tax	\$1,820.37
			S&H	\$204.99
			Total	\$28,861.61

To accept this quotation and purchasing T&C's, sign here and return

Signature

Date

Thank You For Your Business!

Did you know that Secure deposits & payments can now be made online at

www.capturet.com



Purchasing Terms and Conditions

Capture Technologies, Inc. (CTI) shall use all reasonable efforts to perform professional services and deliver all materials associated with the attached quote. If the end user has made any Material modifications without CTI permission and prior written consent, CTI will be under no obligation to provide any service until such time as the issue is resolved within reasonable satisfaction of CTI. Any delay in the performance of any obligations created by the end user or the reseller shall not delay or extend any terms set forth by CTI. If it is determined that any changes to the Quoted hardware and/or software are required, the Customer shall submit a Change Request Form. The customer is still liable in full for any services/hardware/software originally ordered and the terms set forth below.

It is agreed that the seller will retain title to any equipment or material that may be furnished until final payment is made, and if settlement is not made as agreed, the seller shall have the right to remove same, and the seller will be held harmless for any damages resulting from the removal thereof. The customer promise to pay any attorney fees or court costs as may be judged reasonable in the event that any action is taken by an attorney to enforce collection of this account.

Customer promises to pay any attorney fees and court costs reasonably incurred by Capture Technologies in any action taken to enforce collection on this account. Customer further agrees to pay finance charges in an amount equal to 1.5% per month (18% per annum) on any unpaid balance of this invoice after 30 days. . . . Cancellations & or Returns may be subject to a Restocking Fee of up to 25% of Product Purchase Price, plus any labor, installation, engineering and consulting hours expended, charged at Capture Technologies' current rates. If the Equipment was ordered specifically for the Customer and cannot be returned to Capture Technologies' supplier, no cancellation or refund for such Equipment will be allowed.

Quotes Valid for 30 Days, Annual Service Agreements include a \$29.99 annual fuel surcharge

PAYMENT TERMS: Net 10

DEPOSIT: The customer will be invoiced for 50% of the overall quoted amount by CTI on the date the purchase order is generated.

HARDWARE: The Customer will be invoiced 25% of the overall quoted amount by CTI when the equipment is delivered to the work site. If the hardware is complete and the customer delays the delivery of the hardware, Capture reserves the right to bill the customer.

INSTALLATION AND TRAINING: The Customer will be invoiced by CTI for the balance of the quoted amount (25%) on completion of the project and signature of completion by the customer

CHANGE ORDERS: The Customer will be invoiced by CTI for any Change Order when the product / services are delivered.

PLEASE NOTE: All Capture Technologies invoices are due upon receipt.

SERVICE CONTRACT: CTI will provide services per the attached agreement...

**QUOTE**

Quote # NIIQ4232-02

Date Sep 27, 2017

Proposal For:

City of Lakeport
Jeoff Nunes

jnunes@cityoflakeport.com

Your Sales Rep:

Brian Gregory

913-747-0504

brian@netinn.com

Description	Qty	Unit Price	Ext. Price
On Premise Virtual Phone System:			
AlliGen MAXCS Software Only Small Business Bundle - includes ACM Base License, 30 Port MeetMe Conference, HMCP Media Server, 1 AltiConsole, 1 Enterprise License - Capped at 50 Users - NO Server or Operating System Included (50 User cap can be lifted if needed in the future)	1	\$2,000.00	\$2,000.00
<i>Requires Windows VM or Physical PC - 4 Cores, 4 GB RAM, Windows 7 Pro or Server 2012</i>			
1 Combo Station License(Station/MAXCommunicator/IPTalk/MAXMobile/Exchange/3rd Party SIP Device/Polycom Device	25	\$200.00	\$5,000.00
1 Basic Station License	2	\$150.00	\$300.00
1 SIP Trunk License	10	\$100.00	\$1,000.00
1 Year Software Assurance	1	\$1,245.00	\$1,245.00
Adtran VoIP PRI Gateway	1	\$700.00	\$700.00
Phone Options:			
Polycom VVX410 Phone - Gigabit, POE with NO power supply, AltiGen Version	25	\$160.00	\$4,000.00
Option: AC Power Adapter - for VVX IP Phone - 48V DC	25	\$15.00	\$375.00
Polycom IP6000 Conference Phone, No power supply, AltiGen Version	2	\$472.00	\$944.00
Option: Gigabit POE Injector For Conference Room Phone	2	\$23.00	\$46.00
Installation & Support:			
Install AltiGen Software and Phones, Configure, User Training.	1	\$4,920.00	\$4,920.00

PRICES SUBJECT TO CHANGE - ALL DELIVERY, INSTALLATION, TRAINING OR CONSULTING SERVICES TO BE BILLED AT PUBLISHED RATES FOR EACH ACTIVITY INVOLVED AND MAY NOT BE INCLUDED IN THIS PROPOSAL

ATTACHMENT 3

Description	Qty	Unit Price	Ext. Price
Travel Expenses Billed at Cost. Estimate: Airfare: \$688 Hotel (3 nights) \$600 Rental Car: \$174 Meals/Other: \$300	1	\$1,762.00	\$1,762.00
Optional Remote Support Agreement - Unlimited Remote Support 8-5 Monday - Friday (Monthly Fee)	1	\$100.00	\$100.00
Other Phone Options:			
Polycom VVX310 Phone - Gigabit, POE with NO power supply, AltiGen Version (Optional)	0	\$120.00	\$0.00
Polycom VVX600 Phone - Gigabit, Bluetooth, POE with NO power supply, AltiGen Version (Optional)	0	\$260.00	\$0.00
Polycom VVX Color Expansion Model (Optional)	0	\$225.00	\$0.00
Recurring Amounts: \$109.23 Billed Monthly			
		SubTotal	\$22,292.00
		Sales Tax	\$2,056.44
		Total	\$24,348.44

Payment Options:

Select your preferred payment option / purchase terms*:

- Terms Purchase (purchase amount \$24,348.44), [plus \$109.23 monthly]
- \$517.40 Lease. (60 month lease, \$1 Lease purchase option)

** If this quote contains lease payment options, the lease options are provided as an estimate only. Final lease payment amount is subject to credit approval and applicable taxes as required by law.*

All sales subject to our terms and conditions: <http://www.netinn.com/tandc.pdf>

You may accept this quote electronically, or sign here and return: _____

Thank You For Your Business!

PRICES SUBJECT TO CHANGE - ALL DELIVERY, INSTALLATION, TRAINING OR CONSULTING SERVICES TO BE BILLED AT PUBLISHED RATES FOR EACH ACTIVITY INVOLVED AND MAY NOT BE INCLUDED IN THIS PROPOSAL



CITY OF LAKEPORT

- City Council
City of Lakeport Municipal Sewer District
Lakeport Redevelopment Successor Agency
Lakeport Industrial Development Agency
Municipal Financing Agency of Lakeport

STAFF REPORT

RE: Carnegie Accessibility Upgrades Project Update

MEETING DATE: 10/17/2017

SUBMITTED BY: Kevin M. Ingram, Community Development Director

PURPOSE OF REPORT: Information only Discussion Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

Receive update from staff concerning the Carnegie Accessibility Upgrade project.

BACKGROUND/DISCUSSION:

The City of Lakeport received a CDBG Block Grant in 2014 to assist in the completion of accessibility upgrades to the historic Carnegie Library structure in order to allow this building to open once again to the public. Principal improvements include the installation of a LULA lift (hybrid of a full-size commercial elevator and a wheelchair lift), ADA compliant bathrooms, replacement of the failing upstairs ceiling, lighting upgrades and improvements to the south entry to provide ADA compliant building access.

On June 6, 2017 the City Council provided direction to staff to advertise bids for the completion of construction associated with accessibility improvements. On July 24, 2017, staff informed City Council that it received only one bid proposal which significantly exceeded projected cost estimates for the project. Staff recommended, and Council agreed, to reject the bid proposal and scale back the proposal.

Staff believed at the time that the inclusion of the LULA lift and associated installation within the project was creating confusion that deterred many contractors from submitting bids. As such, at the direction of Council, staff prepared a separate bid item for just the purchase and installation of the LULA lift. In addition to following standard bid advertising protocols, staff researched and directly contacted four nationwide retailers of the LULA lift and provided them each with individual bid packets. Unfortunately, the City did not receive any bid proposals for this item.

At this time staff has requested a nine (9) month extension of the CDBG grant expenditure period for this project from the California Department of Housing and Community Development Department (HCD). HCD has verbally informed the City that they believe the extension will be granted but as of this date the City has yet to receive formal notification regarding its extension request.

Staff is continuing to develop possible option for the completion of this project and will discuss with the City Council on October 17, 2017.

OPTIONS:

Receive project update from staff and provide staff with direction on how to proceed with completion of project.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Water OM Fund Sewer OM Fund Other:

Comments:

SUGGESTED MOTIONS:

Not applicable.

Attachments: None



CITY OF LAKEPORT

- City Council
- Lakeport Redevelopment Agency
- City of Lakeport Municipal Sewer District
- Lakeport Industrial Development Authority
- Municipal Financing Agency of Lakeport

STAFF REPORT	
RE: Ad Hoc Committee for the Selection of City Commissions and Committees	MEETING DATE: 10/17/2017
SUBMITTED BY: Kelly Buendia, City Clerk	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/AGENCY/BOARD:

The City Council is being asked to establish an ad hoc committee that will make recommendations to the City Council for appointments to the City’s various Commissions and Committees with terms expiring in 2017.

BACKGROUND/ DISCUSSION:

The City Council annually appoints members to its various advisory commissions and committees; namely, the Planning Commission, the Parks and Recreation Commission, the Traffic Safety Advisory Committee (TSAC), the Lakeport Economic Development Advisory Committee (LEDAC), Lake County Vector Control District Board of Trustees and, most recently, the Measure Z Advisory Committee (MZAC). These committees perform an important role in governmental operations, investigating issues, and making recommendations to the City Council.

Typically the City Clerk’s office begins recruitment for membership in the late fall by press release to all local media and by advertising on the City’s website. In past years, applications have been routed to the City Council and candidates interviewed at a regular City Council meeting in late December, taking a considerable amount of time for a regular meeting.

In early 2017, a large number of applicants prevented the City Council from adequately vetting the candidates for the Measure Z Advisory Committee in a regular City Council meeting. At that time, the City Council approved the formation of an ad hoc advisory group to make recommendations concerning the membership of MZAC. The process proved successful in providing adequate time to interview candidates and determine suitability for the role(s). Staff is recommending a similar process be employed for the city’s other commissions and committees for the remaining 2017 recruitments.

As a temporary ad hoc committee, the council should select no more than two of its members to sit on the committee. The subcommittee shall have such support from the City Attorney and other City staff as the City Manager shall direct.

OPTIONS:

The Council could continue its normal process to conduct interviews and/or direct staff with another process.

FISCAL IMPACT:

None \$ Account Number: Comments:

SUGGESTED MOTIONS:

Move to adopt a resolution of the City Council of the City of Lakeport establishing an ad hoc advisory committee for the selection of the members of its Committees and Commissions with terms expiring in 2017 to be comprised of City Council Members _____ and _____ .

Attachments:

1. Resolution of the City Council of the City of Lakeport Establishing an Ad Hoc Advisory Committee for the Selection of Members of The City's Various Committees and Commissions with Terms Expiring in 2017
2. 2017 Maddy Act List

RESOLUTION NO. ____ (2017)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEPORT ESTABLISHING AN AD HOC ADVISORY COMMITTEE FOR THE SELECTION OF MEMBERS OF THE CITY'S VARIOUS COMMITTEES AND COMMISSIONS WITH TERMS EXPIRING IN 2017

WHEREAS, The City Council annually appoints members to its various advisory commissions and committees; namely, the Planning Commission, the Parks and Recreation Commission, the Traffic Safety Advisory Committee (TSAC), the Lakeport Economic Development Advisory Committee (LEDAC), Lake County Vector Control District Board of Trustees and, most recently, the Measure Z Advisory Committee (MZAC), and;

WHEREAS, these committees perform an important role in governmental operations, investigating issues, and making recommendations to the City Council, and;

WHEREAS, the City Clerk's office begins recruitment for membership in the late fall by press release to all local media and by advertising on the City's website, and;

WHEREAS, the City Council desires that candidates be appropriately interviewed to understand suitability for the various roles.

NOW, THEREFORE, BE IT RESOLVED THAT:

SECTION 1. An ad hoc advisory subcommittee is hereby established to be comprised of City Council Members _____ and _____.

SECTION 2. The subcommittee is charged with reviewing the applications for membership on the City's various committees and commissions with terms expiring in 2017 and, at its discretion, allowing the applicants to make a short presentation detailing the applicant's background, interests, and reasons the applicant would like to serve and can contribute to committee or commission's mission. The subcommittee shall have such support from the City Attorney and other City staff as the City Manager shall direct.

SECTION 3. The subcommittee shall provide a recommendation to the City Council on or before January 1, 2018. Upon provision of its recommendation to the City Council, the subcommittee shall automatically be disestablished.

SECTION 4. As a temporary, ad hoc advisory committee comprised of less than a quorum of the City Council, the subcommittee may, but need not, comply with the Brown Act as authorized by Government Code section 54952, subdivision (b).

- AYES:
- NOES:
- ABSTAINING:
- ABSENT:

STACEY MATTINA, Mayor

ATTEST:

KELLY BUENDIA, City Clerk

CITY OF LAKEPORT 2017 MADDY ACT LOCAL APPOINTMENTS LIST

NOTICE: In compliance with the requirements of the Maddy Act (*Government Code §54970, et seq.*), the following appointments list was posted on or before December 31, 2016, at the City Hall, City of Lakeport, 225 Park Street, Lakeport, CA 95453, and at the Lakeport Library, 1425 North High Street, Lakeport, CA 95453. The City Council of the City of Lakeport will make appointments to the positions below which will expire or will otherwise become vacant in 2017. Unless noted otherwise, all appointees must be residents of the City of Lakeport.

PLANNING COMMISSION

The Planning Commission meets the second Wednesday of each month at 5:00 p.m. in the Council Chambers of City Hall. The city council may appoint one member who lives outside of the city limits but within the Lakeport zip code area.

COMMISSIONER	DATE APPOINTED	TERM ENDS
Harold Taylor	December 2, 2014	December 31, 2018
Suzanne Russell	December 2, 2014	December 31, 2018
Michael Froio	December 20, 2016 (Partial Term)	December 31, 2018
Ken Wicks	December 20, 2016	December 31, 2020
Michael Green	December 20, 2016	December 31, 2020

PARKS & RECREATION COMMISSION

The Parks & Recreation Commission meets on the second Thursday of each month at 3:00 p.m. in the Council Chambers at City Hall.

COMMISSIONER	DATE APPOINTED	TERM ENDS
Ann Blue	December 15, 2015	December 31, 2017
Cindy Ustrud	December 15, 2015	December 31, 2017
Suzanne Russell	December 15, 2015	December 31, 2017
Suzanne Lyons	December 20, 2016	December 31, 2018
Kip Knorr	December 20, 2016	December 31, 2018

TRAFFIC SAFETY ADVISORY COMMITTEE (TSAC)

The Traffic Safety Advisory Committee meets, every other month on the second Monday of the month at 4:00 p.m. in the City Council Chamber. The City Council may appoint two members who are non-residents.

COMMISSIONER	DATE APPOINTED	TERM ENDS
Ann Blue	December 15, 2015	December 31, 2018
Vicki Cole	December 15, 2015	December 31, 2018
Suzanne Russell	December 15, 2015	December 31, 2018
Frank Dollosso	December 20, 2016	December 31, 2020
Nathan Maxman	December 20, 2016	December 31, 2020

LAKEPORT ECONOMIC DEVELOPMENT ADVISORY COMMITTEE (LEDAC)

This committee meets the first Wednesday of each month at 7:00 a.m. in the Conference Room at City Hall. Membership to this committee is open to anyone who lives, works, shops, or does business in the City of Lakeport, including those in the unincorporated areas of the Lakeport trade area.

COMMISSIONER	DATE APPOINTED	TERM ENDS
Christine Hutt	December 15, 2015	December 31, 2017*
George Linn	December 15, 2015	December 31, 2017*
Pamela Harpster	December 15, 2015	December 31, 2017*
Taira St. John	December 15, 2015	December 31, 2017*
Denise Combs	December 20, 2016	December 31, 2018
William Eaton	December 20, 2016	December 31, 2018
Wilda Shock	December 20, 2016	December 31, 2018
Terre Logsdon	December 20, 2016	December 31, 2018

*One of these expiring seats to be assigned permanently to Workforce Lake appointee, effective January 1, 2018

LAKE COUNTY VECTOR CONTROL DISTRICT BOARD OF TRUSTEES

This Board of Trustees meets at 1:30 PM on the second Wednesday of each month at 410 Esplanade, Lakeport, CA. Members must be a voter in the City of Lakeport and reside within the district. Trustee's serve a 2-year or 4-year term, at the discretion of the City Council

COMMISSIONER	DATE APPOINTED	TERM ENDS
George Spurr	December 15, 2015	December 31, 2019