CITY OF ATWATER

CITY COUNCIL

AGENDA

Council Chambers
750 Bellevue Road
Atwater, California

February 12, 2018

CALL TO ORDER: **5:30 PM**

PLEDGE OF ALLEGIANCE TO THE FLAG:

ROLL CALL:

Creighton____, Raymond ____, Vierra____, Vineyard ____, Price____

CLOSED SESSION:

Adjourn to Conference Room A

Conference with Labor Negotiator – Government Code Section 54957.6. Agency Negotiators: Interim City Manager de Werk and Human Resources Director Del Real; Bargaining Unit: Atwater Police Officers Association

REGULAR SESSION: (Council Chambers) **6:00 PM**

CALL TO ORDER:

PLEDGE OF ALLEGIANCE TO THE FLAG:

INVOCATION:

Invocation by Police Chaplain McClellan

ROLL CALL: (City Council/Board of Directors)

Creighton____, Raymond ____, Vierra____, Vineyard ____, Price____

MAYOR OR CITY ATTORNEY REPORT OUT FROM CLOSED SESSION:

SUBSEQUENT NEED ITEMS: (The City Clerk shall announce any requests for items requiring immediate action subsequent to the posting of the agenda. Subsequent need items require a two-thirds vote of the members of the City Council present at the meeting.)

APPROVAL OF AGENDA AS POSTED OR AS AMENDED: (This is the time for the City Council to remove items from the agenda or to change the order of the agenda.)

Recommendation: Motion to approve agenda as posted or as amended.

CEREMONIAL MATTERS:

Marines of the Central California Veterans to present the U.S. Marines Combat Fighting Knife to the City of Atwater for their continued support of veterans and observance of the 242nd Birthday of the United States Marine Corps. (Gary Brice, Central California Veterans)

PRESENTATIONS:

- **Monthly verbal report by Merced County District 3 Supervisor McDaniel**
- **Report by Scott Malta, Castle Airport Manager, Use and Regulation of Drones**

COMMENTS FROM THE PUBLIC:

NOTICE TO THE PUBLIC

At this time any person may comment on any item which is not on the agenda. Please state your name and address for the record. Action will not be taken on an item that is not on the agenda. If it requires action, it will be referred to staff and/or placed on a future agenda.

To comment on an item that is **on** the agenda, please wait until the item is read for consideration; please limit comments to a maximum of five (5) minutes.

Civility is expected from members of the public during the meeting. For more efficient use of time, disruptive behavior will not be tolerated. While you may not agree with what an individual is saying, please treat everyone with courtesy and respect.

CONSENT CALENDAR:

NOTICE TO THE PUBLIC

Background information has been provided on all matters listed under the Consent Calendar, and these items are considered to be routine. All items under the Consent Calendar are normally approved by one motion. If discussion is requested on any item, that item will be removed from the Consent Calendar for separate action.

WARRANTS:

1. February 12, 2018

Recommendation: Approval of warrants as listed**.**

MINUTES: (City Council)

2. Regular meeting, January 8, 2018

Recommendation: Approval of minutes as listed**.**

MINUTES: (Community Development and Resources Commission)

3. Regular meeting, November 15, 2017
Special meeting, January 4, 2018

Recommendation: Acceptance of minutes as listed**.**

AGREEMENTS:

4. Resolution No. 3015-18 approving the Atwater Police Activities League Lease Agreement and Validation of Certificates of Liability Insurance (Interim City Manager de Werk)

Recommendation: Adoption of Resolution No. 3015-18 approving Lease Agreement and Validation of Certificates of Liability Insurance, in a form approved by the City Attorney, with the Atwater Police Activities League, and authorizes and directs the Interim City Manager to sign the Agreement on behalf of the City.

5. Approving Lease and Operating Agreements with Atwater Historical Society for use of Bloss House and grounds (Recreation Supervisor Rahn)

Recommendation: Approval of Lease Agreement and Operating Agreement, in a form approved by the City Attorney, with the Atwater Historical Society for the use of the Bloss House and grounds; and authorizes and directs the Interim City Manager to sign the Agreements on behalf of the City.

6. Awarding a cooperative purchase agreement for purchase of one (1) new 2018 Vermeer SC60TX Stump Cutter (Interim Public Works Director Shaw)

Recommendation: Awarding a cooperative purchase agreement, in a form approved by the City Attorney, to Vermeer RDO Equipment Company Fowler, California for the purchase of one (1) new 2018 Vermeer SC60TX Stump Cutter in an amount not to exceed **$58,742.80**; and authorizes and directs the Interim City Manager to execute the purchase agreement on behalf of the City.

ORDINANCES (WAIVING SECOND READING AND ADOPTION):

7. **Waiving the second reading and adopting Ordinance No. CS 992 amending Chapter 12.32 of the Atwater Municipal Code entitled "Trees"** (Interim Community Development Director Waterman)

   Recommendation: Waives the second reading and adopts Ordinance No. CS 992 amending Chapter 12.32 of the Atwater Municipal Code entitled "Trees".

RESOLUTIONS:

8. **Accepting ownership transfer of 2007 Cargo Trailer from Merced County Fire Department to City of Atwater Police Department** (Interim Community Development Director Waterman)

   Recommendation: Adopts Resolution No. 3014-18 accepting ownership transfer of 2007 Wells Fargo Cargo Trailer, Model RF7162 (VIN# 1W4200G2177015438) from Merced County Fire Department to City of Atwater Police Department.

9. **Authorizing the issuance of Wastewater Revenue Refunding Bonds; authorizing and directing execution of an Indenture of Trust, Continuing Disclosure Agreement, Escrow Agreements and a Bond Purchase Contract; authorizing the sale of bonds; approving an Official Statement; and providing other matters properly relating thereto** (Finance Director Deol)

   Recommendation: Adopts Resolution No. 3013-18, authorizing the issuance of not to exceed $18,000,000 in the principal amount of Wastewater Revenue Refunding Bonds (the "2018 Bonds) and authorizing the execution of an Indenture of Trust, Continuing Disclosure Agreement, Escrow Agreements, Bond Purchase Contract and form of the Official Statement required for the refinancing of the 2008 Wastewater Revenue Bonds.

INFORMATIONAL ITEMS ONLY (NO ACTION REQUIRED):

10. **Police Department activities and projects for the month of January 2018** (Interim Police Chief Echeverria)

11. **Police Volunteer activities for the month of January 2018** (Police Volunteer Vineyard)

12. **Fire Department activities and projects for the month of January 2018** (CAL FIRE Battalion Chief Wight)

13. **Water Well Levels for the month of January 2018 and Water Well Levels for calendar year 2017** (Interim Public Works Director Shaw)

PUBLIC HEARINGS:

14. Waiving first reading and introducing Ordinance No. CS 993 amending Chapter 2.0 of the Atwater Municipal Code entitled "City Parks," Title 12 "Streets, Sidewalks and Public Places," Section 12.08.010 "Prohibited Hours" (Interim Public Works Director Shaw)

Recommendation: Open the public hearing and receive any testimony given regarding Ordinance CS 993; and

Motion to waive the first reading and introduce Ordinance No. CS 993 amending Chapter 2.0 of the Atwater Municipal Code entitled "City Parks," Title 12 "Streets, Sidewalks and Public Places," Section 12.08.010 "Prohibited Hours," or

Motion to approve the recommendation as presented.

15. Declaring the City's intent to convey City owned real property located at 3116 Virginia Street (Interim Community Development Director Waterman)

Recommendation: Open the public hearing and receive any testimony given; and Motion to adopt Resolution No. 3011-18 conveying City owned real property located at 3116 Virginia Street, Assessor's Parcel No. 150-065-010; or

Motion to approve the recommendation as presented.

INTERIM CITY MANAGER REPORT/UPDATES:

16. Verbal update regarding a Consultant for Police Management Audit

17. Verbal update regarding proposed reorganization of the Community Development and Resources Commission (Interim City Manager de Werk)

REPORTS AND PRESENTATIONS FROM STAFF:

18. Verbal update regarding Business Licenses (Chief Building Official Pereida)

CITY COUNCIL MATTERS:

City Council comments

CLOSED SESSION:

Continuation of Closed Session if necessary

ADJOURNMENT:

Adjourn in memory of William "Bill" Garrison.

CERTIFICATION:

I, Don Hyler III, City Clerk/Board Clerk of the City of Atwater, do hereby certify that a copy of the foregoing agenda was posted at City Hall a minimum of 72 hours prior to the meeting.

_____

DON HYLER III, CITY CLERK/BOARD CLERK

AB 23 NOTICE:
Pursuant to Government Code Section 54952.3, City Council is not receiving additional compensation for serving as members of the Fire Protection District.

SB 343 NOTICE
In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 72 hours prior to a regular meeting will be made available for public inspection in the office of the City Clerk at City Hall during normal business hours at 750 Bellevue Road.

If, however, the document or writing is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting, as listed on this agenda at 750 Bellevue Road.

In compliance with the Federal Americans with Disabilities Act of 1990, upon request, the agenda can be provided in an alternative format to accommodate special needs. If you require special accommodations to participate in a City Council, Commission, or Committee meeting due to a disability, please contact the City Clerk's Office at least 48 business hours in advance of the meeting at 357-6205. You may also send the request by email to lrasmussen@atwater.org .

~ February 2018 ~

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2 **City Hall closed**	3
4	5	6	7	8	9 **City Hall closed**	10
11	12 City Council Meeting - 6:00 PM	13	14	15	16 **City Hall closed**	17
18	19 City Holiday President's Day Observed **Trash pick up delayed 1 day**	20	21 Community Development & Resources Commission CANCELLED	22 **Merced County District 3 Supervisor McDaniel "Mobile" Office Hours - 1:30 - 3:30 PM**	23 **City Hall closed**	24
25	26 Audit & Finance Committee Meeting - 4:00 PM City Council Meeting - 6:00 PM	27	28 Special Meeting of the Community Development and Resources Commission - 6:00 PM	Notes:		

WARRANTS SUMMARY FOR FEBRUARY 12, 2018

TOTAL OF WARRANTS (FROM WARRANT REPORT)	$ 1,143,540.37
ADDITIONAL WARRANTS (THESE AMOUNTS ARE **NOT** INCLUDED IN TOTAL WARRANTS)	

DATE	DESCRIPTION	AMOUNT
1/18/2018	Prewrittens included in this current warrant run.	$ (151,054.36)
1/19/2018	PERS Retirement EFT 12/28/17-1/10/18	$39,556.19
1/22/2018	AFLAC-JAN 2018	$763.40
1/1/2018	Dental Claims/Admin.- JAN 2018	$ 10,241.19
1/29/2018	Retiree Medical Reimbursement-FEB 2018	$27,365.77
2/1/2018	PERS Retirement EFT 1/11/18-1/24/18	$39,733.24
2/5/2018	PERS Health - FEBRUARY 2018	$92,328.21
	TOTAL ADDITIONAL WARRANTS	$ 58,933.64

GRAND TOTAL OF WARRANTS PAID ========== $1,202,474.01

INFORMATIONAL ONLY (INCLUDED IN THE TOTAL WARRANTS TOTAL)

DATE	DESCRIPTION	AMOUNT	
1/18/2018	Net Payroll	$145,386.12	$199,527.95
1/18/2018	Federal Taxes	$47,891.06	
1/18/2018	State Taxes	$6,250.77	
1/18/2018	Payroll Deductions	$2,035.15	
2/1/2018	Net Payroll	$145,226.37	$200,833.70
2/1/2018	Federal Taxes	$49,179.89	
2/1/2018	State Taxes	$6,427.44	
2/1/2018	Payroll Deductions	$2,151.15	
	TOTAL INFORMATIONAL WARRANTS	$404,547.95	

CITY TREASURER

Accounts Payable

Checks for Approval

User: jdaniel
Printed: 2/7/2018 - 1:38 PM

City of Atwater
Community Pride City Wide
750 Bellevue Road, Atwater CA 95301

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
0	02/12/2018	Sewer Enterprise Fund	Cash with Fiscal Agent	THE BANK OF NEW YORK MELLON		299,166.67
0	02/12/2018	Sewer Enterprise Fund	Cash with Fiscal Agent	THE BANK OF NEW YORK MELLON		213,840.63
				Check Total:		513,007.30
72287	02/12/2018	Sewer Enterprise Fund	Rents & Leases	A & A PORTABLES, INC.		64.95
72287	02/12/2018	Sewer Enterprise Fund	Professional Services	A & A PORTABLES, INC.		160.00
				Check Total:		224.95
72288	02/12/2018	General Fund	Professional Services	ABS PRESORT, INC.		1,834.33
72288	02/12/2018	General Fund	Office Supplies	ABS PRESORT, INC.		2,700.00
				Check Total:		4,534.33
72289	02/12/2018	Internal Service Fund	Special Departmental Expense	ACE PIPE & STEEL		59.80
				Check Total:		59.80
72290	02/12/2018	Water Enterprise Fund	Professional Services	AECOM TECHNICAL SERVICES, INC.		49,051.34
72290	02/12/2018	Sewer Enterprise Fund	Professional Services	AECOM TECHNICAL SERVICES, INC.		49,051.35
				Check Total:		98,102.69
72291	02/12/2018	General Fund	Office Supplies	ALLIED WEST PRINTING		432.95
72291	02/12/2018	General Fund	Office Supplies	ALLIED WEST PRINTING		175.36
				Check Total:		608.31
72292	02/12/2018	General Fund	Towing Fees	ALLWAYS TOWING, L.L.C.		266.67
72292	02/12/2018	General Fund	Towing Fees	ALLWAYS TOWING, L.L.C.		200.00
72292	02/12/2018	General Fund	Towing Fees	ALLWAYS TOWING, L.L.C.		200.00
72292	02/12/2018	General Fund	Towing Fees	ALLWAYS TOWING, L.L.C.		200.00
72292	02/12/2018	General Fund	Towing Fees	ALLWAYS TOWING, L.L.C.		200.00
72292	02/12/2018	General Fund	Towing Fees	ALLWAYS TOWING, L.L.C.		80.00
				Check Total:		1,146.67
72293	02/12/2018	Employee Benefits Fund	Health Insurance, Retirees	AMERICAN REPUBLIC		424.89

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		424.89
72294	02/12/2018	General Fund	Training	AMERICAN RIVER COLLEGE		124.00
				Check Total:		124.00
72295	02/12/2018	Internal Service Fund	Utilities	AMERIGAS - MODESTO		1,843.37
72295	02/12/2018	Internal Service Fund	Utilities	AMERIGAS - MODESTO		92.01
72295	02/12/2018	Internal Service Fund	Utilities	AMERIGAS - MODESTO		148.30
				Check Total:		2,083.68
72296	02/12/2018	General Fund	Professional Services	ASAP TECHNICAL SOLUTIONS		582.95
				Check Total:		582.95
72297	02/12/2018	General Fund	Communications	AT and T		75.62
72297	02/12/2018	General Fund	Communications	AT and T		106.65
72297	02/12/2018	Northwood Village LD	Communications	AT and T		20.25
72297	02/12/2018	Meadow View LD	Communications	AT and T		20.56
72297	02/12/2018	Water Enterprise Fund	Communications	AT and T		221.45
72297	02/12/2018	Sewer Enterprise Fund	Communications	AT and T		299.50
72297	02/12/2018	Internal Service Fund	Communications	AT and T		517.65
72297	02/12/2018	General Fund	Communications	AT and T		203.01
				Check Total:		1,464.69
72298	02/12/2018	Gas Tax/Street Improvement	Professional Services	ATWATER ELECTRIC		4,200.00
72298	02/12/2018	Gas Tax/Street Improvement	Professional Services	ATWATER ELECTRIC		3,500.00
				Check Total:		7,700.00
72299	02/12/2018	Internal Service Fund	Professional Services	ATWATER GLASS		1,918.78
				Check Total:		1,918.78
72300	02/12/2018	General Fund	Special Departmental Expense	ATWATER MEDICAL GROUP		1,410.00
				Check Total:		1,410.00
72301	02/12/2018	Internal Service Fund	Operations & Maintenance	AUTOZONE STORE #5506		137.47
				Check Total:		137.47
72302	02/12/2018	Internal Service Fund	Professional Services	BARTON OVERHEAD DOOR		394.05
				Check Total:		394.05
72303	02/12/2018	General Fund	Special Departmental Expense	BAUER COMPRESSORS		77.71

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		77.71
72304	02/12/2018	Internal Service Fund	Professional Services	DON BENNER		1,100.00
72304	02/12/2018	Internal Service Fund	Professional Services	DON BENNER		300.00
				Check Total:		1,400.00
72305	02/12/2018	Internal Service Fund	Special Departmental Expense	BIG CREEK LUMBER COMPANY		21.55
72305	02/12/2018	Internal Service Fund	Special Departmental Expense	BIG CREEK LUMBER COMPANY		29.82
72305	02/12/2018	Internal Service Fund	Special Departmental Expense	BIG CREEK LUMBER COMPANY		7.74
72305	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	BIG CREEK LUMBER COMPANY		3.87
72305	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	BIG CREEK LUMBER COMPANY		5.81
72305	02/12/2018	Internal Service Fund	Special Departmental Expense	BIG CREEK LUMBER COMPANY		1.44
72305	02/12/2018	Internal Service Fund	Small Tools	BIG CREEK LUMBER COMPANY		25.20
72305	02/12/2018	Water Enterprise Fund	Special Departmental Expense	BIG CREEK LUMBER COMPANY		13.19
72305	02/12/2018	Internal Service Fund	Special Departmental Expense	BIG CREEK LUMBER COMPANY		18.41
				Check Total:		127.03
72306	02/12/2018	General Fund	Special Departmental Expense	JOHN BRAMBLE		26.28
				Check Total:		26.28
72307	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	JIM BRISCO ENTERPRISES		100.43
				Check Total:		100.43
72308	02/12/2018	General Fund	Girls Volleyball	AUSTIN BURRIS		36.00
				Check Total:		36.00
72309	02/12/2018	Internal Service Fund	Operations & Maintenance	BURTON'S FIRE, INC.		22.06
				Check Total:		22.06
72310	02/12/2018	Internal Service Fund	Operations & Maintenance	CA MASTER WINDOW TINT		250.00
				Check Total:		250.00
72311	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	CALAVERAS MATERIALS INC.		459.53
				Check Total:		459.53
72312	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	CALIFORNIA INDUSTRIAL		59.32
				Check Total:		59.32
72313	02/12/2018	General Fund	Special Departmental Expense	CARROT-TOP INDUSTRIES INC.		564.86
				Check Total:		564.86

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72314	02/12/2018	General Fund	Special Departmental Expense	CENTRAL SANITARY SUPPLY		125.52
72314	02/12/2018	Internal Service Fund	Special Departmental Expense	CENTRAL SANITARY SUPPLY		664.42
				Check Total:		789.94
72315	02/12/2018	Water Enterprise Fund	Special Departmental Expense	CHEM QUIP, INC.		762.09
				Check Total:		762.09
72316	02/12/2018	Internal Service Fund	Operations & Maintenance	CHEVRON USA INC.		77.00
				Check Total:		77.00
72317	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	COLEMAN HEATING & A/C		102.69
72317	02/12/2018	Gas Tax/Street Improvement	Professional Services	COLEMAN HEATING & A/C		212.50
72317	02/12/2018	Internal Service Fund	Professional Services	COLEMAN HEATING & A/C		297.50
72317	02/12/2018	Internal Service Fund	Special Departmental Expense	COLEMAN HEATING & A/C		116.09
				Check Total:		728.78
72318	02/12/2018	Internal Service Fund	Communications	COMCAST CABLE		13.26
				Check Total:		13.26
72319	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	CONSOLIDATED ELECTRICAL DISTRIBUTORS		690.31
72319	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	CONSOLIDATED ELECTRICAL DISTRIBUTORS		95.37
72319	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	CONSOLIDATED ELECTRICAL DISTRIBUTORS		78.75
72319	02/12/2018	Internal Service Fund	Special Departmental Expense	CONSOLIDATED ELECTRICAL DISTRIBUTORS		232.63
72319	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	CONSOLIDATED ELECTRICAL DISTRIBUTORS		207.32
72319	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	CONSOLIDATED ELECTRICAL DISTRIBUTORS		25.15
				Check Total:		1,329.53
72320	02/12/2018	Sewer Enterprise Fund	Professional Services	COOPER CONTROLS		2,164.50
				Check Total:		2,164.50
72321	02/12/2018	General Fund	Professional Services	CREDIT BUREAU ASSOCIATES		24.00
				Check Total:		24.00
72322	02/12/2018	General Fund	Uniform & Clothing Expense	CRESCENT WORK & OUTDOOR #1		410.24
72322	02/12/2018	General Fund	Uniform & Clothing Expense	CRESCENT WORK & OUTDOOR #1		145.79
72322	02/12/2018	General Fund	Uniform & Clothing Expense	CRESCENT WORK & OUTDOOR #1		158.64
				Check Total:		714.67
72323	02/12/2018	General Fund	Inspection Fees	CSG CONSULTANTS, INC.		2,550.00
72323	02/12/2018	General Fund	Professional Services	CSG CONSULTANTS, INC.		5,490.00
72323	02/12/2018	General Fund	Plan Check Fees	CSG CONSULTANTS, INC.		120.00

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72323	02/12/2018	General Fund	Plan Check Fees	CSG CONSULTANTS, INC.		1,763.62
					Check Total:	9,923.62
72324	02/12/2018	Section 125 Medical	Deposits Section 125	JENNIFER DANIEL		105.00
					Check Total:	105.00
72325	02/12/2018	General Fund	Training	ROD DASH		733.40
					Check Total:	733.40
72326	02/12/2018	Section 125 Medical	Deposits Section 125	JEANNA DEL REAL		171.44
					Check Total:	171.44
72327	02/12/2018	Internal Service Fund	Operations & Maintenance	DELRAY TIRE		12.94
72327	02/12/2018	Internal Service Fund	Professional Services	DELRAY TIRE		30.00
72327	02/12/2018	Internal Service Fund	Operations & Maintenance	DELRAY TIRE		7.57
72327	02/12/2018	Internal Service Fund	Professional Services	DELRAY TIRE		32.50
					Check Total:	83.01
72328	02/12/2018	General Fund	Uniform & Clothing Expense	DIAMOND PRINTS		155.10
72328	02/12/2018	General Fund	Uniform & Clothing Expense	DIAMOND PRINTS		36.64
					Check Total:	191.74
72329	02/12/2018	Water Enterprise Fund	Professional Services	ELITE BUSINESS SERVICES		35.18
72329	02/12/2018	Sewer Enterprise Fund	Professional Services	ELITE BUSINESS SERVICES		35.18
					Check Total:	70.36
72330	02/12/2018	General Fund	Special Departmental Expense	ELITE K-9, INC.		312.40
					Check Total:	312.40
72331	02/12/2018	General Fund	Uniform & Clothing Expense	ELITE UNIFORMS		342.80
72331	02/12/2018	General Fund	Uniform & Clothing Expense	ELITE UNIFORMS		69.27
72331	02/12/2018	General Fund	Uniform & Clothing Expense	ELITE UNIFORMS		435.09
72331	02/12/2018	General Fund	Uniform & Clothing Expense	ELITE UNIFORMS		144.27
					Check Total:	991.43
72332	02/12/2018	Ferrari Ranch Project Fund	Professional Services	EMC PLANNING GROUP INC		488.45
					Check Total:	488.45
72333	02/12/2018	Internal Service Fund	Professional Services	EMERGENCY VEHICLE OUTFITTERS		3,100.00
72333	02/12/2018	Internal Service Fund	Operations & Maintenance	EMERGENCY VEHICLE OUTFITTERS		156.24

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		3,256.24
72334	02/12/2018	General Fund	Professional Services	ENVIRONMENTAL COMPLIANCE RESOURCES		2,902.50
72334	02/12/2018	Price Annexation LMA	Professional Services	ENVIRONMENTAL COMPLIANCE RESOURCES		107.50
72334	02/12/2018	Bell Crossing LD	Professional Services	ENVIRONMENTAL COMPLIANCE RESOURCES		107.50
				Check Total:		3,117.50
72335	02/12/2018	General Fund	Uniform & Clothing Expense	EVERGREEN CLEANERS		403.20
				Check Total:		403.20
72336	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	FASTENAL COMPANY		24.89
				Check Total:		24.89
72337	02/12/2018	General Fund	Memberships & Subscriptions	FBINAA		120.00
				Check Total:		120.00
72338	02/12/2018	General Fund	Office Supplies	FEDERAL EXPRESS		73.90
				Check Total:		73.90
72339	02/12/2018	Internal Service Fund	Operations & Maintenance	FERGUSON ENTERPRISES INC. #690		30.30
				Check Total:		30.30
72340	02/12/2018	General Fund	Professional Services	FORENSIC NURSE SPECIALISTS		2,200.00
				Check Total:		2,200.00
72341	02/12/2018	General Fund	Community Center	DANA FOX		200.00
72341	02/12/2018	General Fund	Community Center Rental	DANA FOX		-60.00
				Check Total:		140.00
72342	02/12/2018	Internal Service Fund	Operations & Maintenance	DONALD GARCIA		147.90
				Check Total:		147.90
72343	02/12/2018	Water Enterprise Fund	Professional Services	GATEWAY FIRE EQUIPMENT		500.00
72343	02/12/2018	Water Enterprise Fund	Special Departmental Expense	GATEWAY FIRE EQUIPMENT		59.54
				Check Total:		559.54
72344	02/12/2018	Internal Service Fund	Operations & Maintenance	GREAT VALLEY SUPPLY		61.81
				Check Total:		61.81
72345	02/12/2018	General Fund	Community Center	SHIELA GREENWOOD		200.00

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		200.00
72346	02/12/2018	Gas Tax/Street Improvement	Professional Services	JLB TRAFFIC ENGINEERING, INC		554.67
72346	02/12/2018	General Fund Capital	Traffic Signal Synchronization	JLB TRAFFIC ENGINEERING, INC		4,800.24
				Check Total:		5,354.91
72347	02/12/2018	Sewer Enterprise Fund	Professional Services	JORGENSEN COMPANY		100.00
72347	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	JORGENSEN COMPANY		7.58
				Check Total:		107.58
72348	02/12/2018	Internal Service Fund	Operations & Maintenance	KELLOGG'S SUPPLY		253.74
72348	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	KELLOGG'S SUPPLY		47.20
72348	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	KELLOGG'S SUPPLY		46.05
72348	02/12/2018	Internal Service Fund	Operations & Maintenance	KELLOGG'S SUPPLY		573.71
72348	02/12/2018	Internal Service Fund	Operations & Maintenance	KELLOGG'S SUPPLY		41.10
72348	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	KELLOGG'S SUPPLY		131.43
72348	02/12/2018	Internal Service Fund	Operations & Maintenance	KELLOGG'S SUPPLY		172.12
				Check Total:		1,265.35
72349	02/12/2018	General Fund	Community Center	LANDMARK TABERNACLE		300.00
72349	02/12/2018	General Fund	Community Center Rental	LANDMARK TABERNACLE		-300.00
				Check Total:		0.00
72350	02/12/2018	Internal Service Fund	Operations & Maintenance	LATTA'S AUTO SUPPLY		152.24
72350	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	LATTA'S AUTO SUPPLY		35.65
				Check Total:		187.89
72351	02/12/2018	General Fund	Memberships & Subscriptions	LEAGUE OF CALIFORNIA CITIES		12,454.00
				Check Total:		12,454.00
72352	02/12/2018	General Fund	Training	LEXIPOL L.L.C.		2,584.00
				Check Total:		2,584.00
72353	02/12/2018	General Fund	Community Center	DAVID MANCINI		300.00
72353	02/12/2018	General Fund	Community Center Rental	DAVID MANCINI		-60.00
				Check Total:		240.00
72354	02/12/2018	General Fund	Girls Volleyball	AMOSA M. MASANIAI		204.00
				Check Total:		204.00
72355	02/12/2018	General Fund	Rtif	MCAG - RTIF		44,993.84

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72355	02/12/2018	General Fund	Rtif	MCAG - RTIF		9,672.06
72355	02/12/2018	Measure V Fund	Professional Services	MCAG - RTIF		18,817.59
				Check Total:		73,483.49
72356	02/12/2018	Internal Service Fund	Operations & Maintenance	MCAULEY MOTORS		374.55
72356	02/12/2018	Internal Service Fund	Operations & Maintenance	MCAULEY MOTORS		67.90
72356	02/12/2018	Internal Service Fund	Operations & Maintenance	MCAULEY MOTORS		551.30
72356	02/12/2018	Internal Service Fund	Operations & Maintenance	MCAULEY MOTORS		404.20
72356	02/12/2018	Internal Service Fund	Operations & Maintenance	MCAULEY MOTORS		15.57
				Check Total:		1,413.52
72357	02/12/2018	Internal Service Fund	Operations & Maintenance	MERCED CHEVROLET		189.57
				Check Total:		189.57
72358	02/12/2018	Gas Tax/Street Improvement	Professional Services	MERCED FENCE COMPANY		1,200.00
				Check Total:		1,200.00
72359	02/12/2018	Internal Service Fund	Operations & Maintenance	MERCED TRUCK & TRAILER INC.		16.71
				Check Total:		16.71
72360	02/12/2018	Measure H Fund	Communications	MOTOROLA		25,679.62
				Check Total:		25,679.62
72361	02/12/2018	General Fund Capital	HSIP-Highway Safety Imp Prg Gt	MOTT MCDONALD, LLC		1,933.47
72361	02/12/2018	Gas Tax/Street Improvement	HSIP-Highway Safety Imp Prg Gt	MOTT MCDONALD, LLC		214.83
				Check Total:		2,148.30
72362	02/12/2018	General Fund	Professional Services	MUNISERVICES LLC		815.27
72362	02/12/2018	General Fund	Professional Services	MUNISERVICES LLC		287.31
				Check Total:		1,102.58
72363	02/12/2018	General Fund	Office Supplies	NEOFUNDS BY NEOPOST		1,500.00
				Check Total:		1,500.00
72364	02/12/2018	General Fund	Travel\Conferences\Meetings	William Novetzke		66.90
				Check Total:		66.90
72365	02/12/2018	General Fund	Special Departmental Expense	OCCUTEST		93.00
				Check Total:		93.00
72366	02/12/2018	General Fund	Office Supplies	THE OFFICE CITY		142.41

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72366	02/12/2018	General Fund	Office Supplies	THE OFFICE CITY		71.21
				Check Total:		213.62
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		25.76
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		49.76
72367	02/12/2018	Internal Service Fund	Small Tools	O'REILLY AUTO PARTS		46.54
72367	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	O'REILLY AUTO PARTS		45.43
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		165.61
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		16.23
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		165.61
72367	02/12/2018	General Fund	Special Departmental Expense	O'REILLY AUTO PARTS		117.31
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		71.12
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		43.08
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		97.69
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		31.39
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		48.59
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		34.94
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		-203.00
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		5.94
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		-10.22
72367	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	O'REILLY AUTO PARTS		18.39
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		130.34
72367	02/12/2018	Internal Service Fund	Operations & Maintenance	O'REILLY AUTO PARTS		21.64
				Check Total:		922.15
72368	02/12/2018	Internal Service Fund	Utilities	PACIFIC GAS & ELECTRIC		3,735.91
72368	02/12/2018	Internal Service Fund	Utilities	PACIFIC GAS & ELECTRIC		903.80
72368	02/12/2018	General Fund	Utilities	PACIFIC GAS & ELECTRIC		902.48
72368	02/12/2018	General Fund	Utilities	PACIFIC GAS & ELECTRIC		1,171.60
72368	02/12/2018	General Fund	Utilities	PACIFIC GAS & ELECTRIC		21.71
72368	02/12/2018	Water Enterprise Fund	Utilities	PACIFIC GAS & ELECTRIC		27,291.84
72368	02/12/2018	Gas Tax/Street Improvement	Utilities	PACIFIC GAS & ELECTRIC		13,414.90
72368	02/12/2018	Gas Tax/Street Improvement	Utilities	PACIFIC GAS & ELECTRIC		440.73
72368	02/12/2018	Sewer Enterprise Fund	Utilities	PACIFIC GAS & ELECTRIC		1,825.71
72368	02/12/2018	General Fund	Utilities	PACIFIC GAS & ELECTRIC		114.92
72368	02/12/2018	General Fund	Utilities	PACIFIC GAS & ELECTRIC		30.06
72368	02/12/2018	General Fund	Utilities	PACIFIC GAS & ELECTRIC		1,065.04
72368	02/12/2018	Northwood Village LD	Utilities	PACIFIC GAS & ELECTRIC		527.71
72368	02/12/2018	Orchard Park Estates LD	Utilities	PACIFIC GAS & ELECTRIC		305.37
72368	02/12/2018	Wildwood Estates LD	Utilities	PACIFIC GAS & ELECTRIC		117.82
72368	02/12/2018	Woodview Garland LA	Utilities	PACIFIC GAS & ELECTRIC		43.07
72368	02/12/2018	Shaffer Lakes West LD	Utilities	PACIFIC GAS & ELECTRIC		133.61
72368	02/12/2018	Woodhaven LD	Utilities	PACIFIC GAS & ELECTRIC		49.58

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72368	02/12/2018	Sierra Parks LD	Utilities	PACIFIC GAS & ELECTRIC		219.21
72368	02/12/2018	Shaffer Lakes East LD	Utilities	PACIFIC GAS & ELECTRIC		535.07
72368	02/12/2018	Price Annexation LD	Utilities	PACIFIC GAS & ELECTRIC		1,730.14
72368	02/12/2018	Sandlewood Square LD	Utilities	PACIFIC GAS & ELECTRIC		82.30
72368	02/12/2018	Pajaro Dunes LD	Utilities	PACIFIC GAS & ELECTRIC		73.68
72368	02/12/2018	Cottage Gardens LD	Utilities	PACIFIC GAS & ELECTRIC		34.38
72368	02/12/2018	Airport Business Park LD	Utilities	PACIFIC GAS & ELECTRIC		314.75
72368	02/12/2018	Atwater South LD	Utilities	PACIFIC GAS & ELECTRIC		86.99
72368	02/12/2018	Internal Service Fund	Utilities	PACIFIC GAS & ELECTRIC		19.71
72368	02/12/2018	General Fund	Utilities	PACIFIC GAS & ELECTRIC		309.92
72368	02/12/2018	Water Enterprise Fund	Utilities	PACIFIC GAS & ELECTRIC		12,498.91
72368	02/12/2018	Gas Tax/Street Improvement	Utilities	PACIFIC GAS & ELECTRIC		261.29
72368	02/12/2018	General Fund	Utilities	PACIFIC GAS & ELECTRIC		327.13
72368	02/12/2018	Sewer Enterprise Fund	Utilities	PACIFIC GAS & ELECTRIC		1,334.42
				Check Total:		69,923.76
72369	02/12/2018	General Fund	Recreation Fees	KIMBER PARKER		15.00
				Check Total:		15.00
72370	02/12/2018	General Fund	Special Departmental Expense	PATRICK & CO.		179.70
				Check Total:		179.70
72371	02/12/2018	General Fund	Towing Fees	PAT'S LIEN SERVICE		46.00
72371	02/12/2018	General Fund	Towing Fees	PAT'S LIEN SERVICE		40.00
				Check Total:		86.00
72372	02/12/2018	General Fund	Community Center	DAVID PELAYO		300.00
				Check Total:		300.00
72373	02/12/2018	Internal Service Fund	Special Departmental Expense	PRESTON'S LOCK & KEY		180.72
72373	02/12/2018	Internal Service Fund	Special Departmental Expense	PRESTON'S LOCK & KEY		180.72
72373	02/12/2018	Internal Service Fund	Special Departmental Expense	PRESTON'S LOCK & KEY		180.72
72373	02/12/2018	Internal Service Fund	Special Departmental Expense	PRESTON'S LOCK & KEY		53.93
72373	02/12/2018	Internal Service Fund	Special Departmental Expense	PRESTON'S LOCK & KEY		4.33
72373	02/12/2018	Internal Service Fund	Special Departmental Expense	PRESTON'S LOCK & KEY		2.71
72373	02/12/2018	Internal Service Fund	Operations & Maintenance	PRESTON'S LOCK & KEY		38.97
				Check Total:		642.10
72374	02/12/2018	General Fund	Professional Services	PRIME SHINE, INC		156.00
				Check Total:		156.00
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		366.77

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		186.35
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		14.90
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		366.77
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		547.20
72375	02/12/2018	Water Enterprise Fund	Rents & Leases	RAY MORGAN COMPANY		136.06
72375	02/12/2018	Sewer Enterprise Fund	Rents & Leases	RAY MORGAN COMPANY		136.06
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		14.90
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		366.77
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		186.34
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		14.90
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		337.19
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		14.90
72375	02/12/2018	General Fund	Rents & Leases	RAY MORGAN COMPANY		14.90
				Check Total:		2,704.01
72376	02/12/2018	Low&Mod Inc Housing Asset Fund	Professional Services	ROSENOW SPEVACEK GROUP INC.		315.00
72376	02/12/2018	RDVLPMNT Obligation Retirement	Professional Services	ROSENOW SPEVACEK GROUP INC.		2,005.00
72376	02/12/2018	Low&Mod Inc Housing Asset Fund	Professional Services	ROSENOW SPEVACEK GROUP INC.		280.00
				Check Total:		2,600.00
72377	02/12/2018	Gas Tax/Street Improvement	Uniform & Clothing Expense	SAFE-T-LITE		70.78
72377	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	SAFE-T-LITE		618.69
72377	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	SAFE-T-LITE		652.20
				Check Total:		1,341.67
72378	02/12/2018	General Fund	Community Center	RUTH SALAZAR		200.00
72378	02/12/2018	General Fund	Community Center Rental	RUTH SALAZAR		-7.50
				Check Total:		192.50
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		31.00
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		28.00
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		31.00
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		25.00
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		38.00
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		25.00
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		25.00
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		33.00
72379	02/12/2018	Internal Service Fund	Professional Services	SAN JOAQUIN PEST CONTROL		18.00
				Check Total:		254.00
72380	02/12/2018	Water Enterprise Fund	Professional Services	SHANNON PUMP CO.		1,041.50
72380	02/12/2018	Sewer Enterprise Fund	Professional Services	SHANNON PUMP CO.		526.00

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72380	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	SHANNON PUMP CO.		247.60
72380	02/12/2018	Water Enterprise Fund	Special Departmental Expense	SHANNON PUMP CO.		124.28
					Check Total:	1,939.38
72381	02/12/2018	General Fund	Building Permits	STEVE SILVA		529.00
72381	02/12/2018	General Fund	SB 1473	STEVE SILVA		2.00
72381	02/12/2018	General Fund	SMI Tax	STEVE SILVA		5.20
					Check Total:	536.20
72382	02/12/2018	General Fund	Recreation Fees	ROTISHIA SMITH		60.00
72382	02/12/2018	General Fund	Recreation Fees	ROTISHIA SMITH		-5.00
					Check Total:	55.00
72383	02/12/2018	General Fund	Towing Fees	SPEEDY D		175.00
72383	02/12/2018	General Fund	Towing Fees	SPEEDY D		175.00
72383	02/12/2018	General Fund	Towing Fees	SPEEDY D		175.00
72383	02/12/2018	General Fund	Towing Fees	SPEEDY D		175.00
72383	02/12/2018	General Fund	Towing Fees	SPEEDY D		175.00
72383	02/12/2018	General Fund	Towing Fees	SPEEDY D		175.00
72383	02/12/2018	General Fund	Towing Fees	SPEEDY D		175.00
					Check Total:	1,225.00
72384	02/12/2018	General Fund	Professional Services	STAGE STOP GUN SHOP		303.09
72384	02/12/2018	General Fund	Professional Services	STAGE STOP GUN SHOP		363.00
					Check Total:	666.09
72385	02/12/2018	General Fund	Office Supplies	STAPLES BUSINESS ADVANTAGE		140.91
72385	02/12/2018	General Fund	Office Supplies	STAPLES BUSINESS ADVANTAGE		4.11
72385	02/12/2018	General Fund	Office Supplies	STAPLES BUSINESS ADVANTAGE		29.23
72385	02/12/2018	General Fund	Office Supplies	STAPLES BUSINESS ADVANTAGE		201.97
72385	02/12/2018	General Fund	Office Supplies	STAPLES BUSINESS ADVANTAGE		320.36
72385	02/12/2018	Information Technology Fund	Special Departmental Expense	STAPLES BUSINESS ADVANTAGE		21.60
72385	02/12/2018	Information Technology Fund	Special Departmental Expense	STAPLES BUSINESS ADVANTAGE		21.60
72385	02/12/2018	General Fund	Office Supplies	STAPLES BUSINESS ADVANTAGE		103.03
72385	02/12/2018	General Fund	Office Supplies	STAPLES BUSINESS ADVANTAGE		12.98
72385	02/12/2018	General Fund	Office Supplies	STAPLES BUSINESS ADVANTAGE		32.45
72385	02/12/2018	General Fund	Special Departmental Expense	STAPLES BUSINESS ADVANTAGE		33.01
72385	02/12/2018	Information Technology Fund	Special Departmental Expense	STAPLES BUSINESS ADVANTAGE		108.14
					Check Total:	1,029.39
72386	02/12/2018	General Fund	Professional Services	STERICYCLE, INC.		57.98

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		57.98
72387	02/12/2018	Water Enterprise Fund	Professional Services	SWRCB FEES		23,560.00
				Check Total:		23,560.00
72388	02/12/2018	General Fund	Professional Services	THOMAS H. TERPSTRA		20,981.50
72388	02/12/2018	Risk Management Fund	Professional Services	THOMAS H. TERPSTRA		12,291.01
72388	02/12/2018	Water Enterprise Fund	Professional Services	THOMAS H. TERPSTRA		495.00
				Check Total:		33,767.51
72389	02/12/2018	Internal Service Fund	Operations & Maintenance	TESEI PETROLEUM, INC.		3,205.78
72389	02/12/2018	Internal Service Fund	Operations & Maintenance	TESEI PETROLEUM, INC.		8,960.06
				Check Total:		12,165.84
72390	02/12/2018	Internal Service Fund	Operations & Maintenance	TIRE DISTRIBUTION SYSTEMS INC.		196.19
				Check Total:		196.19
72391	02/12/2018	Information Technology Fund	Professional Services	TM PROS		10,727.50
				Check Total:		10,727.50
72392	02/12/2018	General Fund	Towing Fees	TNB TOWING & RECOVERY		200.00
72392	02/12/2018	General Fund	Towing Fees	TNB TOWING & RECOVERY		250.00
72392	02/12/2018	General Fund	Towing Fees	TNB TOWING & RECOVERY		200.00
72392	02/12/2018	General Fund	Towing Fees	TNB TOWING & RECOVERY		200.00
72392	02/12/2018	General Fund	Towing Fees	TNB TOWING & RECOVERY		200.00
				Check Total:		1,050.00
72393	02/12/2018	Internal Service Fund	Operations & Maintenance	TRACTOR SUPPLY CREDIT PLAN		30.61
72393	02/12/2018	Internal Service Fund	Operations & Maintenance	TRACTOR SUPPLY CREDIT PLAN		36.47
72393	02/12/2018	Internal Service Fund	Operations & Maintenance	TRACTOR SUPPLY CREDIT PLAN		29.67
				Check Total:		96.75
72394	02/12/2018	Internal Service Fund	Professional Services	TRIPP SECURITY SYSTEMS		264.00
				Check Total:		264.00
72395	02/12/2018	Internal Service Fund	Operations & Maintenance	TURF STAR, INC.		262.42
				Check Total:		262.42
72396	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	UNITED RENTALS		156.44
				Check Total:		156.44

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72397	02/12/2018	General Fund	Life Insurance Payable	UNUM LIFE INSURANCE		1,628.00
				Check Total:		1,628.00
72398	02/12/2018	General Fund	Girls Volleyball	KAYLA URRUTIA		144.00
				Check Total:		144.00
72399	02/12/2018	Water Enterprise Fund	Professional Services	VALLEY UTILITIE CONSTRUCTION, INC.		1,200.00
				Check Total:		1,200.00
72400	02/12/2018	Sewer Enterprise Fund	Closing of WWTP	VEOLIA WATER NORTH AMERICA OPERATINC		695.75
72400	02/12/2018	Sanitation Enterprise	Professional Services	VEOLIA WATER NORTH AMERICA OPERATINC		2,714.00
				Check Total:		3,409.75
72401	02/12/2018	General Fund	Communications	VERIZON WIRELESS		436.94
				Check Total:		436.94
72402	02/12/2018	Employee Benefits Fund	Vision Insurance	VISION SERVICE PLAN (CA)		896.58
72402	02/12/2018	Employee Benefits Fund	Vision Insurance	VISION SERVICE PLAN (CA)		547.30
				Check Total:		1,443.88
72403	02/12/2018	Internal Service Fund	Special Departmental Expense	WARD ENTERPRISES		70.78
72403	02/12/2018	Internal Service Fund	Special Departmental Expense	WARD ENTERPRISES		10.07
72403	02/12/2018	Internal Service Fund	Special Departmental Expense	WARD ENTERPRISES		121.27
72403	02/12/2018	Internal Service Fund	Special Departmental Expense	WARD ENTERPRISES		259.66
72403	02/12/2018	Internal Service Fund	Special Departmental Expense	WARD ENTERPRISES		43.00
72403	02/12/2018	Internal Service Fund	Special Departmental Expense	WARD ENTERPRISES		15.05
				Check Total:		519.83
72404	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	WATERFORD IRRIGATION SUPPLY, INC		364.76
72404	02/12/2018	Water Enterprise Fund	Special Departmental Expense	WATERFORD IRRIGATION SUPPLY, INC		25.53
72404	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	WATERFORD IRRIGATION SUPPLY, INC		45.80
				Check Total:		436.09
72405	02/12/2018	General Fund Capital	HSIP-Highway Safety Imp Prg Gt	LORI WATERMAN		50.00
				Check Total:		50.00
72406	02/12/2018	Internal Service Fund	Utilities	WEST COAST GAS CO. INC.		56.38
				Check Total:		56.38
72407	02/12/2018	Internal Service Fund	Operations & Maintenance	WEST COAST HYDRAULICS		235.26

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		235.26
72408	02/12/2018	General Fund	Training	WESTAMERICA BANK		600.00
72408	02/12/2018	Risk Management Fund	Special Departmental Expense	WESTAMERICA BANK		204.74
72408	02/12/2018	General Fund	Professional Services	WESTAMERICA BANK		10.80
72408	02/12/2018	General Fund	Special Departmental Expense	WESTAMERICA BANK		2,966.49
72408	02/12/2018	General Fund	Recreation Donations	WESTAMERICA BANK		1,752.99
72408	02/12/2018	General Fund	Special Departmental Expense	WESTAMERICA BANK		31.28
72408	02/12/2018	General Fund	Youth Basketball	WESTAMERICA BANK		112.56
72408	02/12/2018	Water Enterprise Fund	Special Departmental Expense	WESTAMERICA BANK		113.46
72408	02/12/2018	General Fund	Training	WESTAMERICA BANK		370.59
72408	02/12/2018	Water Enterprise Fund	Memberships & Subscriptions	WESTAMERICA BANK		252.80
72408	02/12/2018	Sewer Enterprise Fund	Memberships & Subscriptions	WESTAMERICA BANK		252.80
72408	02/12/2018	Sanitation Enterprise	Memberships & Subscriptions	WESTAMERICA BANK		252.80
				Check Total:		6,921.31
72409	02/12/2018	Internal Service Fund	Utilities	WGL ENERGY SYSTEMS, INC		1,210.05
72409	02/12/2018	Water Enterprise Fund	Utilities	WGL ENERGY SYSTEMS, INC		10,471.06
				Check Total:		11,681.11
72410	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	WINTON HARDWARE		13.86
72410	02/12/2018	Internal Service Fund	Special Departmental Expense	WINTON HARDWARE		7.53
72410	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	WINTON HARDWARE		37.70
72410	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	WINTON HARDWARE		1.07
72410	02/12/2018	Water Enterprise Fund	Special Departmental Expense	WINTON HARDWARE		11.08
72410	02/12/2018	Sewer Enterprise Fund	Special Departmental Expense	WINTON HARDWARE		26.93
72410	02/12/2018	Internal Service Fund	Special Departmental Expense	WINTON HARDWARE		15.06
72410	02/12/2018	Gas Tax/Street Improvement	Professional Services	WINTON HARDWARE		23.71
72410	02/12/2018	Gas Tax/Street Improvement	Special Departmental Expense	WINTON HARDWARE		20.00
				Check Total:		156.94
72411	02/12/2018	General Fund	Recreation Fees	DONNA WRIGHT		60.00
72411	02/12/2018	General Fund	Recreation Fees	DONNA WRIGHT		-5.00
				Check Total:		55.00
72412	02/12/2018	Internal Service Fund	Operations & Maintenance	X-ERGON		396.22
				Check Total:		396.22
72413	02/12/2018	General Fund	Memberships & Subscriptions	YOSEMITE CHAPTER ICC		50.00
				Check Total:		50.00
72414	02/12/2018	General Fund	Adult Co-Ed Volleyball	RICHARD A. ZAMARRIPA		30.00

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		30.00
				Report Total:		992,486.01

Accounts Payable

Checks for Approval

User: jdaniel
Printed: 2/7/2018 - 1:39 PM

Prewritens

City of Atwater
Community Pride City Wide
750 Bellevue Road, Atwater CA 95301

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72228	01/18/2018	Sewer Enterprise Fund	Accounts Payable	EVELYN ARROYO		40.82
72228	01/18/2018	Sanitation Enterprise	Accounts Payable	EVELYN ARROYO		4.25
72228	01/18/2018	Sanitation Enterprise	Accounts Payable	EVELYN ARROYO		13.62
72228	01/18/2018	Water Enterprise Fund	Accounts Payable	EVELYN ARROYO		21.34
					Check Total:	80.03
72229	01/18/2018	Sanitation Enterprise	Accounts Payable	FERNANDO ARROYO		2.75
72229	01/18/2018	Water Enterprise Fund	Accounts Payable	FERNANDO ARROYO		94.63
72229	01/18/2018	Sewer Enterprise Fund	Accounts Payable	FERNANDO ARROYO		26.47
72229	01/18/2018	Sanitation Enterprise	Accounts Payable	FERNANDO ARROYO		8.84
					Check Total:	132.69
72230	01/18/2018	Water Enterprise Fund	Accounts Payable	MARCUS BEUTECALE		136.22
					Check Total:	136.22
72231	01/18/2018	Sanitation Enterprise	Accounts Payable	CHRISTOPHER DEWEES		3.26
72231	01/18/2018	Sanitation Enterprise	Accounts Payable	CHRISTOPHER DEWEES		1.02
72231	01/18/2018	Sewer Enterprise Fund	Accounts Payable	CHRISTOPHER DEWEES		9.77
72231	01/18/2018	Water Enterprise Fund	Accounts Payable	CHRISTOPHER DEWEES		128.27
					Check Total:	142.32
72232	01/18/2018	General Fund	Travel\Conferences\Meetings	BLAKE DUNFORD		58.75
72232	01/18/2018	General Fund	Special Departmental Expense	BLAKE DUNFORD		101.80
					Check Total:	160.55
72233	01/18/2018	Sewer Enterprise Fund	Accounts Payable	FREY REALTY		1.97
72233	01/18/2018	Water Enterprise Fund	Accounts Payable	FREY REALTY		1.02
72233	01/18/2018	Sanitation Enterprise	Accounts Payable	FREY REALTY		1.89
					Check Total:	4.88
72234	01/18/2018	Water Enterprise Fund	Accounts Payable	CARLOS GOMEZ		27.89
72234	01/18/2018	Sanitation Enterprise	Accounts Payable	CARLOS GOMEZ		5.54

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72234	01/18/2018	Sanitation Enterprise	Accounts Payable	CARLOS GOMEZ		17.81
72234	01/18/2018	Sewer Enterprise Fund	Accounts Payable	CARLOS GOMEZ		53.35
				Check Total:		104.59
72235	01/18/2018	Sanitation Enterprise	Accounts Payable	GONELLA PROPERTY MANAGEMENT		8.98
72235	01/18/2018	Sanitation Enterprise	Accounts Payable	GONELLA PROPERTY MANAGEMENT		0.80
72235	01/18/2018	Sewer Enterprise Fund	Accounts Payable	GONELLA PROPERTY MANAGEMENT		26.89
72235	01/18/2018	Water Enterprise Fund	Accounts Payable	GONELLA PROPERTY MANAGEMENT		14.05
				Check Total:		50.72
72236	01/18/2018	Water Enterprise Fund	Accounts Payable	GS SHOP		74.79
				Check Total:		74.79
72237	01/18/2018	Sanitation Enterprise	Accounts Payable	GEORGE HARLAND, JR.		1.02
72237	01/18/2018	Sanitation Enterprise	Accounts Payable	GEORGE HARLAND, JR.		3.26
72237	01/18/2018	Sewer Enterprise Fund	Accounts Payable	GEORGE HARLAND, JR.		9.77
72237	01/18/2018	Water Enterprise Fund	Accounts Payable	GEORGE HARLAND, JR.		5.11
				Check Total:		19.16
72238	01/18/2018	Water Enterprise Fund	Accounts Payable	FRANCES HARVEY		12.77
72238	01/18/2018	Sanitation Enterprise	Accounts Payable	FRANCES HARVEY		2.54
72238	01/18/2018	Sewer Enterprise Fund	Accounts Payable	FRANCES HARVEY		24.44
72238	01/18/2018	Sanitation Enterprise	Accounts Payable	FRANCES HARVEY		8.16
				Check Total:		47.91
72239	01/18/2018	Water Enterprise Fund	Accounts Payable	KIMBERLY HILDRETH		82.86
				Check Total:		82.86
72240	01/18/2018	Sanitation Enterprise	Accounts Payable	JEANETTE HUPP		4.90
72240	01/18/2018	Sewer Enterprise Fund	Accounts Payable	JEANETTE HUPP		14.67
72240	01/18/2018	Sanitation Enterprise	Accounts Payable	JEANETTE HUPP		1.53
72240	01/18/2018	Water Enterprise Fund	Accounts Payable	JEANETTE HUPP		54.29
				Check Total:		75.39
72241	01/18/2018	Water Enterprise Fund	Accounts Payable	DOUG & AMANDA LIBECKI		66.98
				Check Total:		66.98
72242	01/18/2018	Sanitation Enterprise	Accounts Payable	SHARON MARTS THOMPSON		6.53
72242	01/18/2018	Sanitation Enterprise	Accounts Payable	SHARON MARTS THOMPSON		2.03
72242	01/18/2018	Water Enterprise Fund	Accounts Payable	SHARON MARTS THOMPSON		10.22
72242	01/18/2018	Sewer Enterprise Fund	Accounts Payable	SHARON MARTS THOMPSON		19.56

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		38.34
72243	01/18/2018	Sanitation Enterprise	Accounts Payable	JORGE MOLINA		19.47
72243	01/18/2018	Water Enterprise Fund	Accounts Payable	JORGE MOLINA		30.43
72243	01/18/2018	Sanitation Enterprise	Accounts Payable	JORGE MOLINA		6.04
72243	01/18/2018	Sewer Enterprise Fund	Accounts Payable	JORGE MOLINA		58.24
				Check Total:		114.18
72244	01/18/2018	Sewer Enterprise Fund	Accounts Payable	PETER MORROW		4.12
72244	01/18/2018	Water Enterprise Fund	Accounts Payable	PETER MORROW		10.22
				Check Total:		14.34
72245	01/18/2018	General Fund	Professional Services	NATIONAL DEMOGRAPHICS CORPORATION		21,000.00
				Check Total:		21,000.00
72246	01/18/2018	Water Enterprise Fund	Accounts Payable	CHRISTOPHER REBELE		61.31
72246	01/18/2018	Sewer Enterprise Fund	Accounts Payable	CHRISTOPHER REBELE		117.33
72246	01/18/2018	Sanitation Enterprise	Accounts Payable	CHRISTOPHER REBELE		12.21
72246	01/18/2018	Sanitation Enterprise	Accounts Payable	CHRISTOPHER REBELE		39.17
				Check Total:		230.02
72247	01/18/2018	Sewer Enterprise Fund	Accounts Payable	STONEFIELD HOME, INC		51.33
72247	01/18/2018	Water Enterprise Fund	Accounts Payable	STONEFIELD HOME, INC		26.82
				Check Total:		78.15
72248	01/18/2018	Water Enterprise Fund	Accounts Payable	HEATHER THEURER		135.58
				Check Total:		135.58
72249	01/18/2018	General Fund	Training	ANTHONY S. CARDOZA		407.20
				Check Total:		407.20
72250	01/22/2018	General Fund	Miscellaneous Union Dues	AFSCME DISTRICT COUNCIL 57		748.07
				Check Total:		748.07
72251	01/22/2018	General Fund	Miscellaneous Union Dues	FAMILY HOUSE INC		20.78
72251	01/22/2018	General Fund	Miscellaneous Union Dues	FAMILY HOUSE INC		20.78
				Check Total:		41.56
72252	01/22/2018	General Fund	Garnishments	FRANCHISE TAX BOARD		304.00
				Check Total:		304.00

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72253	01/22/2018	General Fund	Garnishments	MERCED COUNTY SHERIFF'S OFFICE		150.00
				Check Total:		150.00
72254	01/22/2018	General Fund	Pre-Paid Legal	PRE-PAID LEGAL SERVICES		28.91
				Check Total:		28.91
72255	01/22/2018	General Fund	Garnishments	STATE DISBURSEMENT UNIT		712.61
				Check Total:		712.61
72256	01/22/2018	General Fund	Deferred Compensation	VANTAGEPOINT TRANSFER AGT-457		50.00
				Check Total:		50.00
72257	01/23/2018	General Fund	Travel\Conferences\Meetings	CITY OF LOS BANOS		30.00
72257	01/23/2018	General Fund	Travel\Conferences\Meetings	CITY OF LOS BANOS		120.00
72257	01/23/2018	General Fund	Travel/Conferences/Meetings	CITY OF LOS BANOS		30.00
72257	01/23/2018	General Fund	Travel\Conferences\Meetings	CITY OF LOS BANOS		60.00
				Check Total:		240.00
72258	01/23/2018	General Fund	Travel\Conferences\Meetings	William Novetzke		90.78
				Check Total:		90.78
72259	01/25/2018	General Fund	Training	ARMANDO ECHEVARRIA		80.00
				Check Total:		80.00
72260	01/25/2018	General Fund	Office Supplies	MAILFINANCE		1,606.53
				Check Total:		1,606.53
72261	01/25/2018	General Fund	Memberships & Subscriptions	MERCED COUNTY LAW ENFORCEMENT CHIE		125.00
				Check Total:		125.00
72262	01/25/2018	General Fund	Training	MIKE RIVERA		100.00
				Check Total:		100.00
72263	01/25/2018	Ferrari Ranch Project Fund	Professional Services	State Bd Of Equalization		2,000.00
				Check Total:		2,000.00
72264	01/25/2018	General Fund	Training	WeCARE		675.00
				Check Total:		675.00
72265	01/31/2018	Employee Benefits Fund	Health Insurance, Retirees	RAMONA BLAKE		211.07

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		211.07
72266	01/31/2018	Employee Benefits Fund	Health Insurance, Retirees	DAVID CHURCH		671.99
				Check Total:		671.99
72267	01/31/2018	Employee Benefits Fund	Health Insurance, Retirees	GARY FRAGO		344.37
				Check Total:		344.37
72268	01/31/2018	Employee Benefits Fund	Health Insurance, Retirees	BOBBY GREGORY		1,959.97
				Check Total:		1,959.97
72269	01/31/2018	Employee Benefits Fund	Health Insurance, Retirees	RENE MENDOZA		386.14
				Check Total:		386.14
72270	01/31/2018	Employee Benefits Fund	Health Insurance, Retirees	ROBERTO ROMERO		1,224.81
				Check Total:		1,224.81
72271	01/31/2018	Employee Benefits Fund	Health Insurance, Retirees	BILL SWALLEY		67.68
				Check Total:		67.68
72272	01/31/2018	Sewer Enterprise Fund	Professional Services	BANK OF NEW YORK		500.00
				Check Total:		500.00
72273	01/31/2018	General Fund	Special Departmental Expense	William Novetzke		16.19
				Check Total:		16.19
72274	01/31/2018	General Fund	Training	DAVE SARGINSON		240.00
				Check Total:		240.00
72275	01/31/2018	Information Technology Fund	Special Departmental Expense	TPX COMMUNICATIONS		5,389.33
				Check Total:		5,389.33
72276	01/31/2018	General Fund	Youth Basketball	URBAN ILLUSTRATORS		4,005.45
				Check Total:		4,005.45
72277	02/05/2018	General Fund	Miscellaneous Union Dues	AFSCME DISTRICT COUNCIL 57		753.26
				Check Total:		753.26
72278	02/05/2018	General Fund	Garnishments	FRANCHISE TAX BOARD		304.00

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
				Check Total:		304.00
72279	02/05/2018	General Fund	Garnishments	MERCED COUNTY SHERIFF'S OFFICE		302.37
				Check Total:		302.37
72280	02/05/2018	General Fund	Pre-Paid Legal	PRE-PAID LEGAL SERVICES		28.91
				Check Total:		28.91
72281	02/05/2018	General Fund	Garnishments	STATE DISBURSEMENT UNIT		712.61
				Check Total:		712.61
72282	02/05/2018	General Fund	Deferred Compensation	VANTAGEPOINT TRANSFER AGT-457		50.00
				Check Total:		50.00
72283	02/05/2018	General Fund	Training	CITY OF FRESNO-POLICE DEPT		1,263.00
				Check Total:		1,263.00
72284	02/05/2018	General Fund	Training	WILLIAM MARTIN		180.00
				Check Total:		180.00
72285	02/05/2018	Sewer Enterprise Fund	Sewer Lift Station Imprvmnts	PACIFIC GAS & ELECTRIC		10,058.42
				Check Total:		10,058.42
72286	02/05/2018	Stone Creek LNDSCP	Professional Services	TURF STAR, INC.		1,126.59
72286	02/05/2018	Stone Creek LD	Professional Services	TURF STAR, INC.		1,126.59
72286	02/05/2018	Juniper Meadows LNDSCP	Professional Services	TURF STAR, INC.		30.12
72286	02/05/2018	Cottage Gardens ST & LMA	Professional Services	TURF STAR, INC.		84.34
72286	02/05/2018	Silva Ranch LD	Professional Services	TURF STAR, INC.		903.68
72286	02/05/2018	Atwater South LD	Professional Services	TURF STAR, INC.		909.71
72286	02/05/2018	Price Annexation LD	Professional Services	TURF STAR, INC.		5,693.21
72286	02/05/2018	Redwood Estates LD	Professional Services	TURF STAR, INC.		704.87
72286	02/05/2018	Juniper Meadows LD	Professional Services	TURF STAR, INC.		30.12
72286	02/05/2018	Orchard Park Estates LD	Professional Services	TURF STAR, INC.		843.44
72286	02/05/2018	Woodview Garland LA	Professional Services	TURF STAR, INC.		186.76
72286	02/05/2018	Atwater South LNDSCP	Professional Services	TURF STAR, INC.		909.71
72286	02/05/2018	Sierra Parks LD	Professional Services	TURF STAR, INC.		210.86
72286	02/05/2018	Shaffer Lakes West LD	Professional Services	TURF STAR, INC.		451.84
72286	02/05/2018	Parks and Recreation Fund	Machinery & Equipment	TURF STAR, INC.		33,773.56
72286	02/05/2018	Simon Annexation LNDSCP	Professional Services	TURF STAR, INC.		18.07
72286	02/05/2018	Woodhaven LD	Professional Services	TURF STAR, INC.		277.13
72286	02/05/2018	Pajaro Dunes LMA	Professional Services	TURF STAR, INC.		349.42
72286	02/05/2018	Pajaro Dunes LD	Professional Services	TURF STAR, INC.		349.42

Check Number	Check Date	Fund Name	Account Name	Vendor Name	Void	Amount
72286	02/05/2018	Meadow View LNDSCP	Professional Services	TURF STAR, INC.		771.14
72286	02/05/2018	Simon Annexation LD	Professional Services	TURF STAR, INC.		18.07
72286	02/05/2018	Mello Ranch 2 LNDSCP	Professional Services	TURF STAR, INC.		783.19
72286	02/05/2018	Applegate Ranch LD	Professional Services	TURF STAR, INC.		84.34
72286	02/05/2018	Northwood Village LD	Professional Services	TURF STAR, INC.		1,012.19
72286	02/05/2018	Aspenwood Lndscp	Professional Services	TURF STAR, INC.		228.93
72286	02/05/2018	Bell Crossing LNDSCP	Professional Services	TURF STAR, INC.		1,132.62
72286	02/05/2018	Mello Ranch LNDSCP	Professional Services	TURF STAR, INC.		909.71
72286	02/05/2018	Airport Business Park LD	Professional Services	TURF STAR, INC.		108.44
72286	02/05/2018	Silva Ranch LNDSCP	Professional Services	TURF STAR, INC.		903.68
72286	02/05/2018	Camellia Meadows LD	Professional Services	TURF STAR, INC.		186.76
72286	02/05/2018	Cottage Gardens LD	Professional Services	TURF STAR, INC.		84.34
72286	02/05/2018	Mello Ranch LD	Professional Services	TURF STAR, INC.		909.71
72286	02/05/2018	Wildwood Estates LD	Professional Services	TURF STAR, INC.		307.25
72286	02/05/2018	Bell Crossing LD	Professional Services	TURF STAR, INC.		1,132.62
72286	02/05/2018	Sandlewood Square LD	Professional Services	TURF STAR, INC.		632.58
72286	02/05/2018	Aspenwood LD	Professional Services	TURF STAR, INC.		228.93
72286	02/05/2018	Meadow View LD	Professional Services	TURF STAR, INC.		771.14
72286	02/05/2018	Shaffer Lakes East LD	Professional Services	TURF STAR, INC.		1,885.69
72286	02/05/2018	Redwood Estates LMA	Professional Services	TURF STAR, INC.		644.63
72286	02/05/2018	Price Annexation LMA	Professional Services	TURF STAR, INC.		5,687.18
72286	02/05/2018	Camellia Meadows LNDSCP	Professional Services	TURF STAR, INC.		186.76
72286	02/05/2018	Applegate Ranch Lndscp	Professional Services	TURF STAR, INC.		84.34
72286	02/05/2018	Mello Ranch 2 LD	Professional Services	TURF STAR, INC.		783.19
72286	02/05/2018	Beluga Court LD	Professional Services	TURF STAR, INC.		30.12
72286	02/05/2018	Sandlewood Square LMA	Professional Services	TURF STAR, INC.		632.58
72286	02/05/2018	Camellia Estates LD	Professional Services	TURF STAR, INC.		228.93
72286	02/05/2018	America West LNDSCP	Professional Services	TURF STAR, INC.		78.32
72286	02/05/2018	America West LD	Professional Services	TURF STAR, INC.		78.32
72286	02/05/2018	Gas Tax/Street Improvement	Machinery & Equipment	TURF STAR, INC.		23,730.29
					Check Total:	92,235.43
					Report Total:	151,054.36

CITY OF ATWATER

CITY COUNCIL
AND
SUCCESSOR AGENCY TO THE ATWATER REDEVELOPMENT AGENCY

ACTION MINUTES

January 8, 2018

REGULAR SESSION: (Council Chambers)

The City Council of the City of Atwater and the Governing Board of the Successor Agency to the Atwater Redevelopment Agency met in Regular Session this date at 6:01 PM in the City Council Chambers located at the Atwater Civic Center, 750 Bellevue Road, Atwater, California; Mayor/Board Chair Price presiding.

PLEDGE OF ALLEGIANCE TO THE FLAG:

The Pledge of Allegiance was led by Mayor/Board Chair Price.

INVOCATION:

The Invocation was led by Police Chaplain Mead.

ROLL CALL: (City Council/Governing Board)

Present:	***City Council Members/Board Members Creighton, Raymond, Vierra, Mayor Pro Tem/Board Vice Chair Vineyard, Mayor/Board Chair Price***
Absent:	***None***
Staff Present:	***Interim City Manager/Executive Director de Werk, City Attorney Terpstra, City Clerk Hyler III, CAL FIRE Battalion Chief Wight, Human Resources Director Del Real, Police Chief Joseph, Interim Public Works Director Shaw, Recreation Supervisor Rahn, Interim Community Development Director Waterman, Chief Building Official Pereida, Administrative Analyst***

Dunford, Finance Director Deol, Recording Secretary Rasmussen

MAYOR'S ANNOUNCEMENT:

Mayor/Board Chair Price announced the appointment of three (3) Commission Members to the scheduled vacancies on the City of Atwater Community Development and Resources Commission (CDRC) for the term of four (4) years, term ending December, 2021 as follows:

- ***Gary Brice***
- ***Linda Dash***
- ***Ron Daugherty***

SUBSEQUENT NEED ITEMS: ***None.***

APPROVAL OF AGENDA AS POSTED OR AS AMENDED:

Agenda item #5 under Agreements "Approving Lease and Operating Agreements with Atwater Historical Society for use of Bloss House and grounds" was removed from the agenda in its entirety.

Agenda item #7 "Accepting Change Order regarding Winton Way Reconstruction Project" was reordered from Claims Against the City to Agreements.

MOTION: ***Mayor Pro Tem/Board Vice Chair Vineyard moved to approve the agenda as amended. The motion was seconded by Council Member/Board Member Creighton and the vote was: Ayes: Vierra, Vineyard, Raymond, Creighton, Price; Noes: None; Absent: None. The motion passed.***

PRESENTATIONS:

Monthly verbal report by Merced County District 3 Supervisor McDaniel

Merced County District 3 Supervisor Mc Daniel reported as follows:

- ***New chairman coming this year; Jerry O'Banion.***
- ***Drought came to an end this year but flooding followed; OES was activated for a two week period.***
- ***County is working with partners to construct Black Rascal watershed with funds from 10 million dollar federal grant.***
- ***Open meetings were held to identify goals and priorities throughout the County.***
- ***Port of Los Angeles agreement at Castle achieved.***
- ***Web access increased.***
- ***Marijuana ordinance completed.***
- ***Solar structures to promote energy efficiency installed in County facilities.***

- ***Prayer has been added to County Supervisor meetings.***
- ***Agendas are being published much sooner.***
- ***Live stream meetings has also been achieved.***
- ***Atwater/Merced Expressway work continues.***
- ***Sheriff Deputies' wages are being increased.***
- ***VIPER program has been hugely successful.***
- ***Revenue sharing agreement with City of Atwater and Merced County achieved.***

COMMENTS FROM THE PUBLIC:

Notice to the public was read.

DON MARTIN, Atwater, commented on the appointment of a permanent City Manager and made suggestions as to improving the process.

RICHARD JOHNSON, Atwater, urged an end to the destructive behavior of the City Council members during City Council meetings.

JEANNIE KNIGHT, Atwater, welcomed Art de Werk.

ERIC LIMON, provided his contact information (Elimon@repulicservices.com 209-587-0106) and stated that he is working on the restoration and renovation of Veterans Park pavilion.

HARRY MARKARIAN, Le Grand, commented on the work at the pavilion at Veterans Park and announced that Central Valley Disposal presented $2,000 to the City for Veterans Park renovation only.

GREG McDANIEL, Atwater, President of the Atwater Historical Society for Bloss Home stated that the City of Atwater will no longer maintain grounds or maintenance under a new proposed agreement. He encouraged people to become members of the Atwater Historical Society.

FRANK JOHNSON, Modesto, NAAACPJOP, spoke about financial controls within the City and compliance with the State Auditor's findings. He also questioned a former City Manager's actions and former City Council member's financial gain from a solar contract.

HELEN AMARANT, Atwater, urged the City Council to work collaboratively and display more decorum when conducting City business. She also welcomed Mr. de Werk.

ERIC LEE, Atwater, applauded Mr. de Werk his for willingness to complete a deeper background check. He questioned the process for interviews and selection of City Managers.

MANUEL PINTO, Atwater, welcomed Mr. de Werk. He questioned the cost of selection for a City Manager and the conduct of the City Council.

DARIN DUPONT, Atwater, stated that youth will not remain in Atwater when the City Council acts in such a toxic manner. He encouraged the City Council to stop the finger pointing and take care of business.

No one else came forward to speak.

CONSENT CALENDAR:

Agenda item #5 under Agreements, "Approving Lease and Operating Agreements with Atwater Historical Society for use of Bloss House and grounds," was removed from the consent calendar and the agenda in its entirety.

Agenda Item #8 under Informational Items Only (No Action Required), "Police Department activities and projects for the month of December, 2017," was removed from the consent calendar for separate discussion.

Agenda Item #9 under Informational Items Only (No Action Required),"Fire Department activities and projects for the month of December, 2017," was removed from the consent calendar for separate discussion.

Agenda Item #10 under Informational Items Only (No Action Required), "Water Well Levels for the month of December, 2017 and Water Well Levels for 2016," was removed from the consent calendar for separate discussion.

MOTION: City Council Member/Board Member Creighton moved to approve the consent calendar as amended. The motion was seconded by Mayor Pro Tem/Board Vice Chair Vineyard and the vote was: Ayes: Creighton, Raymond, Vierra, Vineyard, Price; Noes: None; Absent: None. The motion passed.

1. WARRANTS:

December 20, 2017

ACTION: Approval of warrants as listed.

2. MINUTES: (City Council)

Regular meeting, December 11, 2017

ACTION: Approval of minutes as listed.

RESOLUTIONS:

3. Adopting City of Atwater Salary Schedule A-18, effective January 1, 2018 (Human Resources Director Del Real)

ACTION: Adoption of Resolution No. 3009-18 adopting City of Atwater Salary Schedule A-18, effective January 1, 2018.

4. Adopting Recognized Obligation Payment Schedule 2018-19 for the July 1, 2018 through June 30, 2019 period and adopting Administrative Budget for Fiscal Year 2018-19 (Interim Community Development Director Waterman)

ACTION: Adoption of Resolution No. SA 2018-1 adopting Recognized Obligation Payment Schedule 2018-19 for the July 1, 2018 through June 30, 2019 period and adopting Administrative Budget for Fiscal Year 2018-19.

AGREEMENTS**:**

5. Approving Lease and Operating Agreements with Atwater Historical Society for use of Bloss House and grounds (Recreation Supervisor Rahn)

This item was removed from the agenda in its entirety.

6. Accepting Change Order regarding Winton Way Reconstruction Project **(**Interim Community Development Director Waterman)

ACTION: Acceptance of Change Order No. 1 for Project No. 15-1, Winton Way Reconstruction Project; and authorizes and directs the Interim City Manager, or his designee, to sign any related documents on behalf of the City.

CLAIMS AGAINST THE CITY:

7. Claim No. 2017-18

ACTION: After consideration and investigation, it is staff's recommendation that Claim No. 2017-18 be rejected.

INFORMATIONAL ITEMS ONLY (NO ACTION REQUIRED):

8. Police Department activities and projects for the month of December, 2017 (Police Chief Joseph)

This item was removed from the Consent Calendar for separate discussion.

9. Fire Department activities and projects for the month of December, 2017 (CAL FIRE Battalion Chief Wight)

This item was removed from the Consent Calendar for separate discussion.

10. Water Well Levels for the month of December, 2017 and Water Well Levels for 2016 (Interim Public Works Director Shaw)

This item was removed from the Consent Calendar for separate discussion.

INFORMATIONAL ITEMS ONLY (NO ACTION REQUIRED):

Police Department activities and projects for the month of December, 2017 (Police Chief Joseph)

Police Chief Joseph reported that homicides are down due to prosecution rates, the VIPER program, and the work of personnel. He stated that updating of the vehicles continues so that all units look the same. He noted that the in-floor lift at the Public Works department is not sufficient to service the police vehicles.

Interim Public Works Director Shaw advised that they are exploring new four-post lift.

Fire Department activities and projects for the month of December, 2017 (CAL FIRE Battalion Chief Wight)

CAL FIRE Battalion Chief Wight reported that he is exploring new information about a computer system like GPS for equipment. They are using a new fire trailer for training. Regarding the Thomas Fire event in southern California, 3 strike teams, 15 engines and 40-50 personnel were sent. The fire is still not fully contained; 286 acres burned and 92% contained to date.

Water Well Levels for the month of December, 2017 and Water Well Levels for 2016 *(Interim Public Works Director Shaw)*

Interim Public Works Director Shaw reported that water well levels have come up a bit but not consistently in all aquifers. He announced that repairs to Well 20 have not been completed; Well 22 has been engineered but it is also awaiting repairs. All City water wells will need treatment for charcoal filtration and the cost per well is undetermined to date.

INTERIM CITY MANAGER REPORTS/UPDATES:

Letter of support regarding a joint grant application supporting improved passenger rail service to Sacramento

Interim City Manager de Werk provided a review of the joint efforts to expand rail services in the Central Valley of California and a request for a letter of support from the San Joaquin Joint Powers Authority and the San Joaquin Regional Rail Commission.

MOTION: ***Mayor Pro Tem Vineyard moved to authorize and direct the Mayor and each City Council Member to sign a letter of support regarding a joint grant application of the San Joaquin Joint Powers Authority and the San Joaquin Regional Rail Commission supporting the expansion of intercity passenger rail services in the California Central Valley and to adopt Resolution No. 3006-18. The motion was seconded by City Council Member Raymond and the vote was: Ayes: Raymond, Creighton, Vineyard, Vierra, Price; Noes: None; Absent: None. The motion passed.***

Verbal report regarding 2018 One Voice Program update – Merced County Association of Governments

Interim City Manager de Werk reported that a trip to Washington DC is planned for May to discuss with federal agencies and congressional representatives the issues important to Atwater and all of Merced County. The delegation collaboratively drafted an agenda. Representatives from the Atwater City Council have participated in the past and will consider participation for this year. Merced County Association of Governments (MCAG) coordinates the trip.

Announcement regarding invitation to Interim City Manager Coffee – January 18, 2018 at 8:00 AM in the City Council Chambers

Interim City Manager de Werk discussed having an opportunity for the public and staff to meet with him to get questions answered or discuss issues. The event is scheduled for January 18, 2018 and all staff and the general public are invited. The coffee will be held in City Council Chambers.

CITY COUNCIL MATTERS:

Approval of Annual 2018 Regular Meeting Schedule Calendar

MOTION: ***City Council Member Vierra moved to approve the 2018 Regular Meeting Schedule Calendar; when regular meetings are cancelled, to authorize the Mayor and City Manager to sign any documents required to maintain essential City Services. Said documents shall be reviewed by the City Attorney and be scheduled for ratification of the entire City Council at the next regularly scheduled City Council meeting. The motion was seconded by Mayor Pro Tem Vineyard and the vote was: Ayes: Vineyard, Vierra, Creighton, Raymond, Price; Noes: None; Absent: None. The motion passed.***

City Council comments:

City Council Member Raymond reported serving on Congressman Jim Costa's selective service academies. He announced that there were nine applicants and they were great.

City Council Member Vierra welcomed Mr. de Werk and expressed respect for all members. She stated that "we will move forward".

City Council Member Creighton welcomed Mr. de Werk. He thanked the public for their comments and concerns about the City and he thanked the City staff for their efforts.

Mayor Pro Tem Vineyard welcomed everyone. He expressed a desire for time to find middle-ground and work forward. He thanked employees and staff for their passion and dedication and those who agreed to continue on the CDRC. He announced that Chief Research and Logistics, LLC contacted the City regarding a medical marijuana business to open in Atwater. They will present at the CDRC and then to the City Council. He reported that district elections are eleven (11) months away and if anyone is interested in running, do the homework, talk to everyone and come to meetings. He announced that January is Cervical Cancer Awareness Month.

Mayor Price met with Mr. de Werk and shared ideas about development and other issues. He pledged to work closely with Mr. de Werk and move the City forward. The Ferrari Ranch Project only received one person expressing two concerns. The project is moving forward and will now go to the County Board of Supervisors as a consent agenda item for approval and annexation is expected shortly. He also spoke with developers about getting two hotels as opposed to just one. He expressed that the rain creates some problems, but we are still under water restrictions despite the recent rain.

ADJOURNMENT:

The meeting adjourned in memory of Hector Ortiz and Dolores "Doe" Maurer.

Mayor Pro Tem Vineyard recalled that Hector Ortiz was a volunteer for the City who started in November of 2017. He was a former police officer. He passed very suddenly. The funeral is Wednesday, January 10, 2018.

Mayor Price announced the passing of Doe Maurer. She is remembered for her life commitment to church, community, and family. She was a dedicated educator and a member of Atwater Castle Kiwanis and served as First Lady when her husband was District Governor.

The meeting adjourned 7:45 PM.

CERTIFICATION:

I, Don Hyler III, City Clerk/Board Secretary of the City of Atwater, do hereby certify that a copy of the foregoing agenda was posted at City Hall a minimum of 72 hours prior to the meeting.

_____

DON HYLER III, CITY CLERK/BOARD SECRETARY

SB 343 NOTICE
In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 72 hours prior to a regular meeting will be made available for public inspection in the office of the City Clerk at City Hall during normal business hours at 750 Bellevue Road.

If, however, the document or writing is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting, as listed on this agenda at 750 Bellevue Road.

AB 23 NOTICE:
Pursuant to Government Code Section 54952.3, City Council is not receiving additional compensation for serving as members of the Fire Protection District or as Successor Agency to the Atwater Redevelopment Agency.

In compliance with the Federal Americans with Disabilities Act of 1990, upon request, the agenda can be provided in an alternative format to accommodate special needs. If you require special accommodations to participate in a City Council, Commission, or Committee meeting due to a disability, please contact the City Clerk's Office a minimum of three (3) business days in advance of the meeting at 357-6205. You may also send the request by email to lrasmussen@atwater.org.

COMMUNITY DEVELOPMENT AND RESOURCES COMMISSION

ACTION MINUTES

November 15, 2017

CALL TO ORDER:

The Community Development and Resources Commission of Atwater met in Regular Session this date at 6:00 PM in the City Council Chambers located at the Atwater Civic Center, 750 Bellevue Road, Atwater, California; Chair Brice presiding.

PLEDGE OF ALLEGIANCE:

The pledge of allegiance was led by Chair Brice.

INVOCATION: ***The Invocation was given by Police Chaplain.***

ROLL CALL:

Present:	***Commissioners Dash, Daugherty, McWatters, Reed, Warchol, Chair Brice***
Absent:	***Commissioner Murphy III***
Staff Present:	***Interim City Manager Bramble, Code Enforcement Officer Velazquez, Recording Secretary Waterman***
Guests:	***VVH Planner Greg Thompson, Elizabeth Lanham representing Davey Resources Group***

SUBSEQUENT NEED ITEMS: ***None***

APPROVAL OF AGENDA AS POSTED OR AMENDED:

MOTION: ***Commissioner Warchol moved to approve the agenda as presented. The motion was seconded by Commissioner Reed, and the vote was: Ayes: Dash, Daugherty, McWatters, Reed, Warchol, Brice; Noes: None; Absent: Murphy III. The motion passed.***

CEREMONIAL MATTERS: ***None***

PUBLIC COMMENT:

Notice to the public was read.

ERIC SORENSON, Atwater, spoke against the placement of a Dedication Bench located at Manuel Barios Park, and asked that a future item be placed on the agenda to discuss the placement of "No Stopping between 10 PM to 6:00 AM" signs on Lakeview in front of the bench. He stated there has been an increase of criminal activity in that area since the placement of the bench.

No one else came forward to speak at this time.

APPROVAL OF MINUTES:

Regular Meeting of October 18, 2017

MOTION: Commissioner Warchol moved to approve the minutes as listed. The motion was seconded by Commissioner Reed, and the vote was: Ayes: Dash, McWatters, Reed, Warchol, Brice; Noes: None; Absent: Murphy III. The motion passed.

PETITIONS AND COMMUNICATIONS:

Request from Atwater Chamber of Commerce for assistance with their Annual Christmas Parade scheduled for Friday, December 1, 2017 starting at 7:00 PM

This item is informational only it was presented to the City Council on November 13, 2017.

Request from Atwater Ministers Association for assistance with their Thanksgiving Food & Hope Giveaway and gathering scheduled for Saturday, November 18, 2017 from 11:00 AM to 2:00 PM at Atwater Veterans Park Gymnasium

This item is informational only it was presented to the City Council on November 13, 2017.

PUBLIC HEARINGS:

CDRC Resolution No. 040-17 recommending Ordinance No. CS 992 amending Chapter 12.32 of the Atwater Municipal Code entitled "Trees"; and Resolution No. 3000-17 adopting 2017 Urban Forest Tree Master Plan be referred to the City Council for adoption

Elizabeth Lanham with Davey Resources Group reviewed the proposed changes to the Tree Ordinance, provided an overview of the final version of the Tree Master Plan, and addressed questions from the Commission.

Chair Brice opened the Public Hearing.

No one came forward to speak, and Chair Brice closed the Public Hearing for this item.

MOTION: ***Commissioner Reed moved to adopt Resolution No. CDRC 040-17 as amended and to recommend Ordinance No. 992 amending Title 12, "Streets", Sidewalks and Public Places", Chapter 32 "Trees" of the Atwater Municipal Code and Resolution No. 3000-17 adopting the 2017 Urban Forest Master Plan to the City Council for adoption. The motion was seconded by Commissioner Daugherty, and the vote was: Ayes: Dash, Daugherty, McWatters, Reed, Warchol, Brice; Noes: None; Absent: Murphy III. The motion passed.***

REPORTS AND PRESENTATIONS FROM STAFF:

Policy and Procedure for Naming or Dedicating City Parks, Recreation Facilities, Memorial Benches, Memorial Bricks, City Buildings and Facilities

MOTION: ***Commissioner Reed moved to recommend Administrative Policy and Procedure 17-1, "Procedure for Naming or Dedicating City Parks, Recreation Facilities, Memorial Benches, Memorial Bricks, City Buildings and Facilities to the City Council for adoption. The motion was seconded by Commissioner McWatters, and the vote was: Ayes: Dash, Daugherty, McWatters, Reed, Brice; Noes: None; Absent: Murphy III. The motion passed.***

2017-2023 Capital Improvement Plan and Projects for funding from Merced County and the State of California (Measure V and California Senate Bill 1)

This item is informational only.

COMMISSIONER MATTERS:

Comments from Community Development and Resources Commissioners

Commissioner Dash complemented Bellevue Shopping Center, stated it is looking clean and she asked if the Commission would begin looking at the General Plan.

Daugherty questioned the traffic signal timing at Crest and Bellevue, stating there is no delay on the Crest side.

Commissioner Reed thanked Recording Secretary for using dividers between the items to be discussed on the agenda. He also questioned placement of "speed humps" on Fruitland and would like the Commission to review. He also asked for an update on the Party Supply Business located at 1710 Fruitland.

Commissioner McWatters comments were inaudible.

Commissioner Warchol stated that items for discussion that are being brought up during commissioner comments, and asked that a process for placement of agenda items be established. He suggested sending a memo to the City Manager when an agenda item is proposed.

Chair Brice recommended cancelling the December meeting due to the Holiday but it was determined that there may be items that need to be addressed before the end of the year.

ADJOURNMENT:

The meeting adjourned at 6:54 PM.

Gary Brice, Chairperson

Lori Waterman, CMC
Recording Secretary

COMMUNITY DEVELOPMENT AND RESOURCES COMMISSION

ACTION MINUTES

January 4, 2018

CALL TO ORDER:

The Community Development and Resources Commission of Atwater met in Special Session this date at 5:34 PM in the City Council Chambers located at the Atwater Civic Center, 750 Bellevue Road, Atwater, California; Chair Brice presiding.

PLEDGE OF ALLEGIANCE:

The pledge of allegiance was led by Chair Brice.

ROLL CALL:

Present:	***Commissioners Dash, Daugherty, Murphy III, Chair Brice***
Absent:	***McWatters***
Staff Present:	***Interim City Manager deWerk, Interim Community Development Director/Recording Secretary Waterman, Planner Thompson***

PUBLIC COMMENT:

Notice to the public was read.

No one came forward to speak at this time.

BUSINESS:

Resolution No. CDRC 049-18 making determination that the location, purpose and extent of the disposition of the conveyance of the Property proposed by the City conforms to the City's General Plan and making recommendation that the City Council approve sale of the Property located at 1550 Shaffer Road consistent with the General Plan Land Use Designation and Zoning Code requirements

MOTION: ***Vice Chair Murphy III moved to adopt Resolution No. CDRC 049-18 making determination that the location, purpose and extent of the disposition of the conveyance of the Property proposed by the City conforms to the City's General Plan; and making the recommendation that the City Council approve the sale of the Property consistent with the General Plan Land Use Designation and Zoning Code requirements; and authorizing the Interim City Manager to execute any necessary documents on behalf of the City. The motion was seconded by Commissioner Warchol and the vote was: Ayes: Dash, Daugherty, Murphy III, Brice; Noes: None; Absent: McWatters; Abstain: Warchol. The motion passed.***

COMMISSIONER MATTERS:

Comments from Community Development and Resources Commissioners - ***None***

ADJOURNMENT:

The meeting adjourned at 5:46 PM.

Gary Brice, Chairperson

Lori Waterman, CMC
Recording Secretary

COUNCIL AGENDA REPORT

CITY COUNCIL

Jim Price, Mayor
Jim Vineyard — Paul Creighton
Brian Raymond — Cindy Vierra

MEETING DATE: **February 12, 2018**

TO: Mayor and City Council

FROM: Sandy Rahn, Recreation Supervisor, srahn@atwater.org
(209) 357-6324

PREPARED BY: Blake Dunford, Administrative Analyst, bdunford@atwater.org
(209) 357-6300

SUBJECT: **Resolution No. 3015-18 3002-17 approving a Lease Agreement for the Properties at 501 Industry Way and Veterans Park with the Atwater Police Activities League.**

RECOMMENDED COUNCIL ACTION:

It is recommended that the City Council adopt Resolution No. 3015-18 approving a Lease Agreement, in a form approved by the City Attorney, between the City of Atwater and the Atwater Police Activities League for the use of property at 501 Industry Way and Veteran's Park. It is further recommended that the City Council authorize the Interim City Manager to execute the Agreement on behalf of the City.

I. BACKGROUND:

The Atwater Police Activities League (PAL) represents the City's commitment to the youth of Atwater, by providing a variety of positive self-esteem building experiences to encourage the growth of American principles and traditions of sportsmanship, good will, and friendship. Atwater youth have enjoyed activities with the Atwater Police Department including sports leagues, model airplanes, and Go-Kart activities.

The Atwater PAL currently has a Certificate of Liability Insurance under the General Liability Policy through Lexington Insurance Company, Non-Profits' United Vehicle Insurance Pool, and AXIS Insurance Company. The policy covers damage to premises, injury, uninsured motorists, and sexual abuse among other contingencies. However, this policy must be validated by a written contract.

The properties in question include the Go-Kart Track at 501 Industry Way, Atwater, CA 95301 and the BMX Course at Veterans Park at 2009 Nebela Dr, Atwater, CA 95301.

II. ANALYSIS:

Resolution 3015-18 will approve the City and the Atwater PAL to enter into two property lease agreements and to validate the City's liability insurance. The Lease Agreement is for a period of three years with an option on an additional year, provided the Atwater PAL does not default on payment. The Atwater PAL shall be covered by insurance of one million dollars per occurrence, two million dollars general aggregate for bodily injury, personal injury, and property damage. The Atwater PAL shall also have Employee's Liability Insurance of at least one million dollars. Atwater PAL shall rent the facilities from the City at no cost.

III. FISCAL IMPACTS:

The agreement has been reviewed and approved by the Finance Director.

The Atwater PAL shall be responsible for the maintenance of the leased premises and such maintenance shall be at their own expense. The Atwater PAL is also responsible for any potential improvements to be made.

The City will not generate income, as the lease shall be at no cost to the PAL.

IV. LEGAL REVIEW:

The agreement has been reviewed and approved by the City Attorney's office.

V. EXISTING POLICY:

The agreement will not change any existing City policies.

VI. POLICY ALTERNATIVES:

Staff does not have alternative options for the City Council at this time.

VII. INTERDEPARTMENTAL COORDINATION:

This item requires coordination between the Police Department, Public Works, and Community Services.

VIII. PUBLIC PARTICIPATION:

Public participation was not required for this item.

IX. ENVIRONMENTAL REVIEW:

This item does not have an environmental impact.

X. STEPS FOLLOWING APPROVAL:

Following approval, the agreement will be signed by Officer Darin Jantz as representative of the Atwater Police Activities League. The agreement will then be signed by Interim City Manager de Werk, Interim Chief Echevarria, and the City Attorney. The document will go into effect after all signatures are present.

Approved by:_____
Sandy Rahn, Recreation Supervisor

Prepared by: _____
Blake Dunford, Administrative Analyst

City Manager: _____
Art de Werk, Interim City Manager

Attachments:

1. Resolution
2. Lease Agreement
3. Certificate of Liability Insurance

CITY COUNCIL
OF THE
CITY OF ATWATER

RESOLUTION NO. 3015-18

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ATWATER TO APPROVE A LEASE AGREEMENT FOR THE PROPERTIES AT 501 INDUSTRY WAY AND VETERANS PARK WITH THE ATWATER POLICE ACTIVITIES LEAGUE

WHEREAS, the Atwater Police Activities League ("PAL") is an organization committed to providing the youth of Atwater positive experiences, growth of principles, and traditions; and

WHEREAS, the City of Atwater ("City") owns property at 501 Industry Way, Atwater, CA 95301 which serves the Atwater PAL for the operations of a Go-Kart Track ("Go-Kart Track Property"); and

WHEREAS, the City property at Veterans Park serves the Atwater PAL for the operations of a BMX Track ("BMX Track Property"); and

WHEREAS, the City Council recognizes the importance of continuing to support these PAL programs; and

WHEREAS, the Atwater PAL has a Certificate of Liability Insurance under the General Liability Policy that must be validated by a written contract with the City; and

WHEREAS, the City will enter into a lease with the Atwater PAL for a period of three (3) years with an option for one (1) additional year; and

WHEREAS, the Atwater PAL shall rent the facilities for no cost; and

WHEREAS, the City will be free from all liability from Atwater PAL activities;

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Atwater does hereby approve the Lease Agreement, as shown in Attachment "A", and authorizes the Interim City Manager to enter into the agreement with the Atwater Police Activities League.

The City of Atwater and PAL Lease Agreements are hereby approved by the City Council and the corresponding PAL Certificates of Liability Insurance, as shown in Attachment “B”, are validated.

Passed on the 12th day of February, 2018, by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

_____
JAMES E. PRICE,
MAYOR

ATTEST:

_____
DON HYLER III, CITY CLERK

Attachment A

Go-Kart Track Property and BMX Track Property Lease Agreement

Attachment B

PAL Certificates of Liability Insurance

ATTACHMENT "A"

LEASE AGREEMENT BETWEEN THE CITY OF ATWATER AND THE ATWATER POLICE ACTIVITIES LEAGUE FOR OPERATION OF BMX AND GO-KART TRACKS ON CITY-OWNED PROPERTY

This lease ("Lease") is made and entered into this ___ day of _____, 2018, at Atwater, California, by and between the City of Atwater ("City"), a general law city of the State of California, hereinafter called "Lessor" and the Atwater Police Activities League ("PAL"), hereinafter call "Lessee". Both Lessor and Lessee may each be referred to herein as "Party" or collectively as "Parties."

RECITALS

WHEREAS, the City owns property in the Atwater Business Park at 501 Industry Way which can be utilized as a Go-Kart Track, as shown in Exhibit "A" attached hereto ("Go-Kart Track Property"); and

WHEREAS, the City also owns certain property at the Veterans Park leased from the U.S. Department of the Air Force, as shown in Exhibit "B" attached hereto, which can be used for a BMX Track("BMX Track Property"); and

WHEREAS, the Parties wish to enter into this Lease for use of the City's Go-Kart Track property and BMX Track Property (collectively the "Premises") for the purpose of operating a Go-Kart Track and a BMX Track.

NOW, THEREFORE, the Parties do hereby agree to the following:

1. The City shall lease the Premises to the PAL at no cost for the term of the Lease.

2. The term shall be three (3) years from the date of commencement of this Lease ("Term"). Lessee is hereby granted and shall, if not then in default under this Lease, have an option to extend the term for one (1) additional period of three *(3)* years from the original expiration date of this Lease, upon the same terms, covenants, and conditions contained in this lease. However, the rent to be paid by Lessee to Lessor may be increased in an amount mutually agreed by the Parties for the length of the extended Term.

3. Lessor shall not be required or obligated to make any changes, alterations, additions, improvements or repairs in, on, to or about said Premises, or any part thereof, during the term of this lease.

4. At all times during the Term and subject to the approval of the Lessor, Lessee shall, at its sole cost and expense, keep and maintain the leased Premises and all improvements thereon and all facilities appurtenant thereto in good order, repair, and safe condition, and the whole of the leased Premises, improvements and landscaping in a clean, sanitary, orderly and attractive manner.

5. This Lease is made upon the express condition that Lessor shall be free from all liability or loss by reason of injury to person or property arising from the use of the Premises during events sponsored or controlled by Lessee, its agents, members, servants or employees, from whatever cause, while in or on leased Premises or in any way connected with the leased Premises or with the improvements or personal property therein or thereon including any liability for injury to the person or property of Lessee, its agents, members or employees. Lessee hereby covenants and agrees to and shall indemnify and defend Lessor and hold it harmless from any and all liability, loss, cost or obligation on account of, or arising out of Lessee's use of the Premises, and such injury or losses however occurring to any person or property.

6. Indemnity

Lessee shall indemnify, defend, and hold harmless the City, its officers, employees, agents and volunteers ("City indemnitees"), from and against any and all causes of action, claims, liabilities, obligations, judgments, or damages, including reasonable legal counsels' fees and costs of litigation ("claims"), arising out of the Lessee's performance of its obligations under this agreement or out of the operations conducted by Lessee, except for such loss or damage arising from the sole negligence or willful misconduct of the City. In the event the City indemnitees are made a party to any action, lawsuit, or other adversarial proceeding arising from Lessee's performance of this agreement, the Lessee shall provide a defense to the City indemnitees, or at the City's option, reimburse the City indemnitees their costs of defense, including reasonable legal counsels' fees, incurred in defense of such claims.

7. **Insurance**

Lessee shall procure and maintain for the duration of this Lease, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's operation and use of the leased Premises. The cost of such insurance shall be borne by the Lessee and shall meet the following terms and provisions:

a. General Liability: Lessee shall maintain general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than one million dollars ($1,000,000) per occurrence, two million dollars ($2,000,000) general aggregate, for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. Lessee's general liability policies shall be primary and non-contributory, and be endorsed using Insurance Services Office form CG 20 10 to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies.

b. Workers' Compensation: Lessee shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance with limits of at least one million dollars ($1,000,000). Lessee shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.

c. Property Insurance: Lessee shall maintain property insurance against all risks of loss to any tenant improvements or betterments, with full replacement cost and no coinsurance penalty provision. The Lessor shall be named as Loss Payee.

d. Deductibles and Self-Insurance Retentions: Any deductibles or self-insured retentions must be declared to and approved by Lessor. At the option of the Lessor, the Lessee shall provide a financial guarantee satisfactory to the Lessor guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-: VII.

Verification of Coverage

Lessee shall furnish the Lessor with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the Lessor or on other than the Lessor's forms, provided those endorsements or policies conform to the requirements. All certificates and endorsements are to be received and approved by the City Attorney of the City of Atwater. The Lessor reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

8. Lessee shall be responsible for the provision of all utilities to the leased Premises and shall, during the term of this lease, be solely responsible for the payment of all charges for telephones, gas, electricity, sewage and water services used in or on the leased Premises and for the removal of rubbish therefrom before they become delinquent and shall hold Lessor harmless from any liability or responsibility therefor. Lessee shall continue to provide restroom facilities on the Premises.

9. Lessee shall not commit, or suffer to be committed, any waste on the leased Premises, nor shall it maintain, commit or permit the maintenance or commission, of any nuisance as defined in Section 3479 of the California Civil Code, on the

leased Premises or allow use of the leased Premises for any unlawful purposes. Lessee further covenants that Lessee shall make at Lessee's sole expense any repairs, changes or modifications, in, on or to the leased Premises required by any of the foregoing.

10. In using leased Premises, Lessee shall comply with all federal, state and local laws and statutes and ordinances, rules, regulations, policies, procedures, orders and directives. Lessee also expressly agrees to operate subject to all conditions set forth in the lease between the City of Atwater and Department of the Air Force/Lease Number BLA-OL-I-95-061, a copy of which is in the possession of the City Clerk of the City of Atwater.

11. Lessee agrees to and shall , at its sole cost and expense, forthwith, on receiving written notice from Lessor to do so, rebuild or restore to their present condition, the leased Premises or any part thereof destroyed in whole or in part by fire, or other causality or by Lessee's want of ordinary care, or the want of ordinary care of its agents, members, servants or employees, and expressly waives the provisions of Section 1932, Subdivision 2, and Section 1933, Subdivision 4, of the California Civil Code.

12. Lessee shall not assign or sublet the leased Premises, in whole or in part, or any part thereof, without the express written permission and consent of Lessor, provided however, Lessee shall have the right to permit, license and let others use the Premises for Go-Kart racing purposes, subject to all applicable local licensing and regulations. Lessor acknowledges that Lessee will permit, license and let others use the Premises for a fee. It is expressly understood by the Parties that Lessee intends to sublease to Kart Club. Lessor will not unreasonably withhold approval of said sublease.

13. The Lessor or its agents shall have the right to enter the leased Premises or any part thereof at all reasonable hours for the purposes of inspection or making such repairs or operations as may be necessary for the preservation thereof in safe condition.

14. In the event that either Party shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any term, covenant or condition of this lease by it to be performed or kept, the prevailing Party in said action or proceeding shall be entitled to recover, in addition to its court costs, a reasonable attorney's fee to be fixed by the court, and such recovery shall include court costs and attorney's fees on appeal, if any. As used herein, "the prevailing Party" means the Party in whose favor final judgment is rendered.

15. Lessee agrees to and shall, upon expiration or termination of the term hereof, or of any extended Term hereof, promptly surrender the leased Premises to Lessor in as

good as condition as received, reasonable wear and tear excepted, or to surrender the leased Premises as improved to Lessor, all at the option of the Lessor.

16. At least sixty (60) days prior to any go-kart racing event, Lessee shall give Lessor written notice of such event and provide Lessor with written evidence of pre-event racing insurance in the amount at least equal to that specified in Paragraph 6 hereof.

17. It is expressly understood and agreed that Lessor shall have no obligation or liability with respect to any activity or event conducted on the leased Premises and Lessee agrees, at its sole cost and expense, to provide or cause to be provided, personnel and any other means which may be necessary, for safe and effective crowd control with respect to any activity or event conducted on the Premises.

18. The following shall be considered an "Event of Default" of this Lease if:

(i) Lessee pays any rent or other moneys due hereunder ten (l0) days after the notified due date;

(ii) Lessee fails in the performance or observance of any of the other agreements, covenants or conditions of this Lease on the part of Lessee to be performed and observed and such default shall continue for a period of thirty (30) days after written notice thereof to Lessee, or, in the case of a default which cannot be cured by the payment of money and cannot be cured within thirty (30) days, shall continue for an unreasonable period after such written notice.

Upon the occurrence of any Event of Default by Lessee hereunder, Lessor shall have the right to terminate this Lease, in addition to all other rights and remedies of Lessor provided hereunder or by law.

19. Upon termination of this Lease, Lessee shall immediately surrender possession of the Premises, and pay to Lessor all rent and all other amounts payable by Lessee hereunder to the date of such termination.

20. It is expressly understood and agreed that Lessor does not, in any way or for any purpose by executing this Lease, become a partner of Lessee in the conduct of Lessee's business, or otherwise, or a joint venture or a member of a joint enterprise with Lessee.

21. Except as otherwise provided hereunder, any notice or communication to Lessor or Lessee shall be in writing and be mailed by certified mail, postage prepaid. Notices or communications shall be addressed to:

Lessor at:

CITY OF ATWATER, 750 Bellevue Road, Atwater, California, 95301, or such other address or addresses as Lessor shall from time to time designate, or to such agent of Lessor as it may from time to time designate, by notice in writing to Lessee.

Lessee at:
ATWATER POLICE ACTIVITIES LEAGUE, P.O. Box 1265, Atwater, California, 95301, or such other address or addresses as Lessee shall from time to time designate, or to such agent of Lessee as it may from time to time designate, by notice in writing to Lessor.

Any notice mailed in the manner above set forth shall be deemed to have been received unless returned to the sender by the post office.

22. This Lease shall terminate without further notice upon the expiration of the Term, and any holding over by Lessee after the expiration of the Term shall not constitute a renewal hereof or give Lessee any rights hereunder or in or to the Premises, except as otherwise herein provided.

23. Lessor shall have the right to terminate this Lease and the Lessee's right to use the Premises for I.K.F. sanctioned racing events upon giving Lessee one hundred eighty (180) days written notice of such termination. Lessor may terminate Lessee's right to use Premises for all other purposes upon giving Lessee thirty (30) days written notice of such cancellation. Upon termination by Lessor, Lessee shall, prior to the termination date, remove all structures, fixtures or other devices placed upon the leased Premises without destruction or damage to the real property.

24. This Lease contains the entire agreement between the parties. All prior negotiations or stipulations concerning it which preceded or accompanied the execution here of are conclusively deemed to be superseded hereby, provided however, that this Lease may in the future be altered or amended by consent and written agreement of both Parties and not otherwise.

This Lease has been executed by the Parties on the ___ day of _____, 2018.

ATWATER POLICE ACTIVITIES LEAGUE

By: _____
Darin Jantz, Officer

CITY OF ATWATER

By: _____
Art de Werk, Interim City Manager

ATTEST:

By: _____
Don Hyler III, City Clerk

APPROVED AS TO FORM,
SUBSTANCE AND LEGALITY

By: _____
Thomas H. Terpstra
City Attorney

Exhibit A

Go-Kart Track Property

Exhibit B

BMX Track Property

February 5, 2018

Honorable Mayor and Members
of the Atwater City Council

City Council Meeting
of February 12, 2018

APPROVING LEASE AND OPERATING AGREEMENTS WITH ATWATER HISTORICAL SOCIETY FOR USE OF "BLOSS HOUSE AND GROUNDS"

RECOMMENDATION:

It is recommended that the City Council consider:

1. Approving the Lease Agreement and Operating Agreement, in a form approved by the City Attorney, with the Atwater Historical Society for the use of Bloss House and Grounds; and

2. Authorizing and directing the City Manager to sign the Agreements on behalf of the City.

BACKGROUND:

In early 2017, staff met with Atwater Historical Society representatives to discuss the Atwater Historical Society taking over the ground maintenance. In return, the Atwater Historical Society will keep all rental revenue. The Atwater Historical Society will also install a rod iron fence around the property at their own cost.

ANALYSIS:

Atwater Historical Society and the City have been operating under the terms of a written agreement. This agreement will be void during the trial period of the new lease agreement. The Atwater Historical Society will make all necessary improvements to the grounds and the house and in exchange they will rent and keep revenue for agreed upon period of time.

The City and the Atwater Historical Society would now like to enter into the agreement with a written lease agreement. This written lease agreement provides for the improvements as well the revenue until February 28, 2019. The City Attorney has reviewed the agreements; therefore staff is ready to move forward with the organizations.

FISCAL IMPACT:

The City will not receive revenue from the Atwater Historical Society.

CONCLUSION:

This staff report is submitted for City Council consideration and possible action.

Respectfully submitted,

/s/ *Sandy Rahn*

_____

Sandy Rahn
Recreation Supervisor

LEASE AGREEMENT

This lease agreement ("Lease") is made and entered into this 8th day of January, 2018, at Atwater, California, by and between the CITY OF ATWATER, a municipal corporation, hereinafter called "Lessor", and the ATWATER HISTORICAL SOCIETY, a nonprofit corporation, hereinafter called "Lessee". The Lessor and Lessee may each be referred to herein as "Party" or collectively as "Parties."

WITNESSETH

WHEREAS, Lessor is the owner of that certain house, including the tank house and garage, known as the "Bloss Home," situated at 1020 Cedar Avenue, in the City of Atwater, County of Merced, State of California ("Leased Premises"); and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, the Leased Premises for approved public use as a museum.

NOW, THEREFORE, IT IS MUTUALLY AGREED as follows:

1. Lessor demises and lets to Lessee the entire interior of the Bloss Home located at 1020 Cedar Avenue, Atwater, California.

2. The term of this Lease shall be for a period of one (1) year, commencing on March 1, 2018 and ending on February 28, 2019. If mutually agreed by the Parties, the Lease may be extended for an additional five year period.

3. Lessee shall, on execution of this Lease, pay to Lessor the sum of One Dollar ($1.00), receipt of which is hereby acknowledged as and for payments of all rents due hereunder for the term of his lease.

4. The Leased Premises are leased to Lessee for the primary purpose of providing approved public use as a museum. The Lessee is granted the right to keep all revenue generated from the Bloss Home through the duration of the Lease.

5. The Lessor and Lessee agree to share and share alike the use of the Bloss Home.

6. Lessor, at Lessor's sole cost and expense, covenants hereby to repair the Leased Premises as needed for following dilapidations: repairs to the exterior and interior walls, roof, and appendages of the structure, heating and air conditioning systems, and the electrical and plumbing system.

7. Lessee expressly agrees to undertake to repair and maintain the Leased Premises in a good state of repair at Lessee's sole cost and expense. It is expressly understood that Lessee shall not make, nor permit to be made, any alteration, additions or modifications to the Leased Premises, or structural changes of the Leased Premises without first obtaining the express written consent of Lessor.

8. It is expressly agreed by the Parties that the obligation for care and maintenance of the surrounding gardens and grounds is Lessee's, but that Lessor shall be responsible for the maintenance of the trees. The Lessor reserves the right to make alterations to the

surrounding gardens and grounds which Lessor deems fit and proper.

9. Lessor agrees to pay all charges for utilities furnished to the Leased Premises.

10. If the Leased Premises or any part thereof destroyed in whole or in part by fire or other casualty, the decision to restore or rebuild shall be at the option of the Lessor. If Lessor decides to restore the Leased Premises to its present condition, it shall do so at its sole cost and expense. If the decision is not to repair or rebuild then both Parties agree to terminate this lease without obligation. In the event of a total destruction of the Leased Premises, this lease shall terminate and the Parties shall be released from all obligations accruing hereunder, provided, however, that Lessee shall be liable to Lessor for all damages resulting from such destruction caused by Lessee's want of ordinary care or the want of ordinary care of his agents, servants, or employees. As used herein, total destruction means any destruction that renders the premises totally unusable for Lessee's purposes as herein limited.

11. Lessee shall at his sole cost and expense construct a fence to surround the property. The fence shall be wrought iron and shall be at a minimum of six feet tall. The fence shall adhere to all rules and regulations for such structures as provided for in the Atwater Municipal Code.

12. The Lessor shall indemnify, defend, and hold harmless the Lessee, its officers, officials, employees, and volunteers from and against any and all liability, claims, damage, cost, expenses, awards, fines, judgments, and expenses of litigation (including, without limitation, costs, attorney fees, expert witness fees and prevailing party fees and cost) of every nature arising out of the active negligence, or gross or willful misconduct of the Lessor during the performance of work hereunder.

13. The Lessee shall indemnify, defend, and hold harmless the Lessor, its officers, officials, employees, and volunteers from and against any and all liability, claims, damage, cost, expenses, awards, fines, judgments, and expenses of litigation (including, without limitation, costs, attorney fees, expert witness fees and prevailing party fees and cost) of every nature arising out of or in connection with the Lessee's performance of work or failure to comply with any of its obligations contained in this agreement, except such loss or damage which was caused by the active negligence, or the gross or willful misconduct of the Lessor.

14. Lessee shall neither permit nor suffer any mechanics liens or other liens to be filed against the Leased Premises, or the surrounding grounds and gardens, by reason of any work, labor or materials done on or in, or supplied to, any of the Leased Premises. Should any such lien be filed, Lessee agrees to and shall cause it to be removed forthwith. Should Lessee fail to remove any such lien or furnish a bond against the foreclosure thereof, Lessor may at Lessor's option discharge the same or take such other actions he deems necessary to prevent a judgment of foreclosure on said lien from being executed against the Leased Premises. All costs and expenses, including reasonable attorneys fees incurred by Lessor which shall be paid by Lessee on written demand therefore.

15. Lessee shall not assign this Lease or sublet the Leased Premises, or any interest therein, or suffer any other person to occupy or use the Leased Premises, or any portion thereof, without the consent of Lessor. Any such assignment or subletting without

Lessor's consent shall be void and shall, at Lessor's option, terminate this Lease. This Lease shall not be assignable without the written consent of the Lessor. This prohibition shall not apply to one or two day events such as weddings, flower shows, arts and crafts shows, etc.

16. The Lessor or its agents shall have the right to enter the Leased Premises at all reasonable hours for the purposes of inspection, or for the making of such repairs or operations as may be necessary for the preservation thereof in safe condition.

17. Either Party shall have the right to terminate this Lease by personally serving the other party with written notice of the election to terminate this lease. Said written notice shall be personally served upon the other party no less than one hundred twenty (120) days prior to the expressed date of termination.

18. In addition to the repair and maintenance obligations set forth above, Lessee further covenants that Lessee shall not commit or suffer to be committed any waste on said Leased Premises or the surrounding grounds and gardens. Further, Lessee shall not maintain, commit or permit the maintenance or commission of any nuisance as defined in subsection 3479 of the California Civil Code, on the Leased Premises, or surrounding grounds and gardens.

19. The Leased Premises shall not be used for any illegal purpose; and Lessee, in using the Leased Premises, shall comply with all federal, state, and local laws, statutes and ordinances, regulations, orders, and directives.

20. Lessee further covenants that Lessee shall make at Lessee's sole expense any repairs, changes, or modifications in, on, or to the Leased Premises required as a result of violating any of the foregoing provisions.

21. Should Lessee or Lessor fail to perform any of the covenants, conditions, or requirements of this lease agreement, and such failure is not corrected within a reasonable time after receipt of written notice or is not corrected within the time provided by this lease agreement, then the injured party may elect to terminate this lease agreement.

22. Any fixtures installed or incorporated by Lessee into the Leased Premises may be removed by Lessee at his sole cost and expense, provided that such removal may be accomplished without damage to the Leased Premises, the Bloss Home, or surrounding gardens or grounds.

IN WITNESS WHEREOF, the Parties have executed this Lease the date and year first above written.

ATWATER HISTORICAL SOCIETY **CITY OF ATWATER**

By: _____ By: _____

Greg McDaniel, President Art de Werk, Interim City Manager

ATTEST:

By: _____
Don Hyler III, City Clerk

APPROVED AS TO FORM,
SUBSTANCE AND LEGALITY

By: _____
Thomas H. Terpstra, City Attorney

BLOSS HOME OPERATING AGREEMENT

WHEREAS, the City of Atwater ("City") City Council desires to maintain a museum of history as a part of the Bloss Home located at First Street and Cedar Avenue in Atwater, California ("Bloss Home"); and

WHEREAS, the Atwater Historical Society's ("Society") purpose includes working with public officials and agencies in order to preserve and disseminate knowledge about the history of Atwater and the surrounding area; and

WHEREAS, the City desires the Society's assistance in the restoration of the Bloss Home as a museum and operation of the museum ("Bloss Museum"); and

WHEREAS, the Society desires to assist the City in the restoration of the Bloss Home for City- wide museum use and operation of the museum.

NOW, THEREFORE, IT IS MUTUALLY AGREED as follows:

1. **Custody and Control of the Museum**. In order to establish, maintain, and operate the Bloss Museum, the City agrees to allow the Society to lease and utilize the Bloss Home in accordance with the terms and conditions described in that lease dated January 8, 2018.

2. **Operation of the Museum and Cost.** The Society agrees to assist the City in establishing and operating the Bloss Museum in the Bloss Home as a part of the Bloss Home activities. The Society shall operate the Bloss Museum by utilizing, coordinating, and supervising volunteer labor. The Society, or any volunteer laborers, operating the Bloss Museum shall do so at no expense to the City.

3. **Maintenance by City.** The City shall provide at no expense to the Society maintenance for the Bloss Home and surrounding grounds including.

    a. All utilities paid by the City.
    b. Maintenance of the Bloss Home exterior.
    c. Plumbing and electrical maintenance.
    d. Maintenance of surrounding trees.
    e. Fire, theft and property damage insurance.

The Society may, with prior approval of the City Council and coordinated with the City Manager, refurbish or restore the interior of the Bloss Home for historical purposes.

4. **Maintenance by Society**. The Society shall be responsible for the following:

    f. Maintenance of irrigation system.
    g. Care and maintenance of grounds.
    h. Construction and maintenance of a wrought-iron fence.

5. **General Plan**. The General Plan for the use of the Bloss Home by the Society shall be coordinated with the City Manager and submitted to the City for approval by the City Council.

6. **Budget**. The Society shall submit budget request items such as repairs to the City Manager at such time and manner as directed by the City Manager.

7. **Compensation**. In accordance with this agreement, all services performed by the Society (members, directors, officers or other volunteers) in the restoration of the interior of the Bloss Home or operations of the Bloss Museum, shall be done without cost to the City.

8. **Museum Regulation - Operation and Safety**. The Society, in coordination with the City Manager, shall formulate and enforce specific rules necessary to insure the safety of the Society members and the public as well as preserve the Bloss Museum as required by law. All revenue generated from the Bloss Museum shall be kept by the Society.

9. **Gifts to the Museum**. All gifts to the Bloss Museum shall, at the discretion of the donor, become the property of either the Society or the City. The Society shall be the sole determinant as to whether or not a gift shall be placed in the Bloss Museum. Once a gift has been officially accepted by the Society or the City, title shall remain with the recipient of the gift, i.e., the Society or the City. Disposition of such donated properties shall be done in accordance with the provisions of the California State Resources Code Section 5123.

10. **Term and Termination**. This agreement shall commence upon the execution of both the City and Society hereto and continue in full force and effect for the one (1) year period with a possible extension to five (5) years. Either the City or Society may terminate this agreement by giving one hundred twenty (120) days written notice to the other party prior to the date when such termination shall become effective.

11. **Hold Harmless.** The City shall indemnify, defend, and hold harmless the Society, its officers, officials, employees, and volunteers from and against any and all liability, claims, damage, cost, expenses, awards, fines, judgments, and expenses of litigation (including, without limitation, costs, attorney fees, expert witness fees and prevailing party fees and cost) of every nature arising out of the active negligence, or gross or willful misconduct of the City during the performance of work hereunder.

The Society shall indemnify, defend, and hold harmless the City, its officers, officials, employees, and volunteers from and against any and all liability, claims, damage, cost, expenses, awards, fines, judgments, and expenses of litigation (including, without limitation, costs, attorney fees, expert witness fees and prevailing party fees and cost) of every nature arising out of or in connection with the Society's performance of work or failure to comply with any of its obligations contained in this agreement, except such loss or damage which was caused by the active negligence, or the gross or willful misconduct of the City.

12. **Paid Employees and Agents of the Society**. All paid employees of the Society and paid agents under contract to the Society are the responsibility of the Society. The Society shall also insure all necessary workers' compensation benefits.

13. **Assignment**. No assignment of this agreement shall be made without the consent of both the City and Society.

14. **Modification of Agreement**. This document constitutes the entire agreement between the City and Society and there are no other provisions or understandings, oral or written. This agreement may not be changed or modified except in writing and signed by both the City and Society.

IN WITNESS WHEREOF, the Parties have executed this Lease the date and year first above written.

ATWATER HISTORICAL SOCIETY

By: _____
Greg McDaniel
President

CITY OF ATWATER

By: _____
Art de Werk, Interim City Manager

ATTEST:

By: _____
Don Hyler III, City Clerk

APPROVED AS TO FORM

By: _____
Thomas H. Terpstra
City Attorney

January 31, 2018

Honorable Mayor and Members
Atwater City Council

City Council Meeting
of February 12, 2018

AWARDING A COOPERATIVE PURCHASE AGREEMENT FOR PURCHASE OF A ONE (1) NEW 2018 VERMEER SC60TX STUMP CUTTER

RECOMMENDATION:
It is recommended that the City Council consider:

1. Awarding a cooperative purchase agreement, in a form approved by the City Attorney, to Vermeer RDO Equipment Company, Fowler, California for the purchase of one (1) new 2018 Vermeer SC60TX Stump Cutter in an amount not to exceed **$58,742.80**; and

2. Authorizing and directing the Interim City Manager to execute the purchase agreement on behalf of the City.

BACKGROUND:
Currently the City's Streets and Parks Division utilizes an 18 year old 1999 Stump Grinder (Unit #3355) that has reached its useful life expectancy.

In accordance with Ordinance No. CS 800, Section 3.04.150, the City may participate in purchases and contracts established by other political jurisdictions **EXHIBIT "A".** This proposed purchase is in cooperation with the (NJPA) National Joint Power Alliance. NJPA's cooperative contract purchasing leverages the national purchasing power of more than 50,000 member agencies (City of Atwater Membership #20186) while also streamlining the required purchasing process. As a municipal national contracting agency, NJPA establishes and provides nationally leveraged and competitively solicited purchasing contracts under the guidance of the Uniform Municipal Contracting Law. Joint Powers laws enable members to legally purchase through NJPA's awarded contracts.

ANALYSIS:
In order for the Public Works Department to perform maintenance efficiently and to purchase replacement parts updating outdated equipment is mandatory. The Vermeer SC60TX Stump Cutter combines exceptional power and enhanced mobility. It is the ideal self-propelled stump cutter a compact machine is needed. Its undercarriage retracts to a mere 35"/89 cm wide for confined areas. Rubberized tracks maneuver easily on virtually all kinds of terrain or ground conditions. Patented AutoSweep® system and gear drive help improve productivity. Yellow Jacket™ Cutter System helps extend pocket and tooth life and facilitates routine maintenance.

Vermeer RDO Equipment Company's proposal, dated January 19, 2018, attached as **EXHIBIT "B"** is valid until February 18, 2018.

FISCAL IMPACT:
Sufficient funding is available in the FY 17-18 Sanitation Enterprise Fund, Budget, Account No. 6020-5059-6021, $40,000 from Machinery & Equipment, Stump Grinder and $18,742.80 funded through the Machinery & Equipment, Trash Truck. The trash truck is not scheduled to be purchased at this time.

CONCLUSION:
This staff report is submitted for City Council consideration and possible action.

Respectfully submitted,

Brian Shaw
Interim Public Works Director

also be submitted to the Purchasing Division on an as-needed basis. The Purchasing Division shall review Open Purchase Order requests based upon criteria developed in the City of Atwater Purchasing Manual. Once an Open Purchase Order is issued to a bidder or vendor, any authorized City employee may contact the bidder or vendor directly to place orders per the terms and conditions specified in the Open Purchase Order unless otherwise stated in the contract to execute the Open Purchase Order.

C. Contract Purchase Orders. Contract Purchase Orders are the preferred method of purchasing repetitive-use items or services which may be common to several departments or within one department or provide generalized services to the city which shall be needed on an on going basis. Establishing Contract Purchase Orders provides a means of obtaining volume pricing based upon the combined needs of all departments, reduces the administrative costs associated with seeking redundant competitive bids and processing a Purchase Order each time an order is placed, and allows departments to order as needed, reducing the requirement to maintain large inventories of stock. If a Contract Purchase order exists, departments shall order all of their requirements from the successful vendor. No other source shall be used without prior approval of the Purchasing Officer. Using Departments shall submit, in writing to the Purchasing Division, any performance problem encountered immediately following the occurrence so that corrective action may be taken. Contract Purchase Orders are annual and may include option for renewal for specific products, product types, or services at agreed upon prices or pricing structure and for a specified period of time.

3.04.150 Cooperative purchases.

The Purchasing Division and any using department may participate in purchases and contracts established by other political jurisdictions, provided the cooperative agreement is established following a competitive bid process similar to the City's Formal Contract Procedure. The City Manager may authorize the award of cooperative purchase agreements up to ten thousand dollars ($10,000). City Council approval is required for the award of any cooperative purchase of ten thousand and one dollars ($10,001) or more. This process is often called "piggy backing."

3.04.160 Encumbrance of funds.

Except in cases of an urgency, no purchase order for supplies, or equipment, contracts for public projects or public works, contracts for professional or consulting services, shall be issued unless there exists an unencumbered appropriation in the fund account against which the purchase is to be charged. (Ord. CS 704, 1993; Ord. CS 472, 198 1; prior code Section 2-5.107 Prior Code Section 3.04.060)

3.04.170 Formal contract procedure.

Purchases and contracts for equipment and or supplies which have a cost or value greater than ten thousand and one dollars ($10,001) shall be made by the procedures as set forth in Sections3.04.180 through 3.04.280. (Ord. CS 704, 1993; Ord. CS 472, 1981; Ord. CS 391 (part), 1979; prior code Section 2-5.108 (part) Prior Code Section 3.04.070)

EXHIBIT "B"

Investment Proposal (Quote)

RDO Equipment Co.
2714 Vineyard Place
Fowler CA, 93625
Phone: (559) 834-5096 - Fax: (559) 834-5067

Proposal for:
CITY OF ATWATER
470 AVIATOR DR
ATWATER, CA, 953019537
MERCED

Investment Proposal Date:	1/19/2018
Pricing Valid Until:	2/18/2018
Deal Number:	1043307
Customer Account#:	6370013
Core Account Manager:	Justin Cleveland
Phone:	(559) 834-5096
Fax:	(559) 834-5067
Email:	JCleveland@rdoequipment.com

Equipment Information

Quantity	Serial Number	Hours (approx.)	Status / Year / Make / Model Additional Items	Cash Price
1	TBD	0	New 2018 VERMEER SC60TX	$54,462.00

Equipment Subtotal: $54,462.00

Purchase Order Totals

Balance:	$54,462.00
Tax Rate 3: (CAME 7.75%)	$4,220.81
Sales Tax Total:	$4,220.80
PrePaid Tax License:	$60.00
Sub Total:	$58,742.80
Cash with Order:	$0.00
Balance Due:	**$58,742.80**

Equipment Options

Qty	Serial Number	Year / Make / Model	Description
1	TBD	2018 VERMEER SC60TX	SC60TX8CP SC60TX CMN PKG. - REMOTE CONTROL CAT T4F (AB&T)

SC60TX
STUMP CUTTER

AUTOSWEEP. The patented AutoSweep® system monitors engine speed and automatically adjusts cutterwheel sweep rate to maximize power to the cutter wheel while reducing engine stress.

PATENTED GEARBOX DRIVEN CUTTER WHEEL SYSTEM. This system directs the maximum amount of horsepower to the cutter wheel and it is a more efficient drive as compared to other systems on the market. There is no side load on engine and unlike a belt drive, there are no belts to adjust or align.

YELLOW JACKET™ CUTTER SYSTEM. The Vermeer-exclusive Yellow Jacket cutter system is designed to provide faster, easier serviceability, as well as extended pocket and tooth life.

OPTIONAL REMOTE CONTROL. An optional remote control allows operators to maneuver the stump cutter away from the unit. The joysticks and neckstrap help to increase operator control and comfort.

ZERO TURNING RADIUS. The planetary traction drive helps provide increased traction while the counter rotating tracks provide tight maneuvering in difficult jobsite conditions.

POWERFUL PERFORMANCE. With its 60 hp (45 kW) diesel liquid-cooled engine, the SC60TX packs the power needed for bold performance.

VERMEER.COM

Vermeer
EQUIPPED TO DO MORE.

SC60TX STUMP CUTTER

GENERAL

Length: 141.6" (360 cm)
Width: 35" (88.9 cm) narrow mode, 51" (129.54 cm) wide mode
Height: 72" (182.9 cm)
Weight: 3500 lb (1587.6 kg)
Type: Track self-propelled
Ground speed: 110 fpm (33.5 m/min)
Ground pressure (soft ground): 4.1 psi (28.3 kPa)
Ground pressure (hard surface): 12.6 psi (86.9 kPa)

ENGINE

Make and model: CAT C2.2T turbocharged Tier 4i (Stage IIIB)
Gross horsepower: 60 hp (45 kW)
Torque (max): 142 ft-lb (192.5 Nm)
Number of cylinders: 4
Fuel type: Diesel
Cooling Medium: Liquid
*Max engine operating angle: 35 degrees

CUTTING DIMENSIONS

Cutter wheel straight line: 65" (165.1 cm)
Cutter wheel cut above ground: 27" (68.6 cm)
Cutter wheel cut below ground: 16" (40.6 cm)

CUTTER WHEEL

Cutter wheel diameter (without teeth): 23" (58.4 cm) without teeth
Cutter wheel thickness: 1.125" (2.9 cm)
Tooth style: Yellow Jacket cutter system
Number of teeth: 30
Cutter wheel drive type: Patented Vermeer gearbox direct-drive system
Chip containment: 23 cu ft (.7 cu m)
Flow control system: AutoSweep
Cutter wheel guard: Standard

CAPACITIES/ELECTRICAL

Fuel tank: 12 gal (45.4 L)
Hydraulic tank: 9.6 gal (36.3 L)
Pump flow at max RPM: 7.2 gpm (27.3 L/min)
Electrical system: 12 volt

OPTIONS

Wireless remote control
Special paint
Extended warranty
Planned maintenance
Confidence Plus™ asset protection program

NOTES:

Vermeer Corporation reserves the right to make changes in engineering, design and specifications; add improvements; or discontinue manufacturing at any time without notice or obligation. Equipment shown is for illustrative purposes only and may display optional accessories or components. Please contact your local Vermeer dealer for more information on machine specifications. Vermeer, the Vermeer logo, Equipped to Do More and Yellow Jacket are trademarks of Vermeer Manufacturing Company in the U.S. and/or other countries.
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Vermeer
EQUIPPED TO DO MORE.

PN 180007869

CITY COUNCIL
OF THE
CITY OF ATWATER

ORDINANCE NO. 992

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ATWATER AMENDING CHAPTER 12.32 OF THE ATWATER MUNICIPAL CODE ENTITLED "TREES"

WHEREAS, the City of Atwater ("City"), upon review of the City's ordinance regulating the maintenance and preservation of the City's Urban Forest and in consideration of current industry standards, recommends the following changes to the Atwater Municipal Code.

SECTION 1: Chapter 12.32 "Trees" of the Atwater Municipal Code is hereby amended to read in full as follows:

12.32.000 - Purpose.

It is hereby declared that it is in the public interest that the City establish, adopt, and maintain an effective program for the installation, maintenance, and preservation of trees along City streets.

12.32.010 - Definitions.

As used in this chapter:

A. "Director." Director shall mean the ~~Parks and Recreation~~ **Public Works** Director or his/her designee.

B. "Master Plan" is the City of Atwater ~~Street Tree~~ **Urban Forest** Master Plan, on file with the City Manager. This plan shall be periodically reviewed by the Director and ~~Parks and Recreation~~ **Community Development and Resources** Commission, subject to City Council approval.

C. "Official Street Trees" are those trees specified in the ~~Street Tree~~ **Urban Forest** Master Plan.

D. "Street Trees" are any City owned tree located within the City right-of-way or easement, including, but not limited to, **park-strips located between the sidewalk and the curb, City-maintained medians, and all trees located within twelve feet from the curb-line in locations where the sidewalk and curb are adjacent.**

E. "Property Owner." For the purpose of this ordinance, ~~that~~ **any** person or persons owning a piece of real property adjoining or abutting a street right-of-way between the protection of the exterior boundaries of their property.

F. "Commission". Commission shall mean the ~~Parks & Recreation~~ **Community Development and Resources** Commission.

G. "Adopted maintenance and planting standards" shall mean the most current industry-accepted tree and landscape standards (ANSI AZ300 Standards; CTLA Guide For Plant Appraisal, latest edition).

H. "Diameter" shall mean diameter at breast height (DBH), or trunk diameter measured 4.5 feet from the ground.

12.32.020 - Street Tree Master List ~~tree master list~~.

The trees **on the Street Tree Master List shall be** designated by the Director and approved by the City Council. The list shall be reviewed periodically by the Director and Commission and shall be kept on file in ~~his~~ **the Director's** office.

12.32.030 - ~~Street tree master plan~~ **Urban Forest Master Plan**.

The City's Master Plan sets forth the City's policies and guidelines for planting and maintenance programs for the care and protection of its trees. The ~~director~~ **Director** and Commission shall periodically update and make revisions and amendments to the plan, subject to City Council approval. This plan shall include the ~~types, varieties~~, **species, sizes,** and locations of street trees to be planted.

12.32.040 - Authority, responsibility, and duties.

A. The City Manager is responsible for the administration of this chapter, but may delegate the duties and decision making authority to the appropriate staff personnel. **The City has the authority and responsibility to maintain street trees, but may delegate the responsibility to other agencies if required under specific circumstances (e.g., utility pruning and removals).**

B. Interference with City Manager. No person shall interfere with or delay authorized representatives of the City from the execution and enforcement of this chapter.

C. Any person who violates any condition or provision of this chapter shall be subject to the imposition of penalties as set forth in the schedule below. Subsequent violations of this chapter shall be assessed on a case-by-case scenario and additional penalties may be imposed. The Director has the discretion to waive any penalties imposed.

Violation	**First Violation within 5 years**	**Second Violation within 5 years**	**Third and Subsequent Violations within 5 years**
Illegal pruning	**$500**	**$1,000**	**$1,500**
Removal - less than 6" inches diameter	**$600**	**$1,200**	**$1,800**
Removal - between 6 - 11.99 inches diameter	**$1,200**	**$2,400**	**$3,600**
Removal - between 12 - 17.99 inches diameter	**$1,800**	**$3,600**	**$5,400**
Removal - between 8 - 23.99 inches diameter	**$2,400**	**$4,800**	**$7,200**
Removal - 24" - 29.99"	**$3,000**	**$6,000**	**$9,000**
Removal - 30" - 35.99"	**$3,600**	**$7,200**	**$10,800**
Removal - 36" - 39.99"	**$4,000**	**$8,000**	**$12,000**
Removal - 40" and greater	**$5,500**	**$11,000**	**$16,500**

The fine schedule shall be updated at a minimum of once every ten (10) years, or with each ordinance update if more frequent, to adjust for inflation.

12.32.050 - Requirement of street trees.

A. Street trees shall be required as a condition of approval of any land subdivision or site plan. The ~~variety of~~ tree **species** planted ~~on~~ at any given location within the City shall be in accordance with the Master Plan and adopted **maintenance** and planting standards. Needed right-of-way or easements to accommodate street tree planting shall be dedicated as a condition of issuance of the Building Permit or other approval to develop.

B. Street trees shall be required when any person applies for a building permit for any ~~work,~~ **construction.** ~~and when~~ **Upon a determination** by the City that street trees are to be removed, or that adequate street trees do not exist**, the person shall be required to plant new street trees.**

12.32.060 - Fees.

Fees will be charged to offset the cost of furnishing, locating, planting, and fertilizing of street trees, as set by resolution of the City Council.

12.32.070 - Public hearing.

A. Whenever a public hearing is required as part of this chapter, the following procedures shall be followed. A public hearing notice shall be sent to all property owners within 300 feet of the project site and the notice shall be published in a newspaper of general circulation no fewer than ten (10) days prior to the public hearing.

B. Any decision by the ~~Parks & Recreation~~ Commission may be appealed to the City Council by filing a written Notice of Appeal with the City Clerk within five (5) calendar days from the date of the decision. Any decision by the City Council to hear said appeal shall be subject to the public hearing procedures state**d** above.

12.32.080 - New construction.

A. **Before any new construction takes place, a tree protection plan (TPP) must be written by a certified arborist, submitted to, and approved by the Director or his/her designee to identify the impacts of the construction project on the existing trees. The Director or his/her designee will review all development plans for tree protection.**

B. Any proposed construction project which requires the removal of any street tree or City-owned tree **pursuant to the TPP** requires a public hearing. The notice shall give separate notice of the tree(s) subject to removal. The ~~Parks & Recreation~~ Commission shall make the decision to prevent the removal of the tree(s) or require the replacement of trees.

C. Driveway Construction. ~~Any property owner~~ **The City** may **approve the** ~~remove~~ **removal of** a street tree to accommodate driveway construction if there is no acceptable design alternative which would save the tree**. If approved,** the property owner **must** first deposit~~s~~ with the City an amount deemed by City Staff to be sufficient to replace said tree**, determined by the tree's trunk diameter. This may include one or more 15-gallon replants, one or more 24-inch box replants, paying into a City Parks and Tree Fund, or some combination of the aforementioned, as determined on a per tree basis.**~~with a tree of equivalent trunk diameter for a standard 15-gallon tree.~~

D. House Moving. If a tree cannot be saved **pursuant to the TPP,** a property owner may remove a street tree to allow a house to be moved on or off the lot or adjacent lot.

Prior to removing said tree, the property owner shall deposit a sum with the City sufficient to replace the tree **determined by the tree's trunk diameter. This may include one or more 15-gallon replants, one or more 24-inch box replants, paying into a City Parks and Tree Fund, or some combination of the aforementioned, as determined on a per tree basis.** ~~with a standard 15-gallon tree.~~

E. Solar Installation. If a property owner chooses to install solar and one or more tree(s) on their property obstructs sunlight, the tree may be removed.

If a city-maintained tree will shade more than 10% of a new installation, the owner may apply for removal of the tree. For private trees that will shade more than 10% of a new installation that are located on a neighboring property, resolution may be discussed with the neighboring property owner. Resolution may include removal of the tree, thinning, reducing, or other pruning that allows sun to reach

the panels but does not compromise the health or safety of the tree. If no resolution can be reached, the existing tree shall remain, as trees that exist prior to the installation of solar panels are exempt from the Solar Shade Act.

Prior to tree removal, the property owner who plans to install solar shall deposit a sum with the City sufficient to replace the tree, determined by the tree's trunk diameter. This may include one or more 15-gallon replants, one or more 24-inch box replants, paying into a City Parks and Tree Fund, or some combination of the aforementioned, as determined on a per tree basis. If the tree is on the solar installer's property, this will be retained by the City. If the tree is located on the neighboring property, it will be given to the neighboring owner for tree replanting.

Trees shall not be planted in a location that will shade more than 10% existing solar installations.

All actions will be taken in accordance with the State of California's Solar Rights Act and Solar Shade Act.

F. Developer Responsibility to maintain trees in a new subdivision. It will be the responsibility of the developer to ensure the trees in a new subdivision are properly maintained for one year from planting, including, but not limited to, ensuring the trees receive required water sufficient to meet their needs, and any pruning or other maintenance. If a tree dies within the first year of planting, it will be replaced at the cost of the developer.

12.32.090 - Maintenance and exceptions.

Only the Director or ~~his~~ designee shall cut, trim, prune, spray, brace, plant, move, remove, or replace any City-owned tree, except as provided in this section.

A. City street tree maintenance will be provided in areas that are within public rights-of-way or public planting easements in the City, ~~an~~ **but** not **otherwise** on privately owned property~~except in public right-of-way or public planting easements~~.

B. Property owners shall be responsible for **adequately** watering trees in parkways or other public property immediately adjacent to the private property. The property owner may be required to install an irrigation system as a condition of issuance of a building permit or other development approval.

C. The Director shall have the authority to require the property owner to take **necessary** ~~such~~ action ~~as is necessary~~ to control insects, scales, parasites, fungus, and other **damaging** ~~injurious~~ pests, or plant material that ~~would cause serious injury to~~ **could severely injure** street trees or any other plant material with**in** the City. The City shall notify the property owner, in writing, describing the conditions and stating the control necessary to correct the condition, and establishing a reasonable time within which the corrective steps shall be taken.

D. The Director shall have the authority to require property owners to remove or prune any privately planted tree, shrub, or vine or other plant material if it is determined by the Director to be seriously interfering with the growth and health of any street tree, **unless the private property plant material preceded the street tree or has a higher contribution value.**

E. Street trees shall be kept trimmed to eight feet **(8')** above the public right-of-way easement and fourteen feet six inches **(14' 6")** above the street. **Trees will also be maintained in a manner that allows for the proper clearance of streetlights in order to maximize their effectiveness.** Trimming of any street tree **in violation of** ~~overhanging~~ the public sidewalk,~~ or~~ street right-of-way, **or streetlight clearance requirements, or otherwise** ~~or diminishing the effectiveness of nearby street light and~~ deemed a traffic or pedestrian hazard by the Director, shall be the responsibility of the **City if located in the public right-of-way** ~~property owner~~. **If the tree causing the obstruction is located on private property, the property owner shall be responsible for the maintenance of the tree.** If, within ten (10) days of written notification, the hazardous situation has not been abated, the Director shall cause the work to be done and billed to the property owner or landscape maintenance district.

12.32.100 - Permit required.

A. Any person who intends to **perform** work on or **otherwise** modify a street tree shall apply to the Director for a permit. The application shall explain the **work** ~~what is~~ to be done, the number, **species** ~~kind~~, and location of trees to be affected, and **any** other **pertinent** information **to assist** ~~as~~ the Director **in understanding the scope of the project** ~~may require~~. If approved, the Director shall issue the permit. **This permit shall be valid for ninety (90) days. Once the work is completed, the permit must be resubmitted to the City for inspection. Any maintenance performed that is not in accordance with adopted maintenance and planting standards may be subject to the imposition of penalties as set forth in the fine schedule in Section 12.32.040 above. If no work is performed within ninety (90) days of the permit issuance, the applicant must repeat the permitting process. If it is determined that a permit is not necessary, the Director may waive the requirement for a permit to be issued.**

B. The Director, after review by the Community Development Department and the Engineering Department, may issue comprehensive permits to any public utility~~, in issuance~~. If a permit is denied, a written denial shall be given to the applicant **stating** ~~setting forth~~ the reasons for the denial, and a copy of the denial shall be provided to the ~~Parks & Recreation~~ Commission, City Engineer, and ~~community~~ the **Community** Development Director.

Any work undertaken by the permittee or his/her agent may be stopped immediately and the ~~permittee's~~ permit may be revoked by presentation of a written order of revocation of the permit by the Director when~~, in his opinion,~~ the **Director observes or suspects the** work or conditions outlined in the permit are not being complied with.

12.32.110 - Street tree protection.

A. It shall be unlawful for any person to break, injure, deface, mutilate, kill, or destroy any tree in any public place ~~or way~~ in the City;~~,~~ to knowingly cause or permit any wire charged with electricity to come into contact with any tree in any public place,~~ or way,~~ and to place, apply, attach, or keep attached to any such tree or to any guard or stake ~~intended for the protection thereof~~ **in a manner that will be injurious to the tree, or install any** wire, rope, sign, paint, or other substance, structure, ~~thing,~~ or device of any kind or nature whatsoever;~~,~~ and to place or maintain any stone, cement, or other substance so that it shall substantially impede the free access of water or air to the roots of any street tree. **Temporary exceptions can be made between Thanksgiving and January 15th for the mounting of seasonal holiday lights. These lights must be mounted so that the bark and cambium layer of the tree is not breached (no nails, lights must be mounted with adequate slack).** Owners of

property are hereby granted the right to place and maintain plants in the planting area of streets adjacent to their property unless otherwise prohibited by this chapter.

B. During the erection, repair, alteration, removal or moving of any building, house, or structure, sufficient **tree protection measures** ~~guards~~ shall be placed to prevent injury, damage, or defacement to any park or street tree in the vicinity of such operation.

12.32.120 - Tree removals and abatement.

No City-owned tree or street tree shall be trimmed or removed, except in conformance with the terms of this chapter.

A. The director shall be responsible for inspection, maintenance, removal, and replacement of **those specific** street trees planted within rights-of-way or easement**s which are maintained by the** ~~to be removed by the~~ City as stated in the Master Plan, Section IV and as follows. The Property owner will be given five (5) working days to appeal the designated action. The appeal will be considered at the next regularly scheduled ~~Parks & Recreation~~ Commission meeting. The ~~Parks & Recreation~~ Commission's decision may be appealed to the City Council.

B. If a homeowner would like to expedite the removal of the City-owned tree in front of their house that meets the removal criteria, they may notify the City. When the owner receives the City's approval, the tree may be removed at the owner's expense. No reimbursement will be provided by the City.

C. The stump for any removed tree will be ground within one (1) month of removal in order to allow for future tree planting.

12.32.130 - Dead trees.

Dead City trees may be removed after providing twenty-four (24) hours notice to the property owner.

12.32.140 - Emergency removal.

Notwithstanding any other provision hereof, the City shall remove any street tree or City owned tree **posing** ~~which is~~ an immediate hazard to health, life, or property without complying with any notice or hearing procedures. For the purpose of this section, "hazardous tree" shall mean a tree that is in danger of falling or creating a situation that is an immediate hazard to health, life, or property.

12.32.150 - City-owned trees creating an objectionable situation.

In some instances, a City-owned tree may cause problems to public improvements, to private property, or the tree may have an **otherwise problematic** ~~objectionable~~ characteristic **that presents a hazard to public health or safety, or threatens the City's tree population.** The City, or a property owner, may file a request to remove a City-owned tree with the Director. The request will be accompanied by a **predetermined** fee **(established by a City Council resolution and available upon request).** The decision to remove an objectionable tree shall be considered by the Commission and may be appealed to the City Council at a public hearing, pursuant to Section 12.32.070.

The Director shall prepare a written report to the Commission, with recommendations, only after the Director has evaluated the tree and considered ~~all of~~ the following criteria:

A. The condition of the tree, with respect to its general health, or status, as a host for a plant pest or disease endangering other species of trees or plants;

B. The number, species, size, and location of existing trees in the area and the effect of the requested action on shade area, air pollution, historic value, scenic beauty, and the general welfare of the City as a whole;

C. If the tree is causing potential safety problems, the Director shall determine if maintenance alternatives can be feasibly employed to save the tree. The alternatives shall include, but not be limited to, replacing sewer or water laterals, root trimming, sidewalk and/or curb and gutter replacement, or the maintenance practices that may be dictated;

D. The request is necessary to allow reasonable enjoyment of property **(e.g. view obstruction);**

E. Removal of tree will not violate the intent or spirit of the Tree Master Plan.

F. **If the tree is an invasive species.**

G. Where a property owner desires to pay and remove a tree which is not on the approved list, they may do this if they pay for an approved **quantity of** 15-gallon tree**s, 24-inch box trees, pay into the City's parks and Landscape Fund, or an appropriate combination of the aforementioned,** to replace the removed tree.

A final decision of the Commission may be appealed to the City Council. If the request had been initiated by a property owner and approval is granted, the property owner shall deposit a sum sufficient to remove and replace the tree with a comparable tree.

12.32.160 - Injury to or death of a tree.

In the event of injury to, or death of a tree caused by a motor vehicle, the responsible driver or the driver's insurance carrier shall be required to purchase and replace the affected tree with one of the same type and size **within one (1) year of the date of the motor vehicle accident.** If no comparable replacement can be found, the Director shall determine an acceptable substitute, with any difference in value to be paid to the property owner. All replacement values to be based on the **CTLA Guide For Plant Appraisal, latest edition.**

12.32.170 - Responsibility for sewer lateral replacement from damage caused by City trees.

The City has determined that it is in the best interest of the City to replace sewer laterals within all public rights-of-way that have been damaged by City trees, subject to the following procedures:

A. The City shall, at its expense, remove or cause to be removed any tree, located within a public right-of-way, whose roots are determined by the City Engineer to **cause** ~~be causing~~ stoppage of a sewer lateral on **more than one occasion,** provided the property owner approves of said removal.

B. The City shall, at its expense, repair and, if necessary, replace any portion or all of the sewer lateral located in any public right-of-way, subject to the following procedure:

1. The property owner or his/her agent shall initially contact a licensed plumber who will conscientiously attempt to clear the stoppage by standard rodding procedures.

2. If the plumber determines that the stoppage is within the public right-of- way and cannot be unplugged by standard rodding procedures, he shall then contact the City and state the location of the stoppage.

3. The City shall then repair and/or replace that portion or all of the damaged sewer lateral within the public right-of-way, as necessary.

4. In the event that upon exposure of the sewer lateral within the public right-of-way it is determined that the sewer lateral does not need repair or replacement, the property owner shall be billed at the rate of time and materials times one hundred fifty percent (150%) for the City's work in exposing and recovering the sewer lateral.

12.32.180 - Liability.

Nothing in this chapter shall impose ~~any~~ liability upon the City or members of the Council, or any of its officials or employees.~~, nor relieve the~~ **The** owner or occupant of any private property **will not be relieved** from the duty to keep ~~his~~ private property, sidewalks, and rights-of-way abutting such private property in a safe condition, free from hazards to public use.

12.32.190 - Appeals.

Any person excepting to any denial, suspension or revocation by the Director of a permit applied for or held by him pursuant to the provisions of this chapter, or excepting to any other administrative action taken by the ~~director~~ **Director** or City Manager in administering the provisions of this chapter, may appeal to the City Council in accordance with the procedure prescribed by this Chapter.

Section 2: Effective Date and Publication. This Ordinance shall take effect and be in force thirty (30) days after the date of its passage. The City Clerk shall certify to the adoption of this Ordinance and shall cause the same to be published in the Atwater Signal within fifteen (15) days from adoption hereof.

INTRODUCED: January 22, 2018
ADOPTED:
AYES:
NOES:
ABSENT:

APPROVED:

_____
JAMES E. PRICE, MAYOR

ATTEST:

_____

DON HYLER III, CITY CLERK

CITY COUNCIL
OF THE
CITY OF ATWATER

RESOLUTION NO. 3014-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATWATER ACCEPTING OWNERSHIP TRANSFER OF 2007 CARGO TRAILER FROM MERCED COUNTY FIRE DEPARTMENT TO CITY OF ATWATER POLICE DEPARTMENT

WHEREAS, Merced County Fire Department is the owner of 2007 Wells Fargo Cargo Trailer, Model RF7162, Vin#31W4200G2177015438, County Property ID 56176; and

WHEREAS, the Big "5" Committee determined the reassignment of the trailer from the Merced County Fire Department to the City of Atwater Police Department; and

WHEREAS, said property was declared surplus on January 30, 2018 by the Merced County Board of Supervisors; and

WHEREAS, the City of Atwater Police Department intends to utilize the 16 foot Cargo Trailer to store and haul specialized police equipment; and

WHEREAS, the City of Atwater will assume all associated cost for the registration, licensing, insurance, operation and maintenance of this trailer.

NOW THEREFORE, BE IT RESOLVED, that the City of Atwater does hereby approve ownership transfer of 2007 Wells Fargo Cargo Trailer, Model RF7162 (Vin# 1W4200G2177015438) from Merced County Fire Department to City of Atwater Police Department.

The foregoing resolution is hereby adopted this 12th day of February, 2018.

AYES:
NOES:
ABSENT:

APPROVED:

_____
JAMES E. PRICE, MAYOR

ATTEST:

_____
DON HYLER III, CITY CLERK

COUNCIL AGENDA REPORT

CITY COUNCIL

Jim Price, Mayor
Jim Vineyard — Paul Creighton
Brian Raymond — Cindy Vierra

MEETING DATE: **February 12, 2018**

TO: Mayor and City Council

FROM: Lakhwinder Deol, Finance Director, ldeol@atwater.org (209) 357-6347

PREPARED BY: Albert Reyes, Attorney at Law, Nossaman LLP, areyes@nossaman.com, (949) 833-7800

SUBJECT: **Agenda Report Name**
ADOPT RESOLUTION NO. 3013-18: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATWATER AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $18,000,000 PRINCIPAL AMOUNT OF WASTEWATER REVENUE REFUNDING BONDS, SERIES 2018A, AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE OF TRUST, CONTINUING DISCLOSURE CERTIFICATE, ESCROW AGREEMENT AND A BOND PURCHASE CONTRACT, AUTHORIZING THE SALE OF BONDS, APPROVING AN OFFICIAL STATEMENT AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

RECOMMENDED COUNCIL ACTION:

It is recommended that the City of Atwater take the following action:

Adopt Resolution No. 3013-18, authorizing the issuance of not to exceed $18,000,000 principal amount of wastewater revenue refunding bonds (the "2018 Bonds") and authorizing the execution of an Indenture of Trust, Continuing Disclosure Certificate, Escrow Agreement, Bond Purchase Contract and form of the Official Statement required for the refinancing of the 2008 Wastewater Revenue Bonds.

I. BACKGROUND:

At the Atwater City Council workshop held on November 13, 2017, Staff and Todd Smith of Hilltop Securities Inc. presented information on the City's outstanding Wastewater Bond

issues. In 2008, the City's Financing Authority issued $20,020,000 in Wastewater Revenue Bonds (the "2008 Bonds"). There remains $17,405,000 in principal of the 2008 Bonds with a final maturity on May 1, 2038.

The 2008 Bonds were sold to multiple investors in a public sale through an official statement in April 2008. This provided $10 million in proceeds for the new treatment plant and generated approximately $9 million to pay off the Series 1998 Bonds on May 1, 2008. The benefits of refinancing the 2008 Bonds were discussed during the workshop and it was mentioned that the 2008 Bonds cannot be called for redemption until May 1, 2018. Council approved a Resolution of Intention to proceed with the refinancing.

Nossaman LLP has prepared, or reviewed, the following documents required for the refinancing:

Indenture of Trust- The Indenture of Trust is between The Bank of New York Mellon Trust Company, N.A., as trustee and the City. Some important items to note for the Indenture:

The 2018 Bonds are secured and payable from the Gross Revenues of the Wastewater System and on a parity with the City's 2017 Wastewater Bonds.

Under Section 5.17 of the Indenture, the City will be required to fix and prescribe wastewater rates to yield Net Revenues at a coverage ratio of 1.20 times of Debt Service on the 2018 Bonds and any parity debt. Net Revenues from the wastewater enterprise are defined as Gross Revenues minus Operation and Maintenance Expenses.

Under Section 2.12 of the Indenture, in order for the City to issue additional bonds or incur additional debt on a parity with the 2017 Bonds and 2018 Bonds, the City is required to have Net Revenues that are at least equal to 1.20 times the Maximum Annual Debt Service for the 2017 Bonds, 2018 Bonds and parity bonds after incurring the parity bonds.

Escrow Agreement – The Escrow Agreement establishes an escrow fund for 2008 Bonds. The Bank of New York Mellon Trust Company, as trustee for the 2008 Bonds, will transfer approximately $1.3 million into the escrow fund from the 2008 Wastewater Bonds debt service reserve fund, and approximately $73,000 into the escrow fund, from the 2008 Wastewater Bonds Project Fund. Approximately $17.8 million of proceeds from the 2018 Bonds will also be deposited into the escrow fund, and with the approximately $1.3 million, will be pay off the 2008 Bonds on May 1, 2018.

Bond Purchase Contract – The Bond Purchase Contract is between the City and Hilltop Securities Inc., as underwriter and sets forth the terms and conditions pursuant to which Hilltop will purchase the 2018 Bonds from the City. The Bond Purchase Contract will contain the principal amounts and interest rates from which Hilltop will purchase the 2018 Bonds from the City. The Bond Purchase Contract will be signed when the 2018 Bonds are priced unlike the other documents which are signed at issuance of the 2018 Bonds.

Official Statement – The Official Statement provides information to investors regarding the terms of the 2018 Bonds, the City, the wastewater system and other disclosures required so interested investors can make an informed decision about purchasing the 2018 Bonds.

The securities laws require that the Official Statement not contain any misleading information and not omit any material information. While it is important that the City Council have its staff and other consultants review and provide input regarding the Official Statement, the Official Statement is the City's document and the ultimate responsibility for the Official Statement rests with the City Council. While staff and the consultants have discussed a range of topics relating to the City and the wastewater system so that securities laws' requirements are met, there is a possibility that, as elected officials, you might be aware of something or have different perspective on something that should be considered and disclosed in the Official Statement. Therefore, it is important that you review the Official Statement and provide any input to staff so that the Official Statement is accurate and does not omit any material information that should be stated in it.

Continuing Disclosure Certificate – This is a requirement of the Securities Exchange Commission that requires the City to provide ongoing annual information and information on significant events on the 2018 Bonds to investors through the Electronic Municipal Market Access system. The City has an agreement with A. M. Peché & Associates LLC to provide ongoing disclosure advisory services. The first year for reporting can be paid for from the costs of issuance fund and future years can be paid for from the wastewater enterprise.

II. ANALYSIS:

The Financing Team is recommending a public sale of 2018 Bonds to refinance the outstanding 2008 Bonds.

Base on interest rates from January 24, 2018, gross savings (net of the cost of issuance) in refinancing the 2008 Bonds are estimated at $4,870,984. This translates into approximately $3,607,710 in present value savings and $2,167,024 of net present value savings, which is 12.45% of the 2008 Bonds. This provides approximately $226,000 to $230,000 of annual savings from 2019 to 2038 as shown in the attached Exhibit A.

These savings numbers are net of the estimated costs of issuance. An industry "rule of thumb" is that any savings in excess of 3% of net present value savings is considered a good economic refunding. So this refunding meets thiscriteria. It is also important to note that the 2018 Bonds will not extend the maturity of the 2008 Bonds. Based on current interest rates, net present value savings are $2,167,024. The following shows how a change in interest rates would change savings.

REFUNDING OF 2008
Insured with Surety Bond
Sensitivity Analysis
PRELIMINARY

Coupon Offset	Par	Bond Yield	Escrow Yield	Net Present Value Savings	Refunded PV Savings Pct
(0.500%)	15,710,000.00	2.802%	1.274%	3,130,162.35	17.984%
(0.250%)	15,730,000.00	3.061%	1.274%	2,640,545.32	15.171%
0.000%	15,750,000.00	3.320%	1.274%	2,167,024.16	12.451%
0.250%	15,770,000.00	3.578%	1.274%	1,709,840.73	9.824%
0.500%	15,795,000.00	3.838%	1.274%	1,267,029.13	7.280%

III. FISCAL IMPACTS:

In July Standard & Poor's affirmed the "BBB-"rating on the Wastewater Bonds for the 2017 Bonds (that refinanced the prior 2010 and 2011 Bonds). The City will have to go through the rating process for the 2018 Bonds but given the recent rating review, it is likely that the rating will still be "BBB-". Also the bond insurer for the 2017 Bonds is Assured Guaranty. It will be necessary for Assured Guaranty to also provide bond insurance for the 2018 Bonds, raising the rating on the 2018 Bonds to "AA" and thereby providing lower interest rates and savings. Assured Guaranty also provided a Reserve Fund Surety for deposit into the Debt Service Reserve Fund for the 2017 Bonds. The 2008 Bonds had a cash funded Debt Service Reserve Fund of $1,351,031. To maximize gross savings, it will be necessary for Assured Guaranty to provide a Reserve Fund Surety for the 2018 Bonds. However, even if Assured Guaranty does not provide a Reserve Fund Surety, net present value savings will not be affected. Exhibit B shows the savings with a cash-funded Reserve Fund.

Once the 2018 Bonds were to close, Staff would recommend completing the Wastewater Rate Study by Raftelis Financial Consultants, Inc., the City's Water and Wastewater Rate Consultant. This would have the possibility of a new lower sewer rate structure or a delay in raising sewer rates in the future.

IV. STEPS FOLLOWING APPROVAL:

Approval by the City Council of the resolution and legal documents will allow the Financing Team to continue various steps necessary to issue the 2018 Bonds and refinance the 2008 Bonds. The sale of the 2018 Bonds is expected in early to mid- March and at this time the interest rates and savings will be "locked in". The expected closing will be late March.

Respectfully submitted,

Lakhwinder Deol, Finance Director
City of Atwater

ATTACHMENTS:

Exhibit A: Savings with Debt Service Reserve Surety as of 1-24-18
Exhibit B: Savings with Cash Funded Debt Service Reserve as of 1-24-18

1. Resolution No. 3013-18
2. Indenture
3. Escrow Agreement
4. Bond Purchase Contract
5. Form of the Official Statement
6. Continuing Disclosure Certificate

CITY COUNCIL
OF THE
CITY OF ATWATER

RESOLUTION NO. 3013-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATWATER AUTHORIZING THE ISSUANCE OF, NOT TO EXCEED $18,000,000 PRINCIPAL AMOUNT, WASTEWATER REVENUE REFUNDING BONDS, SERIES 2018A, AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE OF TRUST, CONTINUING DISCLOSURE CERTIFICATE, ESCROW AGREEMENT AND A BOND PURCHASE CONTRACT, AUTHORIZING THE SALE OF BONDS, APPROVING AN OFFICIAL STATEMENT AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

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

WHEREAS, the City Council (the "City Council") of the City has determined to refinance the acquisition and construction of certain improvements to the City's wastewater system (the "2008 Project"), more particularly described in the 2008 Installment Sale Agreement (as defined below); and

WHEREAS, the Atwater Public Financing Authority (the "Prior Issuer") has previously entered into an Installment Sale Agreement with the City dated as of April 1, 2008 and as amended pursuant to a First Amendment to Installment Sale Agreement, dated as of August 1, 2017, between the Prior Issuer and the City (collectively, as amended, the "2008 Installment Sale Agreement"), and issued its $20,020,000 Atwater Public Financing Authority Wastewater Revenue Bonds, Series 2008 (the "2008 Bonds"), which bonds were secured by payments to be made by the City as 2008 Installment Sale Agreement payments (the "2008 Installment Sale Payments") under the 2008 Installment Sale Agreement, to refinance outstanding obligations of the City and to finance the 2008 Project; and

WHEREAS, in order to provide funds to refinance the 2008 Bonds, the City proposes to issue its City of Atwater Wastewater Revenue Refunding Bonds, Series 2018A, in the aggregate principal amount of not to exceed $18,000,000 (the "Bonds"), pursuant to an Indenture of Trust (the "Indenture"), currently dated as of March 1, 2018 between the City and The Bank of New York Mellon Trust Company, N.A. (the "Trustee") substantially in the form presented to this City Council at the meeting at which this Resolution has been adopted; and

WHEREAS, the City's obligation to pay the Bonds will be payable from Gross Revenues of the Wastewater System (as such terms are defined in the Indenture) on a parity with the City's Wastewater Revenue Refunding Bonds, Series 2017A issued in the aggregate principal amount of $56,600,000; and

WHEREAS, the City will provide for the prepayment of the 2008 Installment Sale Payments from the proceeds of the Bonds and pursuant to the terms of an escrow agreement with The Bank of New York Mellon Trust Company, N.A. (the "2008 Escrow Agreement"), substantially in the form presented to this City Council at the meeting at which this Resolution has been adopted; and

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

WHEREAS, the City Council of the City finds that the refinancing of the 2008 Bonds and related 2008 Installment Sale Payments will result in substantial savings to the City; and

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

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") requires that the City Council obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the Bonds, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds; and

WHEREAS, in compliance with SB 450, the City Council has obtained from A. M. Peché & Associates LLC, as the City's municipal advisor (the "Municipal Advisor"), and the Underwriter, the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto;

WHEREAS, the City has duly considered such transactions, including, without limitation, the Indenture, the Bond Purchase Contract, the 2008 Escrow Agreement, and the Official Statement, and wishes at this time to approve said transactions in the public interests of the City; and

WHEREAS, the City Council previously authorized the City Manager to enter into agreements with the Municipal Advisor, the Underwriter and Nossaman LLP (the "Bond Counsel") by its resolution on May 22, 2017, with payment of fees and expenses with respect to such agreements to be contingent upon the sale of the Bonds.

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

Section 1. Issuance of Bonds; Approval of Indenture. The findings set forth in the recitals hereof are true and correct. The City hereby authorizes the issuance of the Bonds under and pursuant to the Refunding Law and the Indenture in the aggregate principal amount of not to exceed $18,000,000 for the purposes hereinbefore described. The City hereby approves the Indenture in substantially the form on file with the City Clerk together with any additions thereto or changes therein deemed necessary or advisable by the Mayor, the City Manager, the Finance Director, or their authorized designees (collectively, the "Authorized Officers"), upon consultation with the City Attorney and Bond Counsel, whose execution thereof shall be conclusive evidence of the approval of any such additions and changes. Such changes and additions shall include, without limitation, the final date of the Indenture, the final series designation of the Bonds, the insertion in the Indenture of the final annual maturities and final aggregate principal amount of the Bonds and the final annual interest rates payable with respect to the Bonds. Each of the Authorized Officers are hereby authorized and directed to execute the final form of the Indenture for and in the name and on behalf of the City. The City hereby authorizes the delivery and performance of the Indenture, so long as net present value savings of the debt service on the Bonds, as compared to the debt service on the 2008 Bonds, is at least three percent (3%), underwriter's discount (excluding original issue discount) does not exceed 0.90%, the final maturity date does not exceed May 1, 2038 and the principal amount does not exceed $18,000,000.

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

from the Underwriter to purchase the Bonds from the City and to execute and deliver the Bond Purchase Contract.

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

Section 4. Approval of 2008 Escrow Agreement. The form of the 2008 Escrow Agreement, as presented at this meeting is hereby approved. An Authorized Officer is hereby authorized and directed, for and on behalf of the City, to execute, acknowledge and deliver the 2008 Escrow Agreement, in substantially the form presented at this meeting, with such changes therein as such Authorized Officer may require or approve, with the advice and approval of City Attorney and Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Official Statement. The City hereby approves the preparation of, and hereby authorizes the Authorized Officers to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, a preliminary form of Official Statement describing the Bonds. Distribution of such preliminary Official Statement to prospective purchasers of the Bonds is hereby approved. Each of the Authorized Officers are hereby authorized to execute the final form of the Official Statement, on behalf of the City, including as it may be modified by such additions thereto and changes therein as the Authorized Officers shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by the Authorized Officers shall be conclusive evidence of the approval of any such additions and changes. The City hereby authorizes the distribution of the final Official Statement by the purchaser of the Bonds.

Section 6. SB 450. In accordance with SB 450, good faith estimates of the following have been obtained from the Municipal Advisor and the Underwriter and are set forth on Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds.

Section 7. Official Action. The Authorized Officers and all other officers of the City are hereby authorized, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary and advisable in order to consummate the sale and delivery of the Bonds and otherwise effectuate the

purposes of this Resolution, including but not limited to preparing certificates and/other documents for execution by the Prior Issuer in connection with the redemption and defeasance of the portion of the 2008 Bonds that is secured by the 2008 Installment Sale Payments, and such actions previously taken by such officers are hereby ratified and confirmed. Each of the above-referenced officials is hereby authorized to solicit bids from Assured Guaranty Municipal Corp. (the "Insurer" or "AGM"), to decide whether to accept the municipal bond insurance that may be offered by AGM with respect to the Bonds and whether to accept a debt service reserve policy, if applicable, and to execute and negotiate any agreements necessary in connection with the procurement of such municipal bond insurance or debt service reserve policy, provided that such municipal bond or insurance provide debt service reserve policy provides debt service savings or other benefits to the proposed transaction, as determined by the City. The City's execution of an insurance commitment shall be conclusive evidence of such determination. Each of the above-referenced officers is hereby authorized to direct Bond Counsel and/or the City Attorney to make any necessary revisions to the legal documents to effectuate the procurement of municipal bond insurance and/or a debt service reserve fund policy. In the event that the Mayor is unavailable or unable to execute and deliver any of the above-referenced documents, any other member of the City Council may validly execute and deliver such document, and, in the event that the City Clerk is unavailable or unable to execute and deliver any of the above-referenced documents, any deputy clerk may validly execute and deliver such document in her place. Expenditures of net proceeds of the Bonds to refinance the 2008 Bonds and related 2008 Installment Sale Payments shall be subject to compliance by the City with all legal and other conditions precedent thereto.

The foregoing resolution is hereby adopted this 12th day of February, 2018.

AYES:
NOES:
ABSENT:

APPROVED:

_____
JAMES E. PRICE, MAYOR

ATTEST:

_____
DON HYLER III, CITY CLERK

INDENTURE OF TRUST

between the

CITY OF ATWATER

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

RELATING TO THE

$_____
CITY OF ATWATER
WASTEWATER REVENUE REFUNDING BONDS
SERIES 2018A

Dated as of March 1, 2018

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APPENDIX A FORM OF BOND A-1

INDENTURE OF TRUST

This INDENTURE OF TRUST (the "Indenture"), dated as of March 1, 2018, between the CITY OF ATWATER (the "City"), a municipal corporation duly organized and validly existing under and by virtue of the Constitution and laws of the State of California and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Trustee"), a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, as trustee.

W I T N E S S E T H:

WHEREAS, the City has determined that it is in the best interest of the public to prepay and defease that certain Installment Sale Agreement, dated as of April 1, 2008, by and between the City and the Atwater Public Financing Authority (the "Prior Issuer") and as amended pursuant to a First Amendment to Installment Sale Agreement, dated as of August 1, 2017, between the Prior Issuer and the City (collectively, as amended, the "2008 Installment Sale Agreement"); and

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

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

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

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

ARTICLE I
DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof, and of any amendment hereof or supplement hereto, of the Bonds and of any certificate, opinion, request or other document mentioned herein

or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

"Additional Revenues" means, with respect to the issuance of any Bonds or Parity Obligations, an allowance for Net Revenues (i) arising from any increase in the charges made for service from the Wastewater System adopted prior to the incurring of such Bonds or Parity Obligations and effective within eighteen (18) months following the date of incurring such Bonds or Parity Obligations, 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 the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the City, and (ii) arising from any increase in service connections to the Wastewater System prior to the incurring of such Bonds or Parity Obligations, in an amount equal to the total amount by which the Net Revenues would have been increased if such connections had been in existence during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the City, all as shown by the certificate or opinion of an Independent Financial Consultant.

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

"Bonds" means the $_____ principal amount of Wastewater Revenue Refunding Bonds, Series 2018A authorized hereby and at any time Outstanding hereunder that are issued by the City under and pursuant to Article II of this Indenture.

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

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

"Bond Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

"Bond Insurer Default" means (a) the Bond Insurer shall be in payment default under the Bond Insurance Policy and such failure shall continue for three business days, or (b) any material provision of the Bond Insurance Policy shall be held to be invalid by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability thereof shall be contested by the Bond Insurer.

"Bond Insurer Rate," which shall be calculated by the Bond Insurer, means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base

lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Bond Insurer Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify.

"Bond Insurer's Fiscal Agent" means a fiscal agent appointed by the Bond Insurer for purposes of, and in accordance with the terms contained in, the Bond Insurance Policy.

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

"Bond Year" means the period from the Closing Date through May 1, 2018, and thereafter the twelve-month period commencing on May 2 of each year through and including May 1 of the following year.

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

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

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

"Closing Date" means the date on which the Bonds are delivered to the original purchasers thereof, which date is _____, 2018.

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

"Continuing Disclosure Certificate" shall mean the certificate of the City by that name, dated as of March __, 2018.

"Contracts" means all contracts of the City previously or hereafter authorized and executed by the City, the payments under which are payable from Gross Revenues on a parity with the Bonds and which are secured by a pledge and lien on Gross Revenues as described herein, including the 2017A Bonds; but excluding contracts entered into for operation and maintenance of the Wastewater System.

"Debt Service" means, during any period of computation, the amount obtained for such period by totaling the following amount:

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

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

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

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

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

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

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

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

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

"Depository System Participant" means any participant in the Depository's book entry system.

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

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

"Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or its successor or any other bank or trust company which may at any time be substituted in its place as provided in the 2008 Escrow Agreement.

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

"Federal Securities" mean (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America, (b) obligations fully and unconditionally guaranteed as to timely payment of the interest and principal by the United States of America, (c) obligations of any agency or instrumentality of the United States of America as to which the timely payment of the interest on and the principal of such obligations is backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"Fiscal Year" means the twelve calendar month period commencing on July 1 and terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

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

"Governmental Loan" means a loan from the State or the United States of America, acting through any of its agencies, to finance improvements to the Wastewater System, and the obligation of the City to make payments to the State or the United States of America under the

loan agreement memorializing said loan on a parity basis with the payment of Debt Service Payments.

"Gross Revenues" means all gross income, rents, rates, fees, charges and other moneys derived from the ownership and operation of the Wastewater System calculated in accordance with GAAP and deposited in the Wastewater Fund, including, without limiting the generality of the foregoing, (a) all income, rents, rates, fees (including but not limited to any developer impact fees to the extent permitted by law), charges, business interruption insurance proceeds or other moneys derived by the City from the sale, furnishing and supplying of the Wastewater or other services, facilities and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Wastewater System, plus (b) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including City Wastewater System reserves, plus, (c) the proceeds of any stand-by or sewer availability charges collected by the City, but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become property of the City, and excluding any proceeds of taxes restricted by law and to be used by the City to pay bonds hereafter issued. Gross Revenues shall include interest with respect to any Parity Obligations reimbursed to or on behalf of the City by the United States of America. Gross Revenues shall also be increased by the amounts, if any, transferred during such Fiscal Year or other period from the Rate Stabilization Fund to the Revenue Fund and shall be decreased by the amounts, if any, transferred during such Fiscal Year or other period from the Revenue Fund to the Rate Stabilization Fund, pursuant to Section 3.06 hereof.

"Indenture" means this Indenture of Trust by and between the Trustee and the City, dated as of March 1, 2018, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

"Independent Certified Public Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the City, and each of whom:

1. is in fact independent and not under the domination of the City;

2. does not have a substantial financial interest, direct or indirect, in the operations of the City; and

3. is not connected with the City as a board member, officer or employee of the City, but may be regularly retained to audit the accounting records of and make reports thereon to the City.

"Independent Financial Consultant" means any financial consultant or firm of such consultants of national reputation generally recognized to be well qualified in financial matters relating to systems similar to the Wastewater System, appointed and paid by the City, and who, or each of whom:

1. is in fact independent and not under the control 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 council member, officer or employee of the City, but may be regularly retained to make reports to the City.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may specify in a certificate to the Trustee.

"Interest Payment Date" means each May 1 and November 1, commencing November 1, 2018.

"Maximum Annual Debt Service" means, as of the date of any calculation, the maximum amount of principal, interest, and mandatory sinking fund deposits required to be paid with respect to the Bonds and any Parity Obligations in the current or any future Bond Year.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

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

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

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

"Operation and Maintenance Expenses" means the reasonable and necessary costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the City or charges, but excluding (i) administrative costs of the City that are apportioned to the Wastewater System, (ii) transfers to other City departments, (iii) debt service payments or other similar payments on Parity Obligations or other obligations required to be paid by it to comply with the terms of an installment sale agreement or any Contract or of any resolution or indenture authorizing the issuance of any bonds or obligations and excluding in all cases (iv) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

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

(1) Bonds canceled by the Trustee;

(2) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and

(3) Bonds in lieu of or in substitution for which replacement Bonds shall have been executed and delivered hereunder.

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

"Parity Obligations" means indebtedness or other obligations (including leases and installment sale agreements, bonds or contracts) hereafter issued or incurred and secured by a pledge of and lien upon any of the Gross Revenues on a parity with the Debt Service Payments of the City payable from and secured by a pledge of and lien upon any of the Gross Revenues issued or incurred pursuant to this Indenture. For all purposes of this Indenture, the 2017A Bonds shall constitute, be deemed to be and be treated as a Parity Obligation.

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

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

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

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

<u>Farmers Home Administration (FmHA)</u>
Certificates of beneficial ownership

<u>Federal Housing Administration Debentures (FHA)</u>

<u>General Services Administration</u>
Participation certificates

Government National Mortgage Association (GNMA or "Ginnie Mae")

GNMA – guaranteed mortgage-backed bonds

GNMA – guaranteed pass-through obligations (participation certificates)

(not acceptable for certain cash-flow sensitive issues.)

U.S. Maritime Administration

Guaranteed Title XI financing

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

Project Notes

Local District Bonds

New Communities Debentures – U.S. Government guaranteed debentures

U.S. Public Housing Notes and Bonds – U.S. Government guaranteed public housing notes and bonds

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

Federal Home Loan Bank System

Senior debt obligations

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")

Participation certificates

Senior debt obligations

Federal National Mortgage Association (FNMA or "Fannie Mae")

Mortgage-backed securities and senior debt obligations

Resolution Funding Corp. (REFCORP) obligations

Farm Credit System

Consolidated system-wide bonds and notes

Federal Agriculture Mortgage Association

Tennessee Valley District

4. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G," "AAA-m," or "AA-m" and if rated by Moody's rated "Aaa," "Aa1" or "Aa2," including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee receive and retain a fee for services provided to the fund, whether as investment advisor, custodian, transfer agent or otherwise.

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

6. Certificates of deposit (including those placed by a third party pursuant to a separate agreement between the City and the Trustee, trust funds, trust accounts, time deposits, bank deposit products, overnight bank deposits, interest bearing money market accounts, interest bearing deposits, bankers acceptance, savings accounts, deposit accounts or money market deposits (including those of the Trustee or any of its affiliates) which are fully insured by FDIC.

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

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

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

10. Bank deposit products, bank deposit accounts, federal funds or bankers acceptances with a maximum term of one year of any bank (including the Trustee or any of its affiliates) which has an unsecured, uninsured and unguaranteed obligation rating of "Prime -1" or "A2" or better by Moody's and "A-1" or "A" or better by S&P.

11. Repurchase or reverse repurchase agreements for 30 days or less (including those of the Trustee or any of its affiliates) must follow the following criteria:

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

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

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

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

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

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

17. The Merced County Pooled Investment Fund.

"Principal Office" means the corporate trust office of the Trustee currently located in Los Angeles, California, except that solely for the purposes of the surrender or presentation of Bonds for payment, transfer or exchange, such office shall be the designated corporate trust agency or operations office of the Trustee, or such other office designated by the Trustee from time to time.

"Prior Issuer" means the Atwater Public Financing Authority.

"Prior Treatment Site" means the wastewater treatment facilities located on the south-west side of Highway 99 near Applegate Road at 550 Commerce Avenue, Atwater, California 95301, which facilities are in the process of being decommissioned as of the date of this Indenture.

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

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

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

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

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

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

"Revenue Fund" means the fund of the City into which it deposits Gross Revenues, and which shall be the same fund as the "Wastewater Fund" as such is defined in the 2008 Installment Sale Agreement.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and assigns.

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

"State" means the State of California.

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

"Trust Office" means the office of the Trustee designated in Section 11.13 hereof, except that solely for the purposes of the surrender or presentation of Bonds for payment, transfer or exchange, such office shall be the designated corporate trust agency or operations office of the Trustee, and such other offices as the Trustee may designate from time to time.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or its successor or any other bank or trust company which may at any time be substituted in its place as provided in Section 7.01.

"2008 Escrow Fund" means the fund established by the 2008 Escrow Agreement.

"2008 Escrow Agreement" means the Escrow Agreement, dated as of March 1, 2018, between the City and the Escrow Agent relating to the 2008 Installment Sale Agreement.

"2008 Installment Sale Agreement" means the Installment Sale Agreement, dated as of April 1, 2008, by and between the City and the Prior Issuer, as originally executed and as amended pursuant to a First Amendment to Installment Sale Agreement, dated as of August 1, 2017, between the Prior Issuer and the City and as it may from time to time be amended or supplemented in accordance therewith.

"2017A Bonds" means the original aggregate principal amount $56,600,000 City of Atwater Wastewater Revenue Refunding Bonds, Series 2017A issued on August 30, 2017.

"Wastewater System" means the entire system of the City for the collection, treatment and disposal of Wastewater, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the City for the collection, treatment and disposal of Wastewater within the service area of the City, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners, this Indenture shall be deemed to be and shall constitute a contract by and among the Trustee, the City and the Owners to secure the full and final payment of the interest and principal and redemption premiums, if any, to be made by the City on the Bonds, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Bonds over any other Bonds by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II
TERMS AND CONDITIONS OF BONDS

Section 2.01. Authorization of Bonds. The City hereby authorizes the issuance of the Bonds in the aggregate principal amount of $_____. The Bonds shall be designated "City of Atwater Wastewater Revenue Refunding Bonds, Series 2018A."

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

Year (May 1)	Principal Amount	Interest Rate
2019	$	%
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		

The Bonds shall be dated as of the Closing Date, and bear interest from the Interest Payment Date immediately preceding the date of authentication thereof by the Trustee, unless such date of authentication is on or after the fifteenth (15th) day of the calendar month prior to an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date, or unless such date of authentication is on or before October 15, 2018, in which case they shall bear interest from the Closing Date.

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

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

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

Section 2.06. Transfer and Exchange of Bonds. (a) Subject to the provisions of Section 2.11 hereof, (a) each Bond shall be transferable only upon a register of the names of each Owner (the "Bond Register"), which shall be kept for that purpose at the Trust Office, by the Owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by

the Owner or his or her duly authorized attorney. Upon the transfer of any such Bond, the Trustee shall provide in the name of the transferee, a new Bond or Bonds, of the same aggregate principal amount, interest rate and maturity as the surrendered Bonds (unless there has occurred a partial redemption of such Bond pursuant to Section 4.01 hereof, in which case the principal amount of the new Bond shall be equal to the unredeemed principal amount of the Bond submitted for transfer).

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

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

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

Section 2.08. Temporary Bonds. Pending preparation of the definitive Bonds, any Bonds delivered under the Indenture may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be without coupons and may contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated by the Trustee and be delivered by the Trustee upon the same conditions and in substantially the same manner as definitive Bonds. If the Trustee

delivers temporary Bonds, it shall authenticate and furnish definitive Bonds without delay and, thereupon, the temporary Bonds shall be surrendered for cancellation at the Principal Office of the Trustee and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same interest rate or rates and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Indenture as definitive Bonds delivered pursuant hereto.

Section 2.09. Bonds Mutilated, Destroyed, Lost or Stolen. If any Bond shall become mutilated, the Trustee, at the expense of the Owner of said Bond, shall authenticate and deliver a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed or redelivered to, or upon the order of, the City. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall authenticate and deliver a new Bond of like tenor and numbered as the Trustee shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a reasonable fee for each new Bond delivered under this Section and of the reasonable expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured by the Indenture. The Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Indenture or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured, the Trustee may make payment of such Bond upon receipt of indemnification satisfactory to the Trustee.

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

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

Section 2.11. Book Entry System.

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

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the City and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the City holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Register, or any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the City elects to redeem the Bond in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Register, of any amount with respect to principal, premium, if any, or interest on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The City and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bonds for the purpose of payment of principal of, premium, if any, and interest on such Bonds for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers of ownership of such Bonds, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a Bond evidencing the obligation of the City to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice of the City shall promptly, but in no event later than two (2) Business Days after receipt thereof, deliver a copy of the same to the Trustee.

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

any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the City determines to terminate the Depository as such, then the City shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the City and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees in the Letter of Representations to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the City fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Section 2.11 hereof.

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

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

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

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

(b) Parity Obligations.

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

(i) The City is not in default under the terms of this Indenture unless such default shall be cured simultaneously with the issuance of such Parity Obligations; and

(ii) The City obtains or provides a certificate prepared by an Independent Certified Public Accountant or Independent Financial Consultant showing that the Net Revenues as shown by the books of the City for any 12 consecutive calendar months during the 18 calendar month period ending prior to the incurring of such Bonds or Parity Obligations shall have amounted to at least 120% of the Maximum Annual Debt Service for all Bonds or Parity Obligations to be outstanding immediately after incurring such additional Bonds or Parity Obligations.

For purposes of preparing the certificate described in subsection (ii), as set forth above, the Independent Certified Public Accountant or Independent Financial Consultant may rely upon financial statements prepared by the City, which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available. For purposes of demonstrating compliance with the foregoing, Net Revenues may be adjusted (at the option of the City) to include the Additional Revenues.

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

The provisions of subsection (b)(ii) of this Section shall not apply to any Parity Obligations if all of the proceeds of which (other than proceeds applied to pay costs of issuing such Parity Obligations and to make a reserve fund deposit) 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 any Outstanding Bonds or on any outstanding Parity Obligations, if (i) 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 Bonds or Parity Obligations to be refunded, and (ii) the final maturity of such Parity Obligations is not later than the final maturity of the refunded Bonds or Parity Obligations.

In order to maintain the parity relationship of the Debt Service Payments to all Parity Obligations permitted hereunder, the City covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Obligations, except with respect to Governmental Loans, will be structured to occur semi-annually on the Record Dates and in each year as such payments are due with respect to the Debt Service Payments, and to

otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the Debt Service Payments and not prior thereto; provided that the City shall not make a payment on such Governmental Loan to the extent it would have the effect of causing the City to fail to pay Debt Service Payments of the Bonds or Parity Obligations on a timely basis. In such event, the City shall make Debt Service Payments and payments on such Governmental Loan on a pro rata basis.

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

ARTICLE III
PROCEEDS OF BONDS; PLEDGE OF GROSS REVENUES

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

All of the Gross Revenues are pledged hereunder for the payment of Parity Obligations, including the Bonds, and all moneys on deposit in the Payment Fund and the Redemption Account established under this Indenture are hereby irrevocably pledged, charged and assigned to the punctual payment of the Bonds. Such pledge, charge and assignment shall constitute a first lien on the Gross Revenues and such other moneys for the payment of the Debt Service Payments, the Bonds and any Parity Obligations in accordance with the terms hereof.

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

The obligations of the City to make the Debt Service Payments from the Gross Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the City or the Trustee of any obligation to the City or otherwise with respect to the Wastewater System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. The City hereby acknowledges that its obligation to make Debt Service Payments hereunder is absolute and unconditional, free of deductions and without abatement, offset, recoupment, diminution or set-off whatsoever. Until such time as all of the Debt Service Payments and all other amounts coming due and payable hereunder shall have been fully paid or prepaid, the City (a) will not suspend or discontinue payment of any Debt Service Payments from Gross Revenues or such other amounts with respect to the Bonds, (b) will perform and observe all other agreements

contained in this Indenture, and (c) will not terminate this Indenture for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Wastewater System, sale of the Wastewater System, the taking by eminent domain of title to or temporary use of any component of the Wastewater System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture.

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

Section 3.02. Depositing of Proceeds of Bonds and Other Amounts. On the Closing Date the Trustee shall receive $_____ (principal amount of the Bonds of $_____, less an Underwriter's discount of $_____, and [plus/less] [net] original issue [premium/discount] of $_____) as the purchase price of the Bonds. [From the purchase price of the Bonds, at the request of the City, the Underwriter will wire the Bond Insurance Policy and Bond Reserve Policy premiums totaling $_____ to the Bond Insurer, resulting in a net wire to the Trustee on behalf of the City of $_____.] The Trustee shall deposit $_____ of the Bond proceeds to the Delivery Costs Fund, which fund is hereby established and shall be held hereunder by the Trustee. The Trustee shall transfer $_____ of the Bond proceeds to the Escrow Agent for deposit in the 2008 Escrow Fund established pursuant to the 2008 Escrow Agreement. The Trustee may establish a temporary fund or account in its records to facilitate such deposits or transfers.

Section 3.03. Deposit of Debt Service Payments. In furtherance of Section 3.06(1) hereof, the City shall transfer Gross Revenues from the Revenue Fund to the Trustee for deposit in the Debt Service Account of the Payment Fund, in monthly components and on the following dates and in the following amounts:

(1) *Interest Component.* On or before the fifteenth day of each month, commencing on May 15, 2018, an amount which is equal to one-sixth (1/6) of the aggregate amount of interest becoming due and payable on such Bonds on the next succeeding Interest Payment Date; provided, however, that the City may be entitled to deduct from such monthly interest payment the balance then-on deposit in the Debt Service Account of the Payment Fund that is allocated to future payments of interest on the Bonds, if any (other than amounts held for the defeasance of Bonds pursuant to Article IX hereof and any amounts required for payment of interest on any Bonds which have matured or been called for redemption but which have not yet been presented for payment); and

(2) *Principal Component.* On or before the fifteenth day of each month, commencing on November 15, 2018, an amount which, together with any moneys already on deposit with the Trustee and available to make such payment, is not less than one-sixth (1/6) of the next succeeding maturing principal or mandatory sinking account payment coming due on the Bonds after such date. On or before the fifteenth day of each month, commencing on May 15, 2019, an amount which, together with any moneys already on deposit with the Trustee and available to make such payment, is not less than one-twelfth (1/12) of the next succeeding maturing principal or mandatory sinking account payment coming due on the Bonds after such date; provided, however, that the City may be entitled to deduct from such monthly principal payment the balance then-on deposit in the Debt Service Account of the Payment Fund that is allocated to future principal payments or mandatory sinking account payments on the Bonds, if any (other than amounts held for the defeasance of Bonds pursuant to Article IX and any amounts required for payment of principal payments and mandatory sinking account payments on any Bonds which have matured or been called for redemption but which have not yet been presented for payment).

Such payments received by the Trustee shall be held in aggregate and in trust by the Trustee under the terms hereof and shall be deposited by it as and when received in the Debt Service Account of the Payment Fund, which fund the Trustee hereby agrees to establish and maintain as provided in Section 3.04 so long as any Bonds are Outstanding.

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

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

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

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

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

(b) Upon payment of all Delivery Costs, which shall be determined by a Certificate of the City to that effect by an Authorized Officer of the City delivered to the Trustee, or upon the date occurring twelve (12) months after the Closing Date, whichever occurs first, the Trustee shall transfer all funds remaining in the Delivery Costs Fund to the Debt Service Account, and the Delivery Costs Fund shall thereupon be closed.

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

The City covenants and agrees that all Gross Revenues, when and as received, will be received and held by the City in trust for the benefit of Bond owners and payments with respect to Parity Obligations, and will be deposited by the City in the Revenue Fund (which the City hereby covenants and agrees to maintain so long as any Bonds remain Outstanding) and will be accounted for and held in trust for the benefit of Bond owners and for payments with respect to Parity Obligations in the Revenue Fund. All Gross Revenues shall be disbursed, allocated and applied solely to the uses and purposes set forth in this Article III.

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

(1) *Debt Service Payments*. In order to carry out and effectuate the pledge and lien contained herein, Debt Service Payments payable pursuant to Section 3.01 hereof and all other payments relating to principal and interest on or with respect to Parity Obligations, shall be paid in accordance with the terms hereof and of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(2) *Operation and Maintenance Expenses*. The City agrees and covenants to pay all Operation and Maintenance Expenses (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Expenses, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable.

(3) *Reserve Funds*. Payments required to restore the Reserve Fund to the Reserve Requirement and the debt service reserve funds established for Parity Obligations to their reserve requirement levels (which shall include payments to reimburse the Insurer for draws against the Reserve Policy and payments to reimburse the providers of any surety bond, letter of credit or guaranty policy issued to fund the debt

service reserve funds established for Parity Obligations for draws thereagainst, respectively) shall be made in accordance with the terms of the Indenture and such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) *General Expenditures/Rate Stabilization Fund.* All Gross Revenues not required to be withdrawn pursuant to the provisions of (1) through (3) above shall be used for expenditure for any lawful purpose of the City, including payment of Operation and Maintenance Expenses or payment of any rebate requirement or of any obligation subordinate to the payment of all amounts due hereunder or under Parity Obligations. The City may maintain and hold a separate fund to be known as the "Rate Stabilization Fund." From time to time the City may deposit in the Rate Stabilization Fund, from remaining Net Revenues described in this subsection (4) or other available funds of the City, such amounts as the City shall determine. The City may withdraw amounts from the Rate Stabilization Fund (i) for transfer to the Revenue Fund for inclusion in Gross Revenues for any Fiscal Year, or (ii) for any other lawful use of the City. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Gross Revenues. Amounts transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to this Section 3.06 during or within 120 days after a Fiscal Year, may be taken into account as Gross Revenues for purposes of the calculations in Section 5.17 in such Fiscal Year.

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

Section 3.07. Reserve Fund. The Trustee hereby agrees to establish and maintain so long as any Bonds are Outstanding the Reserve Fund. The Bond Reserve Policy shall be deposited in the Reserve Fund which shall satisfy the Reserve Requirement. The City shall not deposit any other credit instrument in lieu of a cash deposit into the Reserve Fund without the prior written consent of the Insurer. The Trustee shall hold the Reserve Fund in trust. So long as the Bond Reserve Policy is in force and effect, the Trustee shall draw on the Bond Reserve Policy in accordance with the provisions of Section 10.02. Otherwise, the Trustee shall apply moneys in the Reserve Fund in accordance with the following provisions.

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

insufficiency is paid or available to the Trustee on such Interest Payment Date under the terms of such instrument.

If, following valuation or calculation thereof, the amount available and contained in the Reserve Fund (valued as provided in Section 11.09 hereof) exceeds the Reserve Requirement and if the Trustee does not have actual knowledge of an Event of Default hereunder, the Trustee shall withdraw the amount of such excess from the Reserve Fund. The Trustee shall transfer such amount to the City. Solely for purposes of determining the amount on deposit in the Reserve Fund, the Trustee shall make a valuation of the Reserve Fund as of June 1 and December 1 of each year. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making the payments of principal and interest on the Bonds in the event that amounts on deposit in the Payment Fund are insufficient for such purposes, or with respect to a redemption of the Bonds in whole.

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

In lieu of making the Reserve Fund deposits in compliance herewith, or in replacement of moneys then on deposit in the Reserve Fund, the City may deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations at the time of delivery of such letter of credit rated not less than the current rating categories of S&P on the Bonds, in an amount, together with moneys, or surety bonds or insurance policies (as described below) on deposit in the Reserve Fund, equal to the Reserve Requirement. Such letter of credit shall have an original term of no less than three (3) years or, if less, the final maturity of the Bonds and such letter of credit shall provide by its terms that it may be drawn upon as provided herein. At least one year prior to the stated expiration of such letter of credit, the City shall either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least an additional year or, if less, the final maturity of the Bonds, or (iii) deliver to the Trustee a surety bond or an insurance policy satisfying the requirements set forth below. Upon delivery of such replacement letter of credit, extended letter of credit, or surety bond or insurance policy, the Trustee shall deliver the then-effective letter of credit to or upon the written order of the City. If the City shall fail to deposit a replacement letter of credit, extended letter of credit or surety bond or insurance policy with the Trustee, the City shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Reserve Requirement will be on deposit in the Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Reserve Requirement as of the date following the expiration of the letter of credit is not on deposit in the Reserve Fund one week prior to the stated expiration date of the letter of credit, the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in the Reserve Fund.

Additionally, the City may, with an opinion of nationally recognized bond counsel that such delivery complies with the provisions hereof, deliver to the Trustee a surety bond or an insurance policy securing an amount, together with moneys or letters of credit on deposit in the Reserve Fund, equal to the Reserve Requirement. Such surety bond or insurance policy shall be

issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) at the time of delivery of such surety bond or insurance policy are rated not less than the current rating category of S&P on the Bonds. Such surety bond or insurance policy shall have a term of no less than the final maturity of the Bonds. In the event that such surety bond or insurance policy for any reason lapses or expires, the City shall immediately implement clause (i) or (iii) of the preceding paragraph or make the required deposits to the Reserve Fund.

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

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

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

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

Section 3.10. Liability of City Limited. Notwithstanding anything contained herein, the City shall not be required to advance any moneys derived from any source of income other

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

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

ARTICLE IV
REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) Optional Redemption. The Bonds maturing on or before May 1, 20__, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after May 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the City, from any source of available funds, as a whole or in part (by such maturities as may be specified by the City and by lot within a maturity) on any date on or after May 1, 20__, at a redemption price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

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

Bonds maturing May 1, 20__

Redemption Date (May 1)	Redemption Amount
20__	$
20__	
20__†	

† Final Maturity

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

Bonds maturing May 1, 20__

Redemption Date (May 1)	Redemption Amount
20__	$
20__	
20__†	

† Final Maturity

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

Bonds maturing May 1, 20__

Redemption Date (May 1)	Redemption Amount
20__	$
20__†	

† Final Maturity

If some but not all of such Bonds have been redeemed pursuant to subsection (a) above and Section 4.03(a) the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the City (written notice of which determination shall include a revised sinking fund schedule given by the City to the Trustee).

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

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

Section 4.03. Notice of Redemption; Rescission. When redemption is authorized or required pursuant to this Article, the Trustee shall give notice (the "Redemption Notice"), at the expense of the City, of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) if less than all the Bonds of a maturity are to be redeemed, the certificate numbers of the Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Redemption notices may state that no representation is made as to the accuracy of the CUSIP numbers printed thereon or on the Bonds. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed, the redemption price, together with interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

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

(a) At least thirty (30) but not more than forty-five (45) days prior to the redemption date, the Trustee shall cause Redemption Notices to be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register maintained by the Trustee.

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

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

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

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

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

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

If, on said redemption date, moneys sufficient for the redemption of all the Bonds to be redeemed, together with interest to said redemption date shall be held by the Trustee so as to be available therefor on such redemption date, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said redemption date, interest with respect to the portion of Bonds to be redeemed shall cease to accrue and become payable. If said moneys shall not be

so available on said redemption date, interest with respect to such portion of Bonds shall continue to be payable until paid at the same rates as they would have been payable had they not been called for redemption. All moneys held by or on behalf of the Trustee for the redemption or payment of particular Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed or paid for the lesser of two (2) years or the period ending one day prior to the date such moneys would escheat to the State. Subject to any applicable escheat laws, after the earlier of two (2) years or the period ending one day prior to the date such moneys would escheat to the State, the Trustee will pay over to the City the unclaimed money for the years to which such money applies (without liability for interest), if any, and thereafter the Owners of such Bonds shall be entitled to payment on their Bonds only from the City and only from the amounts so paid to the City. The Trustee shall have no obligation to determine what applicable escheat law applies, but shall only be required to follow the City's written instructions to comply with this Section.

ARTICLE V
COVENANTS OF THE CITY AND THE TRUSTEE

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

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

Section 5.03. Prosecution and Defense of Suits. The City shall promptly, upon request of the Trustee (who has no duty or obligation to make such request) or any Owner holding at least 25% in principal amount of the Bonds from time to time, take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Wastewater System, whether now existing or hereafter developing and shall, to the extent permitted by law, prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 5.04. Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, deposit and disbursement of the Debt Service Payments, and such accounting records shall be available for inspection by the City or any Owner or his or her agent duly authorized in writing on any Business Day upon reasonable notice at reasonable

hours and under reasonable conditions prescribed by the Trustee. So long as any Bonds are Outstanding, the Trustee will furnish each month to the City and any Owner who may so request in writing (at the expense of such Owner) a statement covering the receipts, deposits and disbursements of the Debt Service Payments for the preceding monthly period; provided, that the Trustee shall not be obligated to deliver a statement for any fund or account that (i) has a balance of zero, or (ii) has not had any activity since the last reporting date.

Section 5.05. Further Assurances. Whenever and so often as requested to do so by the Trustee (who has no duty or obligation to make such request) or any Owner, the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by this Indenture.

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

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

Section 5.08. Against Competitive Facilities. Except for any Wastewater System existing as of the date hereof, the City will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, authority, city or political subdivision or any person whomsoever to acquire, maintain or operate within the City any utility system competitive with the Wastewater System; provided, however, that the City may assign all or a portion of the Wastewater System to another entity upon delivery to the Trustee of an opinion of nationally

recognized bond counsel that such assignment will not adversely affect the tax-exempt status of the Bonds, and provided such entity assumes the obligations of the City hereunder.

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

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

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

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

In furtherance of the covenants stated in this Section, the City shall comply with the requirements of the Tax Certificate executed on the date of delivery of the Bonds in connection therewith.

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

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

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

Section 5.13. Insurance. So long as the Bonds are Outstanding, the City shall at all times maintain insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System, either in the form of self-insurance or with responsible insurers. The City shall also maintain worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, the Trustee and the Owners, either

in the form of self-insurance or with responsible insurers. The Trustee is not responsible for the adequacy of such insurance.

The Net Proceeds of any insurance award resulting from any damage to or destruction of the Wastewater System by fire or other casualty shall be deposited in an "Insurance and Condemnation Fund" by the Trustee (which fund the Trustee hereby agrees to establish and maintain as needed) promptly upon receipt thereof and shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Wastewater System by the City, upon receipt of a requisition on which the Trustee may conclusively rely, without investigation, signed by an Authorized Officer stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Revenue Fund. The City covenants that it will commence such replacement, repair, restoration, modification or improvement or indicate that such replacement, repair, restoration, modification or improvement is not economically feasible within 180 days of receipt of such Net Proceeds.

Section 5.14. Books and Accounts; Financial Statements. The City shall keep proper books of record and accounts of the Wastewater System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Wastewater System. Said books shall, upon prior request, be subject to the reasonable inspection by the Owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds, or their representatives authorized in writing. The City shall cause the books and accounts of the Wastewater System to be audited annually by an Independent Certified Public Accountant, not more than two hundred seventy (270) days after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Owners at the office of the City.

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

Section 5.16. Collection of Rates and Charges. The City will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Wastewater System and providing for the billing thereof and for a due date and a delinquency date for each bill.

Section 5.17. Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the City will fix and prescribe rates and charges for the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 120% of Debt Service on the Bonds and Parity Obligations for such Fiscal Year. The City may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this Section.

(b) So long as the City has complied with its obligations set forth in subsection (a) above, the failure of Net Revenues to meet the threshold set forth in Section 5.17(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the City has complied with Section 5.17(a) at the commencement of the succeeding Fiscal Year.

Section 5.18. Eminent Domain Proceeds. The Net Proceeds of any eminent domain award shall be deposited in an "Insurance and Condemnation Fund" by the Trustee (which fund the Trustee hereby agrees to establish and maintain as needed) promptly upon receipt thereof and shall be applied to the prompt replacement, modification or improvement of the Wastewater System by the City, upon receipt of a requisition (on which the Trustee may conclusively rely, without investigation), signed by an Authorized Officer stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed, or upon receipt by the Trustee of notification from an Authorized Officer in writing of the City's determination that the replacement, modification or improvement of the Wastewater System is not economically feasible or in the best interest of the City, shall be transferred to the Revenue Fund.

Section 5.19. Continuing Disclosure to Owners. The City shall comply with and carry out all of its duties under the Continuing Disclosure Certificate. Notwithstanding any other provisions of this Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; provided, however, any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least 25% aggregate principal amount of Outstanding Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandamus or specific performance by court order.

Section 5.20. Segregation of Revenue Fund. No later than September 30, 2018, the City shall open a new bank account to hold and be used exclusively by the Revenue Fund, and which bank account shall hold no other funds, property or revenues of the City. Thereafter, the City shall not commingle the Revenue Fund or any Gross Revenues (including for investment purposes) or any interest or investment income earned on the Revenue Fund either prior to or after their deposit in the Revenue Fund, with any of its other City funds, including but not limited

to, its General Fund, its Water Enterprise Fund, and its Sanitation Enterprise Fund, or with any of their respective assets or accounts.

ARTICLE VI
DEFAULT AND LIMITATIONS OF LIABILITY

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

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

(b) default shall be made by the City in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of sixty (60) days after the City shall have been given notice in writing of such default by the Trustee;

(c) the City shall file a petition seeking arrangement or reorganization under federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property; or

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

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

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

This provision, however, is subject to the condition that, except with respect to an Event of Default under subsection (c) above, if at any time after such Outstanding principal amount of the Bonds and the accrued interest thereon shall have been so declared due and payable and before the acceleration date or the date of any judgment or decree for the payment of the money due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay such amount due prior to such date and the accrued interest thereon, with interest on such overdue payments at the rate on such Bonds, and the reasonable fees and expenses of the Trustee, including those of its attorneys, and any and all other defaults known to the City (other than in the payment of such principal amount of the Bonds and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the

satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

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

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

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

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

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

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

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

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding without the approval of the Bondowners so affected.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

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

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

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

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

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

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

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

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

Section 6.07. Application of Funds Upon Default. All monies received by the Trustee or by any receiver pursuant to any right given or action taken under the provisions of this Article VI, and any other funds then held by the Trustee, shall, after payment of the reasonable costs and

fees of, and the reasonable fees, expenses, liabilities and advances incurred or made by the Trustee (including fees and expenses of its attorneys and advisors), be deposited in the Debt Service Account and all moneys so deposited during the continuance of an Event of Default (other than moneys for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default), together with all moneys in the funds and accounts maintained by the Trustee under Article III hereof, shall be applied as follows:

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds and any Parity Obligations which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds and any Parity Obligations due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege.

Third: To provide for payment of any other amount then due and owing the Bond Insurer.

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

Whenever the Trustee shall apply such moneys (which shall not include the application of moneys upon the occurrence of any acceleration pursuant to the provisions hereof), it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give such

notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and of the special record date in accordance with Article II hereof. The Trustee shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

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

Section 6.09. Rights of Bond Insurer. The exercise of all remedies hereunder shall be subject to the rights of the Bond Insurer granted pursuant to Article X hereof.

ARTICLE VII
THE TRUSTEE

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

The City, in its sole discretion, or the Owners of a majority in aggregate principal amount of all Bonds Outstanding may, by thirty (30) days prior written request, remove the Trustee initially a party hereto, and any successor thereto, and in such event, or in the event the Trustee resigns, the City shall appoint a successor Trustee, but any such successor shall be a bank, national banking association or trust company in good standing doing business and having an office in Los Angeles or San Francisco, California, having (or if such bank, national banking association or trust company is a member of a bank holding company system, its bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000) and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

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

sentence, any resignation or removal of the Trustee shall not become effective until written acceptance of appointment by the successor Trustee under the Indenture.

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

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

The City shall hold harmless and indemnify the Trustee for all costs, claims, expenses, suits, losses, judgments, damages and liabilities incurred by or asserted against the Trustee in the performance of its duties under this Indenture or any related document, including any such reasonable costs, claims, expenses (including legal fees and expenses) and liabilities incurred, asserted or arising hereunder and in connection with the transactions contemplated herein, including without limitation, in the course of defending itself against any claims or actions or enforcing any remedies under this Indenture or any related document. Any such indemnity shall not extend to any costs, claims, expenses or liabilities adjudicated to have been caused by the negligence or willful misconduct of the Trustee. The indemnification of the Trustee under this Indenture shall extend to its directors, officers, employees and agents. The obligations of the City under this Section shall survive the payment of the Bonds and the discharge of this Indenture, and the resignation or removal of the Trustee.

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

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

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

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

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

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

The Trustee, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform only such duties as are specifically set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event

of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use in the conduct of such person's own affairs.

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

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

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

The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

The Trustee agrees to accept and act upon instructions, including funds transfers instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means (as defined below), provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the City to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent

with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

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

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

Each Certificate of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

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

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

Section 7.05. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that

such company shall be eligible under Section 7.01 hereof, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

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

ARTICLE VIII
AMENDMENT OF OR SUPPLEMENT TO INDENTURE

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

This Indenture and the rights and obligations of the City, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture which the City and the Trustee may enter into, but without the consent of any Bondowners, if the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds (as evidenced by the opinion of counsel delivered pursuant to Section 8.03 hereof), including, without limitation, for any one or more of the following purposes:

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

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

(c) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(d) to make such additions, as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds, in the opinion of Bond Counsel filed with the City and the Trustee; or

(e) to authorize the issuance of Parity Obligations.

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

Section 8.02. Disqualified Bonds. Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article VIII, and shall not be entitled to consent to or take any other action provided in this Article VIII, and the Trustee may adopt appropriate regulations to require each Owner, before his or her consent provided for herein shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section 8.02; except that in determining whether the Trustee shall be protected in relying upon any such consent or other action of an Owner, only Bonds which a Responsible Officer of the Trustee actually knows to be owned or held by or for the account of the City, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered outstanding for the purpose of such determination. Upon request of the Trustee, the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 8.03. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture or amendment permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such supplemental indenture or amendment is authorized or permitted by this Indenture and complies with the terms hereof. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture or amendment which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE IX
DEFEASANCE

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

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

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

(c) by depositing with the Trustee, under an escrow deposit and irrevocable trust agreement, cash, non-callable Federal Securities (the "Defeasance Obligations") in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and moneys then on deposit (or a pro rata share thereof) in the Payment Fund available therefor, together with the interest to accrue thereon, be fully sufficient to pay and

discharge such Bonds (including all principal and interest) at or before their respective maturity dates.

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

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

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

Section 9.02. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal of the Bonds which remains unclaimed for the lesser of the period ending one day prior to the date such money would escheat to the State or two (2) years after the date when the payments evidenced and represented by such Bonds have become payable, if such money was held by the Trustee at such date, or for the lesser of the period ending one day prior to the date such money would escheat to the State or two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal evidenced and represented by such Bonds have become payable, the Trustee shall pay such amounts to the City (without liability for interest) as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for interest and principal represented by such Bonds; provided, however, that before being required to make any such payment to the City, the Trustee may, at the expense of the City, cause to be published once a week for two (2) successive weeks in a financial newspaper a notice that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of such notice, the balance of such money then unclaimed will be returned to the City.

ARTICLE X
[BOND INSURANCE

Section 10.01. Bond Insurance Provisions. Notwithstanding anything in this Indenture to the contrary, the following provisions shall control:

(a) So long as no Bond Insurer Default shall have occurred and be continuing, the Bond Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to this Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of this Indenture and each Bond, each Bondholder appoints the Bond Insurer as their agent and attorney-in-fact and agrees that the Bond Insurer may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Bondholder delegates and assigns to the Bond Insurer, to the fullest extent permitted by law, the rights of each Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Bondholder for the Bond Insurer's benefit, and agrees to cooperate with the Bond Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Bondholders shall expressly include mandamus.

(b) No grace period for a covenant default under the Indenture affecting the Bonds shall exceed 30 days or be extended for more than 60 days without the prior written consent of the Bond Insurer. No grace period shall be permitted for payment defaults on the Bonds.

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

(d) Any amendment or waiver of, or supplement or modification to, any provision of the Indenture that requires the consent of Owners of the Bonds or adversely affects the rights and interests of the Bond Insurer shall be subject to the prior written consent of the Bond Insurer.

(e) The rights granted to the Bond Insurer under this Indenture to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit of or on behalf of the Owners of the Bonds, nor does such action evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Owners of the Bonds or any other person is required in addition to consent of the Bond Insurer.

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

(g) Amounts paid by the Bond Insurer under the Bond Insurance Policy shall not be deemed to have been paid for purposes of the Indenture and shall remain outstanding and continue to be due and owing until paid by the City in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

(h) The City covenants and agrees to take such action as is necessary from time to time to preserve the priority of the pledge of the Gross Revenues under applicable law.

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

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

(k) Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of the Owners of the Bonds designated the "Policy Payments Account," over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners of the Bonds and shall deposit such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Bonds in the same manner as principal and interest payments are to be made with respect to the Bonds under the provisions hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything to the contrary otherwise set forth in the Indenture, and to the extent permitted by law, in the event amounts paid under the Bond Insurance Policy are applied to claims for payment of principal of, or interest on, the Bonds, and interest on all amounts paid by the Bond Insurer under the Bond Insurance Policy shall accrue and be payable from the date of such payment at the Bond Insurer Rate. The City hereby covenants and agrees that the amounts to be reimbursed to the Bond Insurer hereunder are secured by a lien on and pledge of the Gross Revenues and payable from such Gross Revenues on a parity with debt service due on the Bonds.

(l) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account and the allocation of such funds to payment of principal of and interest on any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee. Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following the Interest Payment Date on which amounts therein have been disbursed shall be remitted to the Bond Insurer.

(m) To the extent that the Bond Insurer makes any payment of principal of or interest on the Bonds, the Bond Insurer shall, in accordance with the terms of the Bond Insurance Policy, become subrogated to the rights of the Owner of such Bonds receiving such payment (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceedings). Each obligation of the City to the Bond Insurer under this Indenture shall survive the discharge or termination hereof.

(n) The City shall pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security of the Bond Insurer under this Indenture, (ii) the pursuit of any remedies under this Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Indenture, whether or not executed or completed, or (iv) any litigation or other dispute in connection with this Indenture or the transactions contemplated hereby, other than the costs resulting from a Bond Insurer Default. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Indenture. After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the City or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Fund to the Reserve Requirement.

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

(p) The notice address of the Bond Insurer with respect to the Bond Insurance Policy is: [Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 974-0100; Telecopier: (212) 339-3556.] In each case in which notice or other communication refers to an event of default hereunder, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(q) The Bond Insurer shall be provided with the following information by the City or Trustee, as the case may be:

(i) Annual audited financial statements within 270 days after the end of the City's Fiscal Year (together with a certification of the City that it is not aware of any default or event of default under the Indenture), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Bond Insurer shall reasonably request from time to time;

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

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

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

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

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

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

(viii) A full original transcript of all proceedings relating to the execution of any amendment or waiver of, or supplement or modification to, the Indenture; and

(ix) All reports, notices and correspondence to be delivered to Owners of Bonds under the terms of the Indenture.

In addition, all information furnished pursuant to the Continuing Disclosure Certificate shall also be provided to the Bond Insurer, simultaneously with the furnishing of such information pursuant thereto. The Bond Insurer shall have the right to receive such additional information as it may reasonably request.

(r) The City shall permit the Bond Insurer to discuss the affairs, finances and accounts of the City or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the City on any Business Day upon reasonable prior notice.

(s) The City shall notify the Bond Insurer of the failure of the City to provide notices, certificates and other information hereunder.

(t) Notwithstanding satisfaction of the other conditions to the issuance of additional Parity Obligations set forth in the Indenture, no such issuance may occur (A) if an Event of Default hereunder (or any event which, once all notice or grace periods have passed, would constitute such an event of default) exists unless such default shall be cured upon such issuance, and (B) unless the Reserve Fund is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such additional Parity Obligations, in either case unless otherwise permitted by the Bond Insurer.

(u) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Indenture would adversely affect the security for the Bonds or the rights of the Owners thereof, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no Bond Insurance Policy.

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

Section 10.02. Bond Reserve Policy Provisions. Notwithstanding anything in this Indenture to the contrary, the following provisions shall control:

(a) Upon any payment by the Bond Insurer under the Bond Reserve Policy, the Bond Insurer shall furnish to the City written instructions as to the manner in which payment of amounts owed to the Bond Insurer as a result of such payment under the Bond Reserve Policy shall be made. Amounts drawn under the Bond Reserve Policy shall be used solely to pay scheduled payments of principal and interest due on the Bonds.

(b) The City shall pay the Bond Insurer, from amounts deposited in the Reserve Fund in accordance with the Indenture, the principal amount of any draws under the Bond Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer and shall pay interest thereon from the date of payment by the Bond Insurer at the Bond Insurer Rate (collectively, "Policy Costs"). If the interest provisions of this subsection shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding under this subsection to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Bond Insurer, with the same force and effect as if the City had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of Policy Costs shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. Such amounts shall be payable, as to the Issuer, solely from Gross Revenues and other available money on deposit in the Debt Service Fund and the Reserve Fund.

(c) Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Bond Reserve Policy will be increased by a like amount, subject to the terms of the Bond Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on Gross Revenues (subject only to the priority of payment provisions set forth in the Indenture).

(d) All cash and investments in the Reserve Fund shall be transferred to the Debt Service Account for payment of debt service on the Bonds before any drawing may be made on the Bond Reserve Policy or on any alternative credit instrument on deposit therein. Payment of

any Policy Costs shall be made prior to replenishment of any such cash amounts in the Reserve Fund. Draws on all alternative credit instruments on deposit therein (including the Bond Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to available coverage under each such alternative credit instrument) after applying available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to such alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(e) If the City shall fail to pay any Policy Costs in accordance with the requirements hereof, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(f) The Indenture shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The City's obligation to pay such amounts, as provided in this Section, shall expressly survive payment in full of the Bonds.

(g) Policy Costs due and owing shall be included in debt service requirements for purposes of the rate covenant in Section 5.17 of the Indenture and the calculation of the additional Parity Obligations in Section 2.12 of the Indenture.

(h) The Trustee shall ascertain the necessity for a claim upon the Bond Reserve Policy in accordance with the provisions of this Section and shall provide notice to the Bond Insurer in accordance with the terms of the Bond Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the City with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Bond Insurer of any failure of the City to make timely payment in full of such deposits within two business days of the date due.

(k) Notices to the Bond Insurer with respect to the Bond Reserve Policy shall be sent to the following address (or such other address as the Bond Insurer may designate in writing): [Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____.]]

ARTICLE XI
MISCELLANEOUS

Section 11.01. Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City, the Trustee, the Bond Insurer and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on

behalf of the City shall be for the sole and exclusive benefit of the Trustee, the Bond Insurer, and the Owners.

Section 11.02. Successor Deemed Included in all References to Predecessor. Whenever either the City, the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the City, the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his or her attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which she purports to act, that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee or the paying agent, as the case may be, may accept which it may deem sufficient.

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

Section 11.04. Waiver of Personal Liability. No board member, officer or employee of the City shall be individually or personally liable for the payment of the interest or principal the Bonds, but nothing contained herein shall relieve any board member, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 11.05. Acquisition of Bonds by the City. All Bonds acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 11.06. Content of Certificates. Every Certificate of the City with respect to compliance with any agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a statement that, in the opinion of the signers they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (c) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

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

Section 11.07. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of Bonds shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Bonds at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given unless this Indenture expressly provides a different provision; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and failure to receive any such notice shall not affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

Section 11.08. Funds. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with industry practice and with due regard for the protection of the security of the Bonds and the rights of the owners.

Section 11.09. Investments.

(a) Amounts on deposit in any fund or account created pursuant to this Indenture shall be invested in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such money is anticipated to be needed for disbursement hereunder, in accordance with such written directions as the City may from time to time provide to the Trustee. Investment directions shall be received at least two (2) Business Days prior to the date of making the investment. If no such direction has been received by the Trustee in sufficient time, in the judgment of the Trustee to comply with such instructions the Trustee may invest such amounts in Permitted Investments of the type described in paragraph (4) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received investment directions from the City specifying a specific money market fund and, if no such written investment directions is so received, the Trustee shall hold such moneys uninvested. The Trustee and any affiliates may act as sponsor, advisor, principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section 11.09. The Trustee may sell or present for redemption any obligations so purchased whenever it

shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. To the extent possible, the Trustee shall provide notice to the City prior to any such sale. Interest or profit received on such investments (other than the Reserve Fund) shall be deposited to the Payment Fund. All interest, profits and other income received from the investment of moneys in the Reserve Fund shall be retained in the Reserve Fund to the extent amounts on deposit therein shall not be at least equal to the Reserve Requirement, and thereafter shall be transferred to the Payment Fund.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the City will not receive confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

(b) In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest. Valuation shall occur as determined by the City, but not less often than annually. In determining the market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available.

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

Section 11.10. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 11.11. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the City or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and

shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law.

Section 11.12. California Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 11.13. Notices. All written notices to be given hereunder shall be given by certified mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time.

If to the City:

City of Atwater
750 Bellevue Road
Atwater, CA 95301
Attention: Finance Director

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite #500
Los Angeles, CA 90071
Attn: Corporate Trust Services

Section 11.14. Effective Date. This Indenture shall become effective upon its execution and delivery.

Section 11.15. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 11.16. Payments Due on Days that are not Business Days. In any case where the date fixed for payment of principal or interest on the Bonds or the date fixed for redemption of Bonds shall not be a Business Day, then payment of such principal or interest or redemption price shall be made on the next succeeding Business Day, with the same force and effect as if made on such non-Business Day and no interest shall accrue on such amounts from and after such non-Business Day.

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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Officer

CITY OF ATWATER

By: _____
Finance Director

APPENDIX A
(FORM OF BOND)

NO.___ $_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY OF ATWATER
WASTEWATER REVENUE REFUNDING BONDS
SERIES 2018A

Rate of Interest	Maturity Date	Dated Date	CUSIP

REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT: DOLLARS

The City of Atwater, a municipal corporation and public entity duly created and lawfully existing under the laws of the State of California (the "City"), for value received, hereby promises to pay (but only out of the Gross Revenues hereinafter referred to) to the registered owner specified above or registered assigns on the maturity date specified above (subject to any right of prior redemption provided for) the principal sum specified above, together with interest thereon from the Interest Payment Date (defined below) next preceding the date of authentication hereof (unless such date of authentication is during the period commencing after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") through and including the next succeeding Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date, or unless such date of authentication is on or prior to the first Record Date, in which event it shall bear interest from the Dated Date until the principal hereof shall have been paid at the interest rate per annum specified above, payable on November 1, 2018, and semiannually thereafter on May 1 and November 1 in each year (each, an "Interest Payment Date"); provided, however, that if on the date of authentication of this Bond, interest is then in default on this Bond, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

The principal of this Bond shall be payable in lawful money of the United States of America at the Principal Office (as provided in the Indenture, defined below) of The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), upon presentation and surrender of this Bond at the Principal Office.

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

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

This Bond is one of a duly authorized issue of bonds of the City designed as its "City of Atwater Wastewater Revenue Refunding Bonds, Series 2018A" (the "Bonds"), in the aggregate principal amount of _____ Dollars ($_____), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of an indenture of trust, dated as of March 1, 2018 (the "Indenture"), between the City and the Trustee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF ATWATER

[Seal]

By: _____
Mayor

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

[STATEMENT OF INSURANCE

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

ASSIGNMENT

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

Dated: _____

Signature: _____

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

ESCROW AGREEMENT (2008 INSTALLMENT SALE AGREEMENT)

By and Between

CITY OF ATWATER

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Escrow Bank

Dated as of March 1, 2018

Relating to

INSTALLMENT SALE AGREEMENT, DATED AS OF APRIL 1, 2008, BY AND BETWEEN THE CITY OF ATWATER AND THE ATWATER PUBLIC FINANCING AUTHORITY AND AS AMENDED PURSUANT TO A FIRST AMENDMENT TO INSTALLMENT SALE AGREEMENT, DATED AS OF AUGUST 1, 2017, BETWEEN THE PRIOR ISSUER AND THE CITY

ESCROW AGREEMENT (2008 INSTALLMENT SALE AGREEMENT)

THIS ESCROW AGREEMENT (2008 INSTALLMENT SALE AGREEMENT), dated as of March 1, 2018 (the "Escrow Agreement"), by and between the CITY OF ATWATER (the "City") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as escrow bank (the "Escrow Bank") and as Prior Trustee (as such term is defined below), is entered into in accordance with a resolution of the City Council of the City adopted on February 12, 2018 and an Indenture of Trust, dated as of March 1, 2018 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), to prepay all amounts due under the Installment Sale Agreement, dated as of April 1, 2008, by and between the Atwater Public Financing Authority (the "Prior Issuer") and the City and as amended pursuant to a First Amendment to Installment Sale Agreement, dated as of August 1, 2017, between the Prior Issuer and the City (collectively, as amended, the "2008 Installment Sale Agreement"). The payments under the 2008 Installment Sale Agreement secure the Atwater Public Financing Authority Wastewater Revenue Bonds, Series 2008 (the "2008 Bonds"), which were issued pursuant to an Indenture of Trust, dated as of April 1, 2008 (the "Prior Indenture"), by and between the Prior Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Prior Trustee").

RECITALS

A. The 2008 Installment Sale Agreement was delivered in the aggregate principal amount of $20,020,000, of which $17,405,000 is currently outstanding.

B. The City has determined to issue its Wastewater Revenue Refunding Bonds, Series 2018A in the aggregate principal amount of $_____ (the "Bonds"), a portion of the proceeds of which will be used to optionally prepay all amounts due under the 2008 Installment Sale Agreement on May 1, 2018 (the "Prepayment Date") at a price equal to 100% of the outstanding aggregate principal amount thereof, together with interest accrued with respect thereto through the Prepayment Date (the "Prepayment Price").

C. By irrevocably depositing with the Escrow Bank moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2008 Installment Sale Agreement), which moneys will be used to purchase securities as described on Schedule A hereto (the "Federal Securities"), which Federal Securities satisfy the criteria set forth in Section 10.03 of the Prior Indenture, provided that the principal of and the interest on the Federal Securities when paid will provide money which, together with the moneys deposited with the Escrow Bank at the same time pursuant to this Escrow Agreement, will be fully sufficient to pay and discharge the 2008 Installment Sale Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City and the Escrow Bank agree as follows:

SECTION 1. Deposit of Moneys. The City hereby deposits with the Escrow Bank $_____, comprised of a portion of the net sale proceeds of the Bonds, and instructs the Prior Trustee to transfer to the Escrow Bank $_____ consisting of moneys held in the Reserve Account and Bond Fund established under the Prior Indenture, with such amounts in aggregate to be held in irrevocable escrow by the Escrow Bank separate and apart from all other securities, investments or moneys on deposit with the Escrow Bank, in a fund hereby created and established and to be known as the "Escrow Fund," and

to be applied solely as provided in this Escrow Agreement. The City represents that such moneys are at least equal to an amount sufficient to purchase the Federal Securities listed in Schedule A hereto, and to hold $_____ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Bank acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund. The Escrow Bank shall be entitled to rely upon the conclusion of Barthe & Wahrman, PA, Bloomington, Minnesota (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay when due all regularly scheduled payments of interest and principal with respect to the 2008 Installment Sale Agreement on and prior to the Prepayment Date and to pay on the Prepayment Date the Prepayment Price of the 2008 Installment Sale Agreement.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the City, the Escrow Bank shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the City, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest and principal with respect to the 2008 Installment Sale Agreement on and prior to the Prepayment Date, and to pay on the Prepayment Date the Prepayment Price of the 2008 Installment Sale Agreement, and provided that the City has obtained and delivered to the Escrow Bank an unqualified opinion of Nossaman LLP, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Installment Payments (as such term is defined in the Prior Indenture) payable by the City or interest on the Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which is not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the City with respect to the prepayment of all amounts payable under the 2008 Installment Sale Agreement or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the City promptly upon the receipt of such interest income by the Escrow Bank. The determination of the City as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the City, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Bank shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the City has obtained and delivered to the Escrow Bank and to Assured Guaranty Municipal Corp., as the Bond Insurer for the 2008 Bonds (the "Prior Insurer"): (i) an unqualified opinion of Nossaman LLP, to the effect that the substitution of securities is permitted under the 2008 Installment Sale Agreement and the Prior Indenture and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Installment Payments (as such term is defined in the Prior Indenture) payable by the City or interest with respect to the

Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest and principal with respect to the 2008 Installment Sale Agreement on and prior to the Prepayment Date, and to pay on the Prepayment Date the Prepayment Price of the 2008 Installment Sale Agreement. The Escrow Bank shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

SECTION 5. Refunding of the 2008 Installment Sale Agreement.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Bank shall on May 1, 2018 apply the amounts on deposit in the Escrow Fund to pay when due all regularly scheduled payments of interest and principal under the 2008 Installment Sale Agreement on and prior to the Prepayment Date, and to pay on the Prepayment Date the Prepayment Price of the 2008 Installment Sale Agreement, all as set forth in Exhibit 1 hereto.

(b) Required Notices. The Escrow Bank acknowledges that the prepayment of the 2008 Installment Sale Agreement will cause a corresponding redemption and defeasance of that portion of the 2008 Bonds that is secured by payments under the 2008 Installment Sale Agreement. The forms of the notices required to be mailed pursuant to Sections 4.03 and 10.01 of the Prior Indenture are substantially in the forms attached hereto as Exhibits 2 and 3. The Escrow Bank agrees to mail a notice of redemption and a notice of defeasance of the Refunded Bonds in accordance with Sections 4.03 and 10.01, respectively, of the Prior Indenture, as required to provide for the redemption of the 2008 Bonds that is secured by payments under the 2008 Installment Sale Agreement in accordance with this Section 5.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for two years after March __, 2018 shall be repaid by the Escrow Bank to the City.

(d) Priority of Payments. The Prior Trustee, on behalf of the owners of those 2008 Bonds that are secured by payments under the 2008 Installment Sale Agreement, shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Escrow Agreement.

(e) Termination of Obligation. As provided in the 2008 Installment Sale Agreement, upon the deposit of moneys with the Escrow Bank in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all obligations of the City under the 2008 Installment Sale Agreement shall cease, terminate and become void (except for the rights of the Prior Trustee and the obligation of the City to have the Federal Securities and moneys on deposit in the Escrow Fund applied to Installment Payments).

SECTION 6. Application of Certain Terms of the 2008 Installment Sale Agreement and the Prior Indenture. All of the terms of the 2008 Installment Sale Agreement relating to notices to the Prior Trustee, the Prior Issuer or the City and the making of payments of principal and interest under the 2008 Installment Sale Agreement are incorporated in this Escrow Agreement as if set forth in full herein. The procedures set forth in Article VIII of the Prior Indenture relating to the resignation and removal and merger of the Prior Trustee under the Prior Indenture are also incorporated in this Escrow

Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

SECTION 7. Performance of Duties. The Escrow Bank agrees to perform the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Bank's Authority to Make Investments. Except as provided in Section 2 hereof, the Escrow Bank shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, directors, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement; provided, however, that the City shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Bank's respective agents and employees or the breach by the Escrow Bank of the terms of this Escrow Agreement. In no event shall the City or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement and the resignation or removal of the Escrow Bank.

SECTION 10. Responsibilities of the Escrow Bank. The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the regularly scheduled payments under the 2008 Installment Sale Agreement through the Prepayment Date and to pay the Prepayment Price of the 2008 Installment Sale Agreement on the Prepayment Date or any payment, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact herein shall be taken as the statements of the City, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the funds deposited in the Escrow Fund to accomplish the prepayment of all amounts payable under the 2008 Installment Sale Agreement on the Prepayment Date or to the validity of this Escrow Agreement as to the City and, except as otherwise provided herein, the Escrow Bank shall incur no liability with respect thereto. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be

determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the City.

The liability of the Escrow Bank to make the payments required by this Escrow Agreement shall be limited to the moneys in the Escrow Fund.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank shall not be liable for the accuracy of any calculations provided herein.

Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The City shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, redemption or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Escrow Bank an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers

transmit such Instructions to the Escrow Bank and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

If the Escrow Bank learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Securities that is to be submitted pursuant to this Agreement, the Escrow Bank shall promptly request alternative written investment instructions from the City with respect to escrowed funds which were to be invested in securities. The Escrow Bank shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold funds uninvested and without liability for interest until receipt of further written instructions from the City. In the absence of investment instructions from the City, the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the City's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

The Escrow Bank shall furnish the City with periodic cash transaction statements that include detail for all investment transactions effected by the Escrow Bank or brokers selected by the City. Upon the City's election, such statements will be delivered via the Escrow Bank's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Escrow Bank as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Escrow Bank will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 11. Amendments. This Escrow Agreement is made for the benefit of the City, the Prior Issuer and the owners of the 2008 Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Bank, the Prior Insurer and the City; provided, however, but only after the receipt by the Escrow Bank of an opinion of nationally recognized bond counsel that the exclusion from gross income of interest on the Bonds and the 2008 Installment Sale Agreement will not be adversely affected for federal income tax purposes, the City and the Escrow Bank may, without the consent of, or notice to, such holders, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Escrow Agreement for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Bank any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon,

such holders or the Escrow Bank; and (iii) to include under this Escrow Agreement additional funds, securities or properties. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Prior Issuer or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2008 Installment Sale Agreement has been prepaid in accordance with this Escrow Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Bank and all amounts owed to the Escrow Bank shall have been paid in full. Any unclaimed money which remains in the Escrow Fund for two years from the date upon which the 2008 Installment Sale Agreement has been prepaid in accordance with this Escrow Agreement shall be remitted by the Escrow Bank to the City.

SECTION 13. Compensation. The Escrow Bank shall receive its reasonable fees and expenses as previously agreed to and any other reasonable fees and expenses of the Escrow Bank approved by the City; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien nor will it assert a lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Bank under this Escrow Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the City or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 15. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

SECTION 17. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Escrow Agreement, shall be a legal holiday or a day on which banking institutions in the City in which is located the principal office of the Escrow Bank are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Escrow Agreement, and no interest shall accrue for the period after such nominal date.

SECTION 18. Notices. Any notice or demand which by any provision of this Escrow Agreement is required or permitted to be given may be given or served by being deposited postage prepaid in a post office letter box, delivered via courier or overnight mail or sent via fax or electronic transmission addressed as follows:

If to the Escrow Bank: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite #500
Los Angeles, California 90071
Attn: Corporate Trust Services

If to the City: City of Atwater
750 Bellevue Road
Atwater, California 95301
Attention: Finance Director

SECTION 19. Assignment. This Escrow Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the City.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers and attested as of the date and year first written above.

CITY OF ATWATER

By: _____
Finance Director

ATTEST:

_____
City Clerk

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Bank and as Prior Trustee

By: _____
Authorized Officer

SCHEDULE A

FEDERAL SECURITIES

Security	***Maturity***	***Principal Amount***	***Yield***
Prior Debt Service Reserve Account		$	%
Net Sale Proceeds of the Bonds		$	%

EXHIBIT 1

ESCROW FUND PAYMENT SCHEDULE

Date	***Principal Amount***	***Interest Amount***	***Principal Redeemed***	***Redemption Premium***	***Total***
May 1, 2018	$	$	$	$	$
TOTAL	$	$	$	$	$

EXHIBIT 2

NOTICE OF REDEMPTION

ATWATER PUBLIC FINANCING AUTHORITY
WASTEWATER REVENUE BONDS
SERIES 2008

BASE CUSIP 049887

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (the "2008 Bonds") pursuant to the Indenture of Trust, dated as of April 1, 2008 (the "Indenture"), by and between the Atwater Public Financing Authority (the "Prior Issuer") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), that the outstanding 2008 Bonds in the aggregate principal amount of $16,895,000 (the "Refunded Bonds"), which Refunded Bonds are payable from Installment Payments made by the City of Atwater (the "City") to the Prior Issuer under the Installment Sale Agreement, dated as of April 1, 2008, by and between the City and the Prior Issuer and as amended pursuant to a First Amendment to Installment Sale Agreement, dated as of August 1, 2017, between the Prior Issuer and the City, have been called for redemption on May 1, 2018 (the "Redemption Date"). The Refunded Bonds to be called, which were originally issued on April 16, 2008, are as follows:

Original CUSIP	*Maturity (May 1)*	*Rate*	*Outstanding Amount of 2008 Bonds*
AH5	2019	4.000%	$530,000
AJ1	2020	4.250	550,000
AK8	2021	4.375	575,000
AL6	2022	4.375	600,000
AM4	2023	4.500	625,000
AN2	2024	4.500	655,000
AP7	2025	4.750	685,000
AQ5	2026	4.750	715,000
AR3	2028	5.000	1,540,000
AS1	2033	5.000	4,580,000
AT9	2038	5.000	5,840,000

The Refunded Bonds will be payable on the Redemption Date at a Redemption Price of 100% of the principal amount plus accrued interest with respect thereto to such date (the "Redemption Price"). The Redemption Price of the Refunded Bonds will become due and payable on the Redemption Date. From and after the Redemption Date, interest on the Refunded Bonds to be redeemed will cease to accrue, and such Refunded Bonds will be surrendered to the Trustee.

Funds sufficient to pay the Redemption Price of the Refunded Bonds will be on deposit with the Trustee on the Redemption Date.

To receive payment on the Redemption Date, owners of the Refunded Bonds should present and surrender said Refunded Bonds on the Redemption Date at the address of the Trustee set forth below:

Hand Delivery	Mailing Address
[To Come]	[To Come]

If the Owner of any Refunded Bond subject to optional redemption fails to deliver such Refunded Bond to the Trustee on the Redemption Date, such Refunded Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Refunded Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Trustee for such payment.

A signed W-9 is required to accompany the Refunded Bonds or 28% of the Refunded Bond redemption proceeds will be withheld.

Note: The City and the Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the holders.

By: THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

Dated this 1st day of April, 2018.

EXHIBIT 3

NOTICE OF DEFEASANCE

ATWATER PUBLIC FINANCING AUTHORITY
WASTEWATER REVENUE BONDS
SERIES 2008

BASE CUSIP 049887

Notice is hereby given to the owners of the outstanding bonds described below (collectively, the "Refunded Bonds") that: (i) there have been deposited on the date hereof with The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Indenture, dated as of April 1, 2008 (the "Indenture"), by and between the Atwater Public Financing Authority (the "Prior Issuer") and the Trustee, moneys and Federal Securities as permitted by the Indenture that are sufficient and available to pay or redeem, as applicable, the Refunded Bonds on May 1, 2018 at a price equal to 100% of the aggregate principal amount of the Refunded Bonds plus accrued interest with respect thereto; (ii) the Refunded Bonds are deemed to be paid; (iii) the lien of the Indenture has been released with respect to the Refunded Bonds in accordance with Section 10.01 thereof; (iv) the right, title and interest of the City of Atwater (the "City") under the Installment Sale Agreement, dated as of April 1, 2008, by and between the City and the Prior Issuer and as amended pursuant to a First Amendment to Installment Sale Agreement, dated as of August 1, 2017, between the Prior Issuer and the City (collectively, as amended, the "2008 Installment Sale Agreement"), and the obligations of the City under the 2008 Installment Sale Agreement have ceased, terminated, become void and been completely discharged and satisfied; and (v) all obligations of the City, the Prior Issuer and the Trustee under the Indenture with respect to the Refunded Bonds have ceased, terminated and become void. In addition, all obligations of the City under the Continuing Disclosure Certificate executed with respect to the Refunded Bonds have ceased and terminated.

The Refunded Bonds consist of the Atwater Public Financing Authority Wastewater Revenue Bonds, Series 2008 described below:

Original CUSIP	***Maturity (May 1)***	***Rate***	***Outstanding Amount of 2008 Bonds***
AH5	2019	4.000%	$530,000
AJ1	2020	4.250	550,000
AK8	2021	4.375	575,000
AL6	2022	4.375	600,000
AM4	2023	4.500	625,000
AN2	2024	4.500	655,000
AP7	2025	4.750	685,000
AQ5	2026	4.750	715,000
AR3	2028	5.000	1,540,000
AS1	2033	5.000	4,580,000
AT9	2038	5.000	5,840,000

All Refunded Bonds shall be surrendered at the following address:

Hand Delivery	Mailing Address
[To come]	[To come]

No representation is made as to the correctness of the CUSIP number either as printed on any Refunded Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for redemption of the Refunded Bonds.

Dated this _____ day of March, 2018.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

NEW ISSUE - FULL BOOK ENTRY ONLY

RATINGS: Insured: S&P: "___"
Underlying: S&P: "___"
(See "CONCLUDING INFORMATION - Ratings" herein)

In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for tax years beginning prior to January 1, 2018. In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, exempt from State of California (the "State") personal income taxes. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein with respect to tax consequences of the Bonds.

$_____*

CITY OF ATWATER
WASTEWATER REVENUE REFUNDING BONDS
SERIES 2018A

Dated: Date of Delivery

Due: May 1, as shown herein

The above-captioned Wastewater Revenue Refunding Bonds, Series 2018A (the "Bonds") are being issued by the City of Atwater (the "City") pursuant to an Indenture of Trust, dated as of March 1, 2018 (the "Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California (the "Trustee"), and will be secured as described herein. The Bonds are being issued to (a) prepay and defease that certain Installment Sale Agreement, dated as of April 1, 2008, by and between the City and the Atwater Public Financing Authority (the "Authority"), as originally executed and as amended pursuant to a First Amendment to Installment Sale Agreement, dated as of August 1, 2017, between the Authority and the City (collectively, the "2008 Installment Sale Agreement" or the "Prior Obligation"), (b) [purchase a municipal bond debt service reserve insurance policy for the Bonds], and (c) pay certain costs of issuing the Bonds. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein. Definitions of certain capitalized terms herein are contained in APPENDIX A hereto, and are incorporated herein by reference.

The Bonds will be executed and delivered as fully registered certificates in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases of the Bonds will be in principal amounts of $5,000 or in any integral multiples of $5,000. Interest payable with respect to the Bonds will be payable on May 1 and November 1 in each year, beginning November 1, 2018 (the "Interest Payment Dates"), and principal payable with respect to the Bonds will be paid on the dates set forth in the Maturity Schedule on the inside cover. Payments of principal of and interest on the Bonds (the "Debt Service Payments") will be paid by the Trustee, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners (as such are defined in Appendix F hereto) of the Bonds.

* Preliminary, subject to change.

Debt Service Payments are a special limited obligation of the City, payable from and secured by a pledge of and first lien on all Gross Revenues (defined herein) of the City's wastewater collection, treatment and disposal system (the "Wastewater System"). The Bonds are payable on parity with the City's Wastewater Revenue Refunding Bonds, Series 2017A (the "2017A Bonds"). Subject to certain conditions set forth in the Indenture, the City may at any time incur revenue bonds, notes or other evidences of indebtedness of the City payable from Gross Revenues on parity with or subordinate to the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption as described herein. See "THE BONDS – Redemption of the Bonds" herein.*

[The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp., (the "Insurer" or "AGM"). See "BOND INSURANCE" herein and "APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" hereto.]

[INSERT INSURER LOGO]

THE OBLIGATION OF THE CITY TO MAKE DEBT SERVICE PAYMENTS IS A SPECIAL OBLIGATION OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY GROSS REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INDENTURE. NONE OF THE CITY, THE STATE OF CALIFORNIA, NOR ANY OF THEIR POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT SECURED BY A LIEN ON THE PHYSICAL ASSETS OF THE CITY. THE BONDS ARE NOT A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. NO PERSON EXECUTING THE BONDS IS SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE.

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Capitalized terms used but not defined on the front cover of this Official Statement shall have the meanings set forth herein.

MATURITY SCHEDULE
(See Inside Front Cover)

The Bonds are offered when, as and if sold and issued, subject to the approval as to their legality by Nossaman LLP, Irvine, California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney, Terpstra Henderson, A Professional Corporation, Ripon, California, and by Nossaman LLP, Irvine, California, Disclosure Counsel. The Underwriter is being represented by its counsel, Jones Hall, A Professional Law Corporation,

San Francisco, California. It is anticipated that the Bonds in book-entry form, will be available for delivery through the facilities of DTC, on or about March __, 2018.

HilltopSecurities

Date: March __, 2018

$_____*

CITY OF ATWATER
WASTEWATER REVENUE REFUNDING BONDS
SERIES 2018A

MATURITY SCHEDULE

Base CUSIP®: 049887

$_____ Serial Bonds

Maturity Date (May 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP®
	$	%	%	%	

$_____ ____% Term Bonds Due May 1, 20__; Price - ____%; Yield - ____%; CUSIP® - _____

* Preliminary, subject to change.
(C) Priced to the optional redemption date of May 1, 20__ [at par].
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CITY OF ATWATER

CITY COUNCIL

James Price, *Mayor*
James Vineyard, *Mayor Pro Tem*
Paul Creighton, *Council Member*
Brian Raymond, *Council Member*
Cindy Vierra, *Council Member*

EXECUTIVE STAFF

Art de Werk, *Interim City Manager*
Lakhwinder Deol, *Finance Director*
Don Hyler III, *City Clerk*
Brian Shaw, *Interim Public Works Director*

SPECIAL SERVICES

Bond and Disclosure Counsel
Nossaman LLP
Irvine, California

City Attorney
Terpstra Henderson, A Professional Corporation
Ripon, California

Municipal Advisor
A. M. Peché & Associates LLC
Alameda, California

Trustee and Escrow Agent
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent
Barthe & Wahrman, PA
Bloomington, Minnesota

[MAP]

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein includes information obtained from sources which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. See "INTRODUCTION – Forward-Looking Statements" herein. This Official Statement is submitted with respect to the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the Indenture and other documents are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors and under federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) web site. The City also maintains a web site which may describe the Wastewater System. However, the information presented therein is not part of this Official Statement and must not be relied upon in making an investment decision with respect to the Bonds.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

[The Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading "BOND INSURANCE" herein and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY" hereto.]

This Preliminary Official Statement, as of its date, is in a form "deemed final" by the City for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) but is subject to revision, amendment, and completion in a Final Official Statement that will be available within seven business days of the date of the sale of the Bonds.

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OFFICIAL STATEMENT

$_____*
CITY OF ATWATER
WASTEWATER REVENUE REFUNDING BONDS
SERIES 2018A

INTRODUCTION

General

The purpose of this Official Statement (which includes the cover page and the Appendices attached hereto) is to provide information concerning the issuance of the above-captioned Wastewater Revenue Refunding Bonds, Series 2018A (the "Bonds"), which are being issued by the City of Atwater (the "City") pursuant to the provisions of an Indenture of Trust, dated as of March 1, 2018 (the "Indenture") between the City and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California (the "Trustee"). The Bonds will be issued pursuant to the provisions of Articles 10 and 11, Division 2, Title 5 (commencing with Section 53570) of the California Government Code, as amended (the "Bond Law"), and a resolution of the City Council adopted February 12, 2018 (the "Resolution").

The City and the Wastewater System

The City covers approximately 6.1 square miles in Merced County, California (the "County") and is situated within the San Joaquin Valley, part of the Central Valley. The City is approximately six miles northwest of the City of Merced, the county seat, 105 miles south of Sacramento and 65 miles north of Fresno. The City was incorporated on August 16, 1922 and is a general law city.

The City operates a wastewater collection, treatment and disposal system (the "Wastewater System") providing service to approximately 8,050 residential customers, 171 multifamily residential customers, 300 commercial customers, 27 municipal and church customers and three wholesale customers located outside of the City (for a total of 8,548 customers, as of June 30, 2017). Within the City's boundaries, the Wastewater System is the sole Wastewater System that provides wastewater services. Wastewater generated by customers is treated at the City's regional Atwater Bert Crane Wastewater Treatment Plant, which was completed in July 2012. In calendar year 2017, the Wastewater System treated an average of 3.34 million gallons per day of influent wastewater. For all purposes herein, the "Wastewater System" shall consist of the entire system of the City for the collection, treatment and disposal of wastewater, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the City for the collection, treatment and disposal of wastewater within the service area of the City, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City.

For other information concerning the City and the Wastewater System, see "THE WASTEWATER SYSTEM" and "WASTEWATER SYSTEM FINANCIAL INFORMATION" herein. For other selected demographic and economic information, see "APPENDIX B -

* Preliminary, subject to change.

GENERAL INFORMATION REGARDING THE CITY OF ATWATER AND MERCED COUNTY" hereto. A copy of the audited financial statements of the City for the year ended June 30, 2016 is attached hereto as APPENDIX C.

The Bonds

The Bonds will be executed and delivered as fully registered certificates in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases of the Bonds will be in principal amounts of $5,000 or in any integral multiples of $5,000. Interest payable with respect to the Bonds will be payable on May 1 and November 1 in each year, beginning November 1, 2018 (the "Interest Payment Dates"), and principal payable with respect to the Bonds will be paid on the dates set forth in the Maturity Schedule on the inside cover. Payments of principal of and interest on the Bonds (the "Debt Service Payments") will be paid by the Trustee, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners (for all purposes herein, as such are defined in Appendix F hereto) of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to their scheduled payment dates as described herein. See "THE BONDS - Redemption of the Bonds" herein.*

Purpose

The Bonds are being issued by the City to (a) prepay and defease that certain Installment Sale Agreement, dated as of April 1, 2008, by and between the City and the Atwater Public Financing Authority (the "Authority"), as originally executed and as amended pursuant to a First Amendment to Installment Sale Agreement, dated as of August 1, 2017, between the Authority and the City (collectively, the "2008 Installment Sale Agreement" or the "Prior Obligation"), (b) [purchase a municipal bond debt service reserve insurance policy for the Bonds], and (c) pay certain costs of issuing the Bonds. See "THE FINANCING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security for the Bonds

The Bonds, when issued, will be special, limited obligations of the City, secured by (i) a pledge of and first lien on all Gross Revenues (defined herein), which consist, generally, of all income, rates, fees, charges and other moneys derived from the ownership or operation of the Wastewater System less the reasonable and necessary costs and expenses paid to maintain and operate the Wastewater System, subject to application as provided in the Indenture, and (ii) certain pledged funds and accounts held under the Indenture and the interest and other income derived from therefrom. See "SECURITY FOR THE BONDS" herein.

* Preliminary, subject to change.

The Bonds are payable on parity with the City's outstanding Wastewater Revenue Refunding Bonds, Series 2017A (the "2017A Bonds"). Subject to certain conditions set forth in the Indenture, the City may at any time incur revenue bonds, notes or other evidences of indebtedness of the City payable from Gross Revenues on a parity with or subordinate to the Bonds. See "SECURITY FOR THE BONDS - Parity Obligations" herein.

Pursuant to the Indenture, the City has covenanted to fix, prescribe and collect certain rates and charges for service provided by the Wastewater System. See "SECURITY FOR THE BONDS - Rate Covenant" herein.

[Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (the "Insurer" or "AGM") will issue its municipal bond insurance policy for the Bonds (the "Insurance Policy"). The Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Insurance Policy included as Appendix G this Official Statement. See "SECURITY FOR THE BONDS - Bond Insurance" and "BOND INSURANCE" herein and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY" hereto.]

[Debt Service Reserve Fund

The Insurer has also made a commitment to issue a municipal bond debt service reserve insurance policy (the "Reserve Policy"), effective as of the date of delivery of such Bonds, for deposit in the reserve fund established pursuant to the Indenture for the Bonds (the "Reserve Fund"). The Reserve Fund will be held by the Trustee on behalf of the City. See "SECURITY FOR THE BONDS - Reserve Fund" herein.]

Risk Factors

Payment of Debt Service Payments depends primarily upon the generation and collection of Gross Revenues. There can be no assurance that the demand for the services provided by the Wastewater System will be maintained at levels described in this Official Statement, or that the expenses for operating and maintaining the Wastewater System will be consistent with the levels described in this Official Statement. Changes in technology, decreased demand, new regulatory requirements, increases in the cost of energy or other expenses would reduce Net Revenues, and could require the City to implement increases in Wastewater System rates or charges in order to comply with the rate covenant. Such rate increases could increase the likelihood of nonpayment by Wastewater System customers, and could also cause further decreases in customer demand.

See "RISK FACTORS" herein for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds, including a discussion of the impact of Proposition 218, Constitutional limits on fees and charges, seismic considerations, limitation on remedies and changes in law.

Limited Obligations

THE OBLIGATION OF THE CITY TO MAKE PAYMENTS OF DEBT SERVICE PAYMENTS IS A SPECIAL OBLIGATION OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY GROSS REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INDENTURE. NONE OF THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT SECURED BY A LIEN ON THE PHYSICAL ASSETS OF THE CITY. THE BONDS ARE NOT A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. NO PERSON EXECUTING THE BONDS IS SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE.

Tax Matters

In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded pursuant to Section 103(a) of the Internal Revenue Code of 1986 (the "Tax Code") from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about March __, 2018 (the "Dated Date").

Continuing Disclosure

The City will covenant for the benefit of the Owners (for all purposes herein, as such are defined in the Indenture) and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the Wastewater System and to provide notices of the occurrence of certain enumerated events, in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "CONTINUING DISCLOSURE" herein for additional information regarding the City's continuing disclosure obligations and prior compliance therewith. The specific nature of the information to be made available and the notices of listed events required to be provided are described in "APPENDIX E -- FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement (including the appendices hereto), including but not limited to (i) statements containing projections of Gross Revenues and Net Revenues and other financial items, (ii) statements of future economic performance of the Wastewater System, and (iii) statements of the assumptions underlying or relating to statements described in (i) and (ii) above, constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend," or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the Wastewater System herein.

ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Nossaman LLP, Irvine, California, is acting as Bond Counsel with respect to the Bonds. Certain legal matters will be passed upon for the City by the City Attorney, Terpstra Henderson, A Professional Corporation, Ripon, California, and by Nossaman LLP, Irvine, California, Disclosure Counsel. The Underwriter is being represented by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. Such law firms will receive compensation contingent upon the sale and delivery of the Bonds.

Other Information

This Official Statement is not to be construed as a contract or agreement between the City and/or the purchasers or Owners of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Quotations from and summaries and explanations of the California Government Code, other applicable legislation, the Indenture, the Wastewater System, proceedings of the City with respect to the operations thereof and with respect to the Bonds, agreements and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions. Prospective purchasers of the Bonds are advised to refer to such documents, provisions, and reports for full and complete statements of their contents. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the proceedings of the City referred to above, the Indenture and other documents described in this Official Statement are available for inspection at the offices of the City at: 750 Bellevue Road, Atwater, California 95301, Attention: Finance Director. The City may impose a charge for copying, mailing and handling.

Certain of the information set forth herein, other than that provided by the City, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the City. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Wastewater System or the City since the date hereof.

THE FINANCING PLAN

A portion of the net proceeds of the Bonds will be used together with certain amounts now on deposit and pledged to the Prior Obligation to prepay and defease the 2008 Installment Sale Agreement. The remaining net proceeds of the Bonds will be used [to purchase a municipal bond debt service reserve insurance policy for the Bonds] and to pay certain costs of issuing the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" below.

The City will accomplish the prepayment and defeasance of the 2008 Installment Sale Agreement by causing a portion of the net sale proceeds of the Bonds, together with certain amounts now on deposit and pledged in connection with the 2008 Installment Sale Agreement, to be irrevocably deposited into an escrow fund (the "Escrow Fund"), to be held by The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the "Escrow Agent") under an Escrow Agreement, dated as of March 1, 2018 (the "Escrow Agreement"), between the City and Escrow Agent. Amounts on deposit in the Escrow Fund will be invested in federal securities, the principal of and the interest of which when paid will be sufficient to enable the Escrow Agent to prepay the 2008 Installment Sale Agreement in full on May 1, 2018 (the "Prepayment Date") at a price equal to 100% of the aggregate principal amount of such prepaid 2008 Installment Sale Agreement obligation plus all then-accrued interest thereupon (collectively, the "Escrow Requirement").

The sufficiency of the amounts on deposit in the Escrow Fund to pay the Escrow Requirement through the Prepayment Date will be verified by Barthe & Wahrman, PA, Bloomington, Minnesota, as Verification Agent (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, respectively, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the outstanding 2008 Installment Sale Agreement obligation will be prepaid and defeased. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds:	
Principal Amount of Bonds	$
Original Issue [Premium/Discount]	
2008 Reserve Fund	
TOTAL SOURCES	$
Uses of Funds:	
Deposit to Escrow Fund[1]	$
Costs of Issuance[2]	
TOTAL USES	$

(1) See "THE FINANCING PLAN" herein.
(2) Reflects all costs of issuance, including the Underwriter's discount and the printing costs, fees of Bond Counsel, Disclosure Counsel, and City Attorney, the costs and fees of the Verification Agent, Municipal Advisor, Trustee and Escrow Agent, [premiums for the Insurance Policy and Reserve Policy], and other costs of issuing the Bonds.

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THE BONDS

Description of the Bonds

The Bonds are authorized pursuant to the Bond Law, the Indenture and the Resolution.

The Bonds shall be delivered in the form of fully registered Bonds, in denominations of $5,000 or any integral multiple thereof, and shall be dated the date of delivery to the initial purchaser thereof. The Bonds, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Bonds, all payments with respect to the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the DTC Participants, as more fully described herein. See "- Book-Entry System" below.

Interest on Bonds shall be payable on May 1 and November 1 in each year, beginning November 1, 2018 (each, an "Interest Payment Date"), and continuing to and including the date of maturity or prior redemption, whichever is earlier. Principal of the Bonds shall be payable on May 1 in each of the years and in the amounts set forth on the inside cover page of this Official Statement. Principal and premium, if any, of the Bonds shall be payable to the Owner upon presentation and surrender of such Bond at the corporate trust office of the Trustee in Los Angeles, California. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and shall be payable by wire or check mailed by first class mail on each Interest Payment Date to the Owners as of the close of business on the fifteenth day of the calendar month prior to an Interest Payment Date (the "Record Date") at their addresses shown on the registration books maintained by the Trustee; provided however, that upon the written request from any Owner of any Bond in a denomination of, or Bonds aggregating, at least $1,000,000 in principal amount, received on or prior to the 15th day of the month preceding an applicable Interest Payment Date, payment may be made by wire in Federal Reserve funds to an account within the United States on the Interest Payment Date with regard to which such payment is made.

The Bonds may be transferred or exchanged at the principal office of the Trustee, to the extent and upon the conditions set forth in the Indenture. The Trustee may require the payment of a reasonable service charge by the owner of any Bond requesting exchange, and the Trustee will require payment of a sum sufficient to cover any tax or other governmental charge required to be paid with respect thereto. The Trustee may refuse to transfer or exchange any Bonds during the period after the mailing of notice calling such Bond or a portion thereof for redemption, or during the fifteen days preceding the giving of such notice of redemption.

If a Bond is mutilated, lost, stolen or destroyed, the Trustee, at the expense of the owner of such Bond, will authenticate, subject to the provisions of the Indenture, a new Bond of like tenor and amount. In the case of a lost, stolen or destroyed Bond, the Trustee may require that an indemnity be furnished and payment of an appropriate fee for each new Bond delivered in replacement of such Bond and may require payment of the expenses of the City and the Trustee incurred in connection therewith.

Redemption of the Bonds

Optional Redemption.[*] The Bonds maturing on or before May 1, 20__, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after May 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the City, from any source of available funds, as a whole or in part (by such maturities as may be specified by the City and by lot within a maturity) on any date on or after May 1, 20__, at a redemption price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

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

Bonds maturing May 1, 20__

Redemption Date (May 1)	Redemption Amount
	$

[†] Final Maturity

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

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

[*] Preliminary, subject to change.

Notice of Redemption; Rescission. When redemption is authorized or required under the Indenture, the Trustee will (i) mail a notice of redemption to the respective Owners of all Bonds selected for redemption in whole or in part (the "Redemption Notice"), and (ii) remit a notice of redemption to DTC and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"), or, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may specify, in all such cases at the expense of the City. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) if less than all the Bonds of a maturity are to be redeemed, the certificate numbers of the Bonds to be redeemed and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Redemption notices may state that no representation is made as to the accuracy of the CUSIP numbers printed thereon or on the Bonds. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Subject to the provisions stated above, the Trustee shall take the following actions with respect to such Redemption Notice: (a) At least thirty (30) but not more than forty-five (45) days prior to the redemption date, the Trustee shall cause Redemption Notices to be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register maintained by the Trustee and (b) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given to each of DTC and EMMA or, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may specify. Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds.

The City shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The City and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

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

Effect of Notice of Redemption. Notice of redemption having been duly given and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so to be redeemed being held by the Trustee, on the redemption date designated in such notice (i) the Bonds so to be redeemed shall become due and payable at the Redemption Price specified in such notice, (ii) interest on such Bonds shall cease to accrue, (iii) such Bonds shall cease to be entitled to any benefit or security under the Indenture, and (iv) the Owners of such Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price.

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

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered certificates registered in the name of Cede & Co., (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX F - THE BOOK-ENTRY SYSTEM" herein.

The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

Acceleration

If an Event of Default (as such is defined in the Indenture) shall occur, the Trustee may exercise any remedies available to the Trustee and the Bond Owners in law or at equity. Upon the satisfaction of certain conditions set forth in the Indenture, the Trustee may declare the principal of all of the Bonds then-Outstanding, and the interest accrued thereon, to be due and payable immediately. Any suit requesting such accelerated payment of debt service and/or money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "APPENDIX A - SUMMARY OF THE INDENTURE" hereto under the caption "Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities" for further information with respect to the acceleration of the Bonds and other remedies.

Schedule of Debt Service Payments

The following table sets forth the Debt Service Payments for the Bonds for each twelve-month period ending on May 1 (assuming no optional redemptions):

SCHEDULE OF DEBT SERVICE PAYMENTS

Year (May 1)	Principal	Interest	Total	Total Debt Service
	$	$	$	$
Total	$	$	$	$

Source: The Underwriter.

SECURITY FOR THE BONDS

General

THE OBLIGATION OF THE CITY TO MAKE PAYMENTS OF DEBT SERVICE PAYMENTS IS A SPECIAL OBLIGATION OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY GROSS REVENUES AND OTHER FUNDS PROVIDED FOR IN THE INDENTURE. NONE OF THE CITY, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT SECURED BY A LIEN ON THE PHYSICAL ASSETS OF THE CITY. THE BONDS ARE NOT A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. NO PERSON EXECUTING THE BONDS IS SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE.

Pledge of Gross Revenues

The Bonds are secured by a pledge of and first lien on all Gross Revenues received by the City as a result of the operation of the Wastewater System, as those terms are defined below and upon all money and securities on deposit in certain accounts under the Indenture. The obligation of the City to make Debt Service Payments from Gross Revenues is absolute and unconditional, and until such time as all Debt Service Payments shall have been fully paid and the Bonds are no longer Outstanding (or provision for the payment thereof shall have been made), the City will not, under any circumstances, discontinue, abate or suspend any payment due under the Indenture when due, whether or not the Wastewater System is operating or operable or has been completed, or whether or not the Wastewater System is condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise.

All Gross Revenues are pledged by the City to the payment of Debt Service Payments and debt service on Parity Obligations as provided in the Indenture. This pledge shall constitute a first lien on the Gross Revenues for the payment of the Debt Service Payments and debt service on any Parity Obligations in accordance with the Indenture. **The Bonds are not secured by a direct lien on any other property of the City.**

In the Indenture, the City covenants that, so long as any Bonds are Outstanding, the City will not issue or incur any obligations payable from Gross Revenues superior to the payment of Debt Service Payments or debt service payments on Parity Obligations. The City is authorized to incur additional Parity Obligations secured by Gross Revenues with a lien on a parity basis with the lien of the Bonds, provided it complies with certain provisions in the Indenture. See "– Parity Obligations" below. The City is also authorized to issue subordinate debt secured by Gross Revenues.

"Gross Revenues" means all gross income, rents, rates, fees, charges and other moneys derived from the ownership and operation of the Wastewater System calculated in accordance with GAAP and deposited in the Wastewater Fund, including, without limiting the

generality of the foregoing, (a) all income, rents, rates, fees (including but not limited to any developer impact fees to the extent permitted by law), charges, business interruption insurance proceeds or other moneys derived by the City from the sale, furnishing and supplying of the Wastewater or other services, facilities and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Wastewater System, plus (b) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including City Wastewater System reserves, plus, (c) the proceeds of any stand-by or sewer availability charges collected by the City, but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become property of the City, and excluding any proceeds of taxes restricted by law and to be used by the City to pay bonds hereafter issued. Gross Revenues shall include interest with respect to any Parity Obligations reimbursed to or on behalf of the City by the United States of America. Gross Revenues shall also be increased by the amounts, if any, transferred during such Fiscal Year or other period from the Rate Stabilization Fund to the Revenue Fund and shall be decreased by the amounts, if any, transferred during such Fiscal Year or other period from the Revenue Fund to the Rate Stabilization Fund pursuant to the Indenture.

"Operation and Maintenance Expenses" means the reasonable and necessary costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the City or charges, but excluding (i) administrative costs of the City that are apportioned to the Wastewater System, (ii) transfers to other City departments, (iii) Debt Service Payments or other similar payments on Parity Obligations or other obligations required to be paid by it to comply with the terms of an installment sale agreement or any Contract or of any resolution or indenture authorizing the issuance of any bonds or obligations and excluding in all cases (iv) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Revenue Fund" means the fund of the City into which it deposits Gross Revenues, which shall initially be the Wastewater Fund. See "WASTEWATER SYSTEM FINANCIAL INFORMATION" below for a full description of the Wastewater Fund.

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

Application of Gross Revenues

Payments from Revenue Fund. The City has covenanted that all of the Gross Revenues when and as received, will be received and held by the City in trust for the benefit of Bond Owners and the holders of Parity Obligations, and will be deposited by the City in the Revenue Fund (which the City covenants and agrees to maintain so long as any Bonds remain Outstanding), and shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

All Gross Revenues in the Revenue Fund shall be set aside and applied in the following order of priority:

(1) Debt Service Payments. As described below, Debt Service Payments payable first pursuant to the Indenture together with all other payments relating to principal and interest on or with respect to Parity Obligations, which shall be paid in accordance with the terms of the Indenture and of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(2) Operation and Maintenance Expenses. The City shall thereafter pay from the moneys in the Revenue Fund the budgeted Operation and Maintenance Expenses as such Operation and Maintenance Expenses become due and payable.

(3) Reserve Funds. Payments required to restore the Reserve Fund to the Reserve Requirement and the debt service reserve funds established for Parity Obligations to their reserve requirement levels (which shall include payments to reimburse the Insurer for draws against the Reserve Policy and payments to reimburse the providers of any surety bond, letter of credit or guaranty policy issued to fund the debt service reserve funds established for Parity Obligations for draws thereagainst, respectively) shall be made in accordance with the terms of the Indenture and such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

"Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the initial offering price of the Bonds to the public, (ii) an amount equal to maximum annual Debt Service payable by the City between the date of such calculation and the final maturity of the Bonds, or (iii) 125% of average annual Debt Service payable under the Indenture.

(4) General Expenditures/Rate Stabilization Fund. All Gross Revenues not required to be withdrawn pursuant to the provisions of (1) through (3) above shall be used for expenditure for any lawful purpose of the City, including payment of Operation and Maintenance Expenses or payment of any rebate requirement or funding of a rate stabilization fund or payment of any obligation subordinate to the payment of all amounts due hereunder or under Parity Obligations.

Monthly Deposit of Debt Service Payments

In furtherance of the payment of Debt Service Payments pursuant to the Indenture, the City shall transfer Gross Revenues from the Revenue Fund to the Trustee for deposit in the Debt Service Account of the Payment Fund, in monthly components and on the following dates and in the following amounts:

(1) Interest Component. On or before the fifteenth day of each month, an amount which is equal to 1/6 of the aggregate amount of interest becoming due and payable on such Bonds on the next succeeding Interest Payment Date; provided, however, that the City may be entitled to deduct from such monthly interest payment the balance then-on deposit in the Debt Service Account of the Payment Fund that is allocated to future payments of interest on the Bonds, if any (other than amounts held for the defeasance of Bonds and any amounts required for payment of interest on any Bonds which have matured or been called for redemption but which have not yet been presented for payment); and

(2) Principal Component. On or before the fifteenth day of each month, an amount which, together with any moneys already on deposit with the Trustee and available to make such payment, is not less than 1/12 of the next succeeding maturing principal or mandatory sinking account payment coming due on the Bonds after such date; provided, however, that the City may be entitled to deduct from such monthly principal payment the balance then-on deposit in the Debt Service Account of the Payment Fund that is allocated to future principal payments or mandatory sinking account payments on the Bonds, if any (other than amounts held for the defeasance of Bonds and any amounts required for payment of interest on any Bonds which have matured or been called for redemption but which have not yet been presented for payment`).

Such payments received by the Trustee shall be held in aggregate and in trust by the Trustee under the terms of the Indenture and shall be deposited by it as and when received in the Debt Service Account of the Payment Fund, which fund the Trustee has agreed to establish and maintain so long as any Bonds are Outstanding.

Rate Covenant

The City has covenanted in the Indenture that it shall have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Wastewater System and providing for the billing thereof and for a due date and a delinquency date for each bill.

The City has further covenanted in the Indenture that (i) to the fullest extent permitted by law, the City will fix and prescribe rates and charges for the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 120% of Debt Service Payments on the Bonds and Parity Obligations for such Fiscal Year and (ii) so long as the City has complied with its obligations set forth in subsection (i), the failure of Net Revenues to meet such threshold at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the City has complied with the threshold set forth in subsection (i) at the commencement of the succeeding Fiscal Year. The City may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet such requirements.

At all times, for purposes of calculating the interest on any Outstanding Parity Obligations, if interest on any Parity Obligations is reasonably anticipated to be reimbursed to or on behalf of the City by the United States of America, then interest on such Parity Obligations shall be excluded to the extent such interest is reasonably anticipated to be paid or reimbursed by the United States of America, and such reimbursements will not be included as Gross Revenues for purposes of the coverage calculations.

[Reserve Fund

Under the Indenture, a Reserve Fund is established for the Bonds and will be held in trust by the Trustee. On the Closing Date, the Reserve Policy, with a Policy Limit of $_____*, will be deposited into the Reserve Fund, which shall satisfy the Reserve Requirement. The premium on the Reserve Policy will be fully paid at or prior to the issuance of the Bonds. The Reserve Policy will provide that the Insurer will make payment in an amount sufficient to pay principal and interest on the Bonds then-due to the Trustee (or its successor) on the later of (i) the Business Day on which such principal and interest becomes due for payment and (ii) the first Business Day following the Business Day on which the Insurer shall have received a completed notice of nonpayment in a form reasonably satisfactory to it, provided, however, that aggregate payments made under the Reserve Policy shall not exceed the Policy Limit and provided, further, that the Policy Limit shall at all times equal the Reserve Requirement.

See "APPENDIX A - SUMMARY OF THE INDENTURE" hereto under the captions "Reserve Fund" and "Certain Bond Reserve Policy Provisions" for further information with respect to the Reserve Policy.]

Rate Stabilization Fund

The City may maintain and hold a separate fund to be known as the "Rate Stabilization Fund." From time to time the City may deposit in the Rate Stabilization Fund, from remaining Gross Revenues or other available funds of the City, such amounts as the City shall determine. The City may withdraw amounts from the Rate Stabilization Fund (i) for transfer to the Revenue Fund for inclusion in Gross Revenues for any Fiscal Year, or (ii) for any other lawful use of the City. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Gross Revenues. Amounts transferred from the Rate Stabilization Fund to the Revenue Fund during or within 120 days after a Fiscal Year, may be taken into account as Gross Revenues for purposes of the calculations of the sufficiency of rates and charges collected in such Fiscal Year. Currently, the City has not funded a Rate Stabilization Fund with respect to the Wastewater System.

Parity Obligations

"Parity Obligations" means indebtedness or other obligations (including leases and installment sale agreements, bonds or contracts) issued or incurred and secured by a pledge of and lien upon any of the Gross Revenues on a parity with the Debt Service Payments of the City payable from and secured by a pledge of and lien upon any of the Gross Revenues issued or incurred pursuant to the Indenture. For all purposes under the Indenture and herein, the 2017A Bonds shall constitute, be deemed to be and be treated as a Parity Obligation.

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*Preliminary, subject to change.

Existing Parity Obligations. In 2017, the City issued the 2017A Bonds in an aggregate principal amount of $56,600,000. The 2017A Bonds are secured by a pledge of and first lien on all Gross Revenues received by the City as a result of the operation of the Wastewater System, as those terms are defined below and upon all money and securities on deposit in certain accounts under an Indenture of Trust, dated as of August 1, 2017 (the "2017A Indenture") between the City and the Trustee. The net proceeds of the 2017A Bonds were used to prepay the City's obligations pursuant to an Installment Sale Agreement dated as of January 1, 2010 and to prepay the City's obligations pursuant to an Installment Sale Agreement dated as of April 1, 2011. The Debt Service Payments are payable from Gross Revenues on parity with the debt service payments for the 2017A Bonds.

Future Parity Obligations. The City has covenanted in the Indenture that, except for bonds issued to fully or partially refund the Bonds or Parity Obligations, the City will not issue or incur any Parity Obligations unless:

(i) No Event of Default shall have occurred and be continuing under the Indenture unless such default shall be cured simultaneously with the issuance of such Parity Obligations; and

(ii) The City obtains or provides a certificate prepared by an Independent Certified Public Accountant or Independent Financial Consultant showing that the Net Revenues as shown by the books of the City for any 12 consecutive calendar months during the 18 calendar month period ending prior to the incurring of such Bonds or Parity Obligations shall have amounted to at least 120% of the Maximum Annual Debt Service for all Bonds or Parity Obligations to be outstanding immediately after incurring such additional Bonds or Parity Obligations.

For purposes of preparing the certificate described in subsection (ii), as set forth above, the Independent Certified Public Accountant or Independent Financial Consultant may rely upon financial statements prepared by the City, which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available. For purposes of demonstrating compliance with the foregoing, Net Revenues may be adjusted (at the option of the City) to include Additional Revenues. "Additional Revenues" means, with respect to the issuance of any Bonds or Parity Obligations, an allowance for Net Revenues (i) arising from any increase in the charges made for service from the Wastewater System adopted prior to the incurring of such Bonds or Parity Obligations and effective within eighteen (18) months following the date of incurring such Bonds or Parity Obligations, 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 the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the City, and (ii) arising from any increase in service connections to the Wastewater System prior to the incurring of such Bonds or Parity Obligations, in an amount equal to the total amount by which the Net Revenues would have been increased if such connections had been in existence during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the City, all as shown by the certificate or opinion of an Independent Financial Consultant.

The provisions of subsection (ii) above shall not apply to any Parity Obligations if all of the proceeds of which (other than proceeds applied to pay costs of issuing such Parity Obligations and to make a reserve fund deposit) 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 any Outstanding Bonds or on any outstanding Parity Obligations, if (i) 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 Bonds or Parity Obligations to be refunded, and (ii) the final maturity of such Parity Obligations is not later than the final maturity of the refunded Bonds or Parity Obligations.

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

Segregation of Revenue Fund

Under the Indenture, the City has covenanted to, no later than September 30, 2018, open a new bank account to hold and be used exclusively as the Revenue Fund, and which bank account shall hold no other funds, property or revenues of the City. Thereafter, the City shall not commingle the Revenue Fund or any Gross Revenues (including for investment purposes) or any interest or investment income earned on the Revenue Fund either prior to or after their deposit in the Revenue Fund, with any of its other City funds, including but not limited to, its General Fund, its Water Enterprise Fund, and its Sanitation Enterprise Fund, or with any of their respective assets or accounts.

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The following table sets forth (i) the payment of principal and interest on the Bonds and (ii) debt service payments for the 2017A Bonds for each twelve-month period ending on May 1 (assuming no optional redemptions):

SCHEDULE OF PARITY OBLIGATION PAYMENTS

Year (May 1)	2017A Bonds	The Bonds	Total Debt Service
2018	$3,512,853.02	$	$
2019	3,311,337.50		
2020	3,314,587.50		
2021	3,315,587.50		
2022	3,309,337.50		
2023	3,316,087.50		
2024	3,310,087.50		
2025	3,306,837.50		
2026	3,311,087.50		
2027	3,307,337.50		
2028	3,310,837.50		
2029	3,316,087.50		
2030	3,317,837.50		
2031	3,311,087.50		
2032	3,311,087.50		
2033	3,313,837.50		
2034	3,317,587.50		
2035	3,309,150.00		
2036	3,313,950.00		
2037	3,310,750.00		
2038	3,309,000.00		
2039	4,656,000.00		
2040	4,660,750.00		
2041	4,656,750.00		
2042	4,659,000.00		
2043	4,656,750.00		
2044	4,659,750.00		
2045	4,657,500.00		
Total	$102,362,853.02	$	$

Source: The Underwriter.

BOND INSURANCE

[TO COME]

THE WASTEWATER SYSTEM

General

The City covers approximately 6.1 square miles in Merced County and is situated within the San Joaquin Valley, part of the Central Valley. The City is located approximately six miles northwest of the City of Merced, the county seat, 105 miles south of Sacramento and 65 miles north of Fresno. The current population of the City is approximately 30,406. The City was incorporated on August 16, 1922 and is a general law city. The City has adopted a Council-Manager form of government. The City Manager reports to the City Council, which sets policy for the City Manager to carry out. The City Manager is further responsible for the day-to-day operations of the City, general administration of City departments and budgets, and supervision over City personnel and policies. The City is currently led by an Interim City Manager and it is in the process of conducting a search for a new, permanent City Manager.

Land use within the City is principally composed of single and multifamily residences, business and commercial districts, and some light industrial areas. Additional growth may result from modest growth activity in housing and commercial projects. The City currently has five housing development projects in progress with approximately 240 buildable lots in these subdivisions, all of which are zoned for single family residences. The City has experienced minimal commercial development since 2011. A multi-story hotel project, a shopping center, and several smaller projects are fully-entitled but not yet under construction. The Ferrari Ranch project (the "Ferrari Ranch Project"), sitting at the junction of Highway 99 and the Atwater-Merced expressway, is an estimated 250-plus acres of planned development that could include a regional retail center, a regional medical complex and hospital and sports complex in addition to shops, restaurants, and clinics. The City expects the Ferrari Ranch Project to be fully-entitled by the end of 2017. The City expects that any new industrial development will be built outside of City-limits, in the Castle Area (defined below). [CONFIRM IF FERRARI RANCH FULLY ENTITLED.]

Atwater and Merced County are a center of the agriculture industry in California. Atwater's largest businesses are agriculture-related. Among these are Teasdale Foods, which, since the 1930s, has canned hominy and pinto, peruano, garbanzo, kidney and black beans in the City at its facility located just east of Highway 99, using crops grown mostly in the Central Valley. Teasdale products include whole and refried beans, along with the Aunt Penny's organic line. Dole Packaged Frozen Food is a provider of frozen fruit products, specifically peaches, strawberries and apricots and serves clients in the food service, industrial, organic and retail markets. Joseph Gallo Farms, which owns the largest dairy herd in the United States and which produces cheese and milk, accepts the majority of treated effluent produced by the Wastewater System as well as the effluent produced by Teasdale Foods (which is not a Wastewater System customer). Almonds, stone fruit, sweet potatoes, strawberries, dairy, chicken and turkey are the primary crops grown and animals raised in areas adjacent to the City.

Wastewater System Management

The management of the Wastewater System is currently the responsibility of the City's Interim Public Works Director. The City expects to conduct a search for a new, full-time Public Works Director within the next twelve months. The Director will be supported by ten full-time employees who work at the Treatment Plant and provide system infrastructure maintenance (the "Veolia Employees"). The Veolia Employees are employed by Veolia Water North America

Operating Services, Inc. (the "Operator") under the Agreement for Operation and Maintenance Assistance for the City of Atwater Treatment Facility, dated July 1, 1994, as amended (the "Veolia Operating Agreement"), between the Operator and the City. Pursuant to the fifteenth and most recent amendment to the Veolia Operating Agreement, the scheduled termination date for the Veolia Operating Agreement is April 30, 2023, provided, however, in the event that this Agreement is terminated for any reason prior to April 30, 2023, the City shall pay the Operator a termination fee which is associated with administrative costs, demobilization costs, third party fees and other cost, as scheduled in the fifteen amendment. Veolia Water North America Operating Services, Inc. is a subsidiary of Veolia Environnement S.A. ("Veolia"), a French transnational company with activities in four main service and utility areas traditionally managed by public authorities – water management, waste management, public transport and energy services. Veolia employs more than 300,000 employees in 48 countries.

The City also employs six full-time maintenance workers who are dedicated to the Wastewater System but who do not work at the Treatment Plant. The City Finance Department is responsible for billing and collecting all sewer bills.

The Wastewater System

The City's sanitary sewer collection system provides service to approximately 8,050 residential customers, 171 multifamily residential customers, 300 commercial customers, 27 municipal and church customers and three wholesale customers located outside of the City (for a total of 8,548 customers, as of June 30, 2017). The Wastewater System provides service to Winton, an unincorporated community of approximately 10,613 residents (as of June 30, 2017), the United States Penitentiary, Atwater (the "U.S. Penitentiary'), which is a high-security United States federal prison for male inmates with an inmate population of approximately 1,172 persons (as of June 30, 2017), and Castle Airport Aviation and Development Center (together, the "Wholesale Customers"). Within the City's boundaries, the Wastewater System is the sole provider of wastewater services.] See "Active Wastewater System Accounts" below for further description of the accounts of the Wastewater System.

Wastewater generated by customers is at the City's regional Atwater Bert Crane Wastewater Treatment Plant (the "Treatment Plant"), which was completed in July 2012. In calendar year 2017, the Wastewater System treated an average of 3.34 million gallons per day ("mgd") of influent wastewater. The Treatment Plant is located at 530 South Bert Crane Road, Atwater, California, five miles outside of City limits, and consists of:

- treatment facilities, including but not limited to, headworks that screen large solids and removing grit from the raw wastewater and the treat for odor control; two biological nutrient removal oxidation ditches with secondary clarifiers to reduce concentrations of ammonia and nitrogen to meet future regulatory standards; an ultra-violet light disinfection system to meet the tertiary treatment standards outlined in the California Department of Health Services Title 22, California Code of Regulations, Division 4, Chapter 3 ("Title 22 tertiary standards"); a solids handling facility and chemical feed building designed to comply with permit requirements for biosolids handling; sludge digestion/dewatering facilities, including cake storage; a 6 mgd (expandable to 12 mgd) pump station with odor control facilities and flow surge protection; an emergency storage pond; cyclone fences; and driveways;

- an approximately 3,200 square foot administration building containing a reception area, offices, meeting rooms and a laboratory;

- an approximately 2,000 square foot maintenance building containing a vehicle and equipment service area with a monorail crane;

- an approximately 1,800 square foot outdoor covered equipment maintenance and storage area; and

- related electrical power, instrumentation and control facilities, including generators.

Treated and disinfected water is discharged to the Peck/Atwater Drain at the Joseph Gallo Ranch where the water is blended with other sources for farming irrigation. Any remaining treated and disinfected water flows to the US Fish and Wildlife Arena Plains Wetland refuge. Biosolids produced at the Wastewater Treatment Plant are comprised of waste activated sludge. This solid waste stream is pumped to the aerobic digesters for further treatment and stabilization. Aerobically digested solids are dewatered and further dried on a one acre concrete drying bed. After drying and storage, the dry "class B" biosolids are hauled and land applied to local farms in Merced County by a local contractor specializing in biosolids land application. The biosolids are only applied to permitted sites that comply with the Merced County Sludge Ordinance

The site upon which the Treatment Plant sits is within a 100-year floodplain and it has further been improved to provide protection from flooding. The Treatment Plant has also been constructed with a variety of energy efficiency measures to minimize energy consumption, ultimately achieving energy reductions of 294 kW and 2,160,963 kWh. Such energy improvements include high efficiency heating, ventilation, and air conditioning (HVAC) units at the plant's electrical and administration buildings; the use of rotary fan press technology for biosolids dewatering; high efficiency surface aerators in the oxidation ditches; automatic control of dissolved oxygen levels using variable speed motors for the oxidation ditch surface aerators; the use of a low-pressure, high-intensity UV disinfection system; and use of a high-efficiency aeration system for the plant's aerobic digesters. The Treatment Plant was awarded the 2012 Environmental Project of the Year, American Society of Civil Engineers, Sacramento Section and the 2013 Project of the Year – Environment, American Public Works Association, Sacramento Chapter.

The Treatment Plant has been designed to meet permit requirements and to allow additional expansions to be accommodated with minimal reconfiguration, should the need arise for additional treatment capacity at a later date. The capacity of the Treatment Plant is currently 6 mgd with the potential to increase capacity to 12 mgd.

The Wastewater System previously operated certain wastewater treatment facilities located on the south-west side of Highway 99 near Applegate Road at 550 Commerce Avenue, approximately 5 miles north of the existing Treatment Plant (the "Prior Treatment Site"). Six miles of twin 30-inch diameter pressurized influent sewer force mains deliver raw wastewater from the influent pump station at the Prior Treatment Site to the Treatment Plant. Except for such pump station, all facilities at the Prior Treatment Site have been being decommissioned. The former drying beds located at the Prior Treatment Site presented high levels of nitrates in the soil. Wastewater System employees removed significant amounts of affected soil from the former drying beds and continue to monitor nitrate levels as part of the Prior Treatment Site's

decommissioning process. The Regional Water Board must approve the final nitrate levels on the Prior Treatment Site prior to the capping of the prior drying beds with cement and the completion of the decommissioning process. After the site is fully decommissioned, the City intends to sell 22 acres of Prior Treatment Site land, with proceeds are expected to be paid to the Wastewater Fund. The Prior Treatment Site has high accessibility to Highway 99, and located adjacent to the Applegate Ranch Shopping Center, which is home to several national retailers including Walmart, SuperTarget, Marshalls, Big 5 Sporting Goods & Petco and which serves shoppers from Atwater and the nearby City of Merced.

In addition to the Treatment Plant and the Prior Treatment Site, the Wastewater System consists of the following infrastructure and features:

- Approximately 81,118 feet of force main sewer pipe, ranging in size from 4-inches to 30-inches (including the 31,680 feet (six miles) of twin 30-inch force mains between the Prior Treatment Site and the Treatment Plant, noted above),
- Approximately 312,875 feet of gravity sewer pipe, ranging in size from 6-inches to 36-inches,
- 22 pump stations / lift stations (including the pump stations at the Treatment Plant and Prior Treatment Site, noted above), and
- 606 manholes.

In calendar year 2017, the Wastewater System had average wastewater treatment inflows of 3.34 mgd. The maximum capacity of the Treatment Plant is sufficient to meet projected wastewater demand in the City's service areas through 2040 and beyond. The following table shows the average treatment data for the service area of the Treatment Plant.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 1
CITY OF ATWATER
AVERAGE WASTEWATER TREATMENT INFLOWS
(Calendar Years 2010 through 2018)

Year (December 31)	MGD
2010	3.35
2011	3.44
2012[1]	3.34
2013[2]	3.17
2014[2]	2.96
2015[2]	2.97
2016[2]	3.09
2017	3.34
2018[3]	3.41

Source: City of Atwater.
(1) Treatment Plant in service on or around June 6, 2012.
(2) Reduced and low inflows in Calendar Years 2013 through 2016 are due to drought-related conservation and weather patterns.
(3) Expected, based on inflows between January 1, 2018 and January 28, 2018.

Environmental Compliance and Regulatory Requirements

The Wastewater System is subject to federal, state and local regulatory requirements pertaining to wastewater treatment and reuse, biosolids management, air quality, hazardous materials handling and waste management. Federal regulations are based upon provisions within the Clean Water Act (the "CWA"), Clean Air Act, and Resource Conservation and Recovery Act. State and local regulations are prescribed by the California Air Resources Board, California Department of Toxic Substances Control, the State Water Resources Control Board (the "State Water Board"), and the Central Valley Regional Water Board (the "Regional Water Board"). Wastewater System facilities and programs are managed to comply with all applicable laws and regulations.

The Regional Water Board has authority over all publicly-owned or -operated wastewater treatment facilities in the Central Valley Region. The primary purpose of the Regional Water Board's Waste Discharge Requirements ("WDR") is to assure water quality protection pursuant to State and Federal water quality regulations. The Regional Water Board is the statutorily designated agency with authority to enforce CWA requirements and standards as well as other federal water quality regulations and guidelines such as the National Pollutant Discharge Elimination System (the "NPDES"), on behalf of the U.S. Environmental Protection Agency (the "EPA"). The Treatment Plant must currently satisfy the requirements of the Regional Water Board's Order No. R5-2011-0082 (NPDES Permit CA0085308), Waste Discharge Requirements for the City of Atwater Wastewater Treatment Facility, Merced County (the "NPDES Permit"). The NPDES Permit became effective on January 20, 2012 and expired on January 1, 2017.

The City and the Regional Water Board expect that the next NPDES Permit for the Treatment Plant will be a "General NPDES Permit," which will become available to treatment

facilities that treat domestic wastewater and meet water quality objectives and criteria at the point just prior to where the facility effluent discharge meets the receiving water (the point of discharge or "end-of-pipe"). The application process for and form and regulatory standards of such a permit are still being finalized by the Regional Water Board. Until such process, form and standards can be finalized, the Treatment Plant continues to operate pursuant to the terms of the expired NPDES Permit. [UPDATE TO COME FROM WEST YOST]

Within the past five years, the Wastewater System has not received any notices of violation of the NPDES Permit. However, effluent produced at the Treatment Plant has exceeded the levels of zinc permitted under the NPDES Permit. Staff members from the Wastewater System and Treatment Plant have worked with the Regional Water Board to seek compliance pursuant to a Time Schedule Order R5-2013-0052, which has temporarily modified the permissible limits of zinc through 2018. The City expects that the new General NPDES Permit will permit levels of zinc similar to those permitted under the Time Schedule Order, and the City does not expect further remediation will be needed to lower zinc levels in the future.

From time to time, the Wastewater System has been subject to minor spills of untreated sewage from the collection system and sludge within the Treatment Plant. All such spills have been resolved quickly and none have given rise to any claim from affected parties or notice of violation of environmental regulations. The former drying beds located at the Prior Treatment Site continue to present high levels of nitrates in the soil. Wastewater System employees have removed significant amounts of affected soil from the Prior Treatment Site and continue to monitor nitrate levels as part of the Prior Treatment Site decommissioning process. The Regional Water Board must approve the final nitrate levels on the Prior Treatment Site prior to the capping of the prior drying beds with cement, the completion of the decommissioning process, and the sale of the Prior Treatment Site.

The City is not aware of any conditions that could result in regulatory action that could materially impact its ability to pay Debt Service Payments.

Future Wastewater System Improvements

The City is preparing a Sewer Master Plan (the "SMP") in 2017. The City currently anticipates that it will need to build one new lift station to service the Ferrari Ranch Project, which will be funded by developer fees. All other projects described in the SMP may be funded by (i) State and federal grants and loans (if available), (ii) Wastewater System connection fees and (iii) rates and charges of the Wastewater System. [UPDATE TO COME FROM AECOM]

Active Wastewater System Accounts

Sewer service charges for the City currently consist of (i) flat monthly charges applicable to all residential and certain classes of commercial customers and (ii) variable charges, based on water consumption, applicable to commercial and light industrial customers only. The City currently projects that sewer service accounts will increase by 40 to 50 new residential accounts per year for next five years. That said, there can be no assurance that the number of accounts will not decline.

Other than Wholesale Customers, the Wastewater System served 8,548 accounts as of June 30, 2017. Excluding revenues from Wholesale Customers, the majority of Wastewater System accounts are residential. Residential customers comprise approximately 94.17% of Wastewater System accounts and approximately 62.78% of total Wastewater System Gross Revenues. The Wholesale Customers and are each billed and accounted for separately. Summaries of active Wastewater System service accounts by class, number, and Gross Revenues are shown in the following tables.

TABLE 2
CITY OF ATWATER
ACCOUNTS BY CLASS
As of June 30, 2017

Customer Type	Flat Rate / Metered	Number of Accounts
Residential:		
Single Family	Flat Rate	8,050
Non – Residential:		
Commercial Class 1	Flat Rate	185
Commercial Class 2	Base + Metered	73
Commercial Class 3	Base + Metered	1
Commercial Class 4	Base + Metered	2
Commercial Class 5 (Multifamily)[(1)]	Flat Rate	170
Commercial Class 6 (Multifamily)[(1)]	Flat Rate	1
Commercial Class 7	Base + Metered	29
Commercial Class 8	Base + Metered	13
Institutional Class 1	Base + Metered	4
Institutional Class 2	Base + Metered	--
Institutional Class 3	Base + Metered	16
Industrial Class 1	Base + Metered	--
Industrial Class 2	Base + Metered	--
Miscellaneous		4

Source: City of Atwater.
(1) In the case of multi-family residential service accounts (apartment buildings and trailer parks), multiple accounts may be billed to a single customer.

TABLE 3
CITY OF ATWATER
ACCOUNTS BY GROSS REVENUES
(as of June 30, 2017)

Category	Accounts	Percent	Gross Revenues	Percent
Single Family Residential	8,050	94.17%	$6,951,336	62.78%
Multi-Family Residential[(1)]	171	2.00	118,975	1.07
Commercial	300	3.51	285,806	2.58
Light Industrial	--	--	--	--
Schools	11	0.13	9,874	0.09
Churches	16	0.19	14,362	0.13
Wholesale Customers	--	--	2,212,333	19.98
Sub-Total – Fixed Revenue	8,548	100.00%	$9,592,686	86.64%
Sub-Total – Variable Revenue (All Non-residential)	--	--	$1,479,645	13.36%
Total	8,548	100.00%	$11,072,331	100.00%

Source: City of Atwater.
(1) In the case of multi-family residential customers (apartment buildings and trailer parks), multiple accounts may be billed to a single customer.

Largest Wastewater System Customers

The following table shows the top ten Wastewater System customers based on revenue generated during Fiscal Year 2016-17. The top ten Wastewater System customers accounted for 29.70% of total Wastewater System revenues in Fiscal Year 2016-17.

TABLE 4
CITY OF ATWATER
TEN LARGEST WASTEWATER SYSTEM CUSTOMERS
(Fiscal Year 2016-17)

Customer Name[(1)]	Revenue	Percent
Winton Sanitary District	$1,175,674	10.02%
U.S. Penitentiary	1,087,858	9.28
Castle Vista Apartments	578,558	4.94
Castle Airport	205,517	1.75
Bellevue Mobile Home Park	103,169	0.88
Jennings Mobile Home Park	85,050	0.72
Castle View Apartments	67,355	0.57
Gardenwood Apartments	60,878	0.51
Olive Tree Mobile Home Park	59,583	0.50
Wisdom Property Management	58,909	0.50
Total Top 10	$3,482,551	29.70%
All Other Accounts	8,240,567	70.29
Total All Accounts	$11,723,118	100.00%

Source: City of Atwater.
(1) In the case of multi-family residential customers (apartment buildings and trailer parks), multiple accounts may be billed to a single customer.

Winton Sanitary District. Under an Agreement for Connection of Sewage Disposal Facilities and Exercise of Joint Powers dated March 6, 1978, between the Winton Water and Sanitary District ("Winton") and the City, Winton initially agreed to discharge all its sewage to the Wastewater System. Winton and the City entered into a new Wastewater Treatment Agreement on July 22, 2013 (the "2013 Winton Agreement"), following the opening of the Treatment Plant, and which new agreement superseded all prior agreements between the two entities. The term of the 2013 Winton Agreement is 10 years and it shall be renewed automatically for successive one-year terms unless one party thereto gives notice of termination at least 360 days prior to the end of the term or the end of any one-year extension. Either party to the 2013 Winton Agreement may also terminate the Agreement for a material breach that has not been corrected or remedied by other party within 180 days of written notice of breach.

The an unincorporated community of Winton does not currently own any wastewater treatment facilities meeting the current standards set by the State Water Board and the Central Valley Regional Water Board. Pursuant to the 2013 Winton Agreement, Winton owns a right to discharge up to 1.0 mgd average annual flow and 2.0 mgd peak hour flow to the Wastewater System for treatment. As of July 2013, Winton discharged a daily average of approximately 0.65 mgd, which amounted to approximately 20% of the average daily flow into Treatment Plant at that time.

The amounts paid by Winton to the City pursuant to the 2013 Winton Agreement consist of the following: (i) operations and maintenance costs for Winton's proportional share (approximately 20%) of use of the Treatment Plant, pump station, dual force mains, and the land occupied by the aforementioned components, (ii) Winton's proportional share (approximately 20%) of the costs of any future facilities capital projects that are needed to meet the discharge requirements set by the State Water Board and the Central Valley Regional Water Board, (iii) a charge for administration of up to six percent of the City's annual cost under the Veolia Operating Agreement, and (iv) Winton's proportional share (approximately 20%) of the Debt Service Payments. The amounts paid by Winton are not variable charges, based on wastewater effluent discharged from the Winton collection system.

U.S. Penitentiary. The Wastewater System has provided sewer utility service to the U.S. Penitentiary via a dedicated connection pipeline since late 2000 pursuant to a federal contract between the City and the Federal Bureau of Prisons dated February 25, 2000. The Federal Bureau of Prisons pays the City (i) an annual flat fee for wastewater treatment and (ii) an annual sewer line maintenance charge, both of which charges shall be adjusted by the Department of Labor's consumer price index, under a ten year contract with the City that ends in 2025. The U.S. Penitentiary does not have access to any other wastewater treatment facilities meeting the current standards set by the State Water Board and the Central Valley Regional Water Board.

The U.S. Penitentiary opened in 2001 as a high-security United States federal prison for male inmates with a minimum-security satellite camp on land formerly part of Castle Air Force Base. The prison currently houses approximately 1,172 inmates at various security levels. The prison is operated by the Federal Bureau of Prisons, a division of the United States Department of Justice. The amounts paid by the Federal Bureau of Prisons for service at the U.S. Penitentiary are not variable charges, based on wastewater effluent discharged from the U.S. Penitentiary collection system, and the amounts are not impacted by the number of inmates housed or staff members employed there.

Castle Airport. The Wastewater System also serves the property that formerly served as Castle Air Force Base pursuant to an Agreement for the Provision of Wastewater Treatment for the Castle Airport Aviation and Development Center, entered into in 2002, by and between the City and Merced County (the "2002 Castle Agreement"). Pursuant to the 2002 Castle Agreement, Merced County assumed the obligations of the prior Castle Joint Powers Authority under a Sewer Service Agreement between the City and the Castle Joint Powers Authority dated July 27, 1995. The term of the 2002 Castle Agreement was 14 years, ending in 2016. However, the property that formerly served as Castle Air Force Base (the "Castle Area") does not have access to any other wastewater treatment facilities meeting the current standards set by the State Water Board and the Central Valley Regional Water Board. The Wastewater System continues to provide service to the Castle Area and the County continues to pay for such service, all pursuant to the terms of the 2002 Castle Agreement. The County and the City will reopen negotiations regarding the terms of wastewater service to the Castle Area later in 2017 or in 2018, following the sale of the Bonds and the preparation of a new wastewater system rate study for the Wastewater System in 2018, among other events.

Pursuant to the 2002 Castle Agreement, the Castle Area is entitled to discharge up to 64,600 gallons per day average daily flow to the Wastewater System for treatment. As compensation for providing such sewer service, the County pays sewer service charge comprised of: (i) Treatment Plant replacement costs; (ii) Treatment Plant operation costs; (iii) the fair share costs for maintenance and replacement costs for lines and lift stations carrying

County flows from the Castle Area; and (iv) plant maintenance costs all as shown on the City's 1988 Revenue Program as approved for grant funding and grant compliance. The amounts paid by the County for the Castle Area service are not variable charges, based on wastewater effluent discharged from the Castle Area collection system.

The following table sets forth five-year audited history of actual Wholesale Customer contract revenues.

TABLE 5
CITY OF ATWATER
WHOLESALE CUSTOMER WASTEWATER SYSTEM CONTRACT REVENUES
(Fiscal Years 2012-13 through 2016-17)

Type	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Winton Sanitary District	$1,631,473	$1,180,522	$1,403,784	$1,236,766	$1,175,674
U.S. Penitentiary	970,501	1,100,516	1,207,515	1,279,383	1,087,858
Castle Airport	80,779	90,706	93,869	42,079[(1)]	35,870[(1)]
Total	$2,682,753	$2,371,744	$2,705,168	$2,370,405	$2,299,402

Source: City of Atwater.
(1) In Fiscal Year 2015-16, the meters measuring the amounts of effluent transmitted to the Wastewater System from the Castle Area failed and the Castle Area was charged a flat fee for service. Such condition continued through Fiscal Year 2016-17.

Wastewater System Rates

In accordance with California law, the City may, from time to time, fix, alter or change fixed monthly system access fees, commodity charges and other fees related to the Wastewater System. The City has the authority to establish charges for sewer service without the approval of any other governmental agency. It can terminate service to delinquent customers, require full payment of delinquent accounts, and impose reconnection fees to resume service.

The City staff periodically determines the adequacy of the Wastewater System rate structure after full consideration of expected operations, maintenance and capital costs. In accordance with City policy, operating surpluses may be added to Wastewater System unrestricted reserves, or returned to ratepayers through mitigation of future rate increases.

See "RISKS FACTORS – Proposition 218" herein for a discussion of the treatment of the City's rates and charges in light of Proposition 218.

In 2007, the City prepared a comprehensive Wastewater System rate study (the "2007 Wastewater System Rate Study"). The rate increases suggested by the 2007 Wastewater System Rate Study were presented to the City Council and approved pursuant to the procedural requirements of Proposition 218 on October 8, 2007. Pursuant to the 2007 Wastewater System Rate Study, Wastewater System rates currently increase by the annual change in the Department of Labor's consumer price index for all urban consumers. Copies of the 2007 Wastewater System Rate Study may be obtained from the City's Finance Director at 750 Bellevue Road, Atwater, California 95301.

The following table sets forth a five-year history of actual Wastewater System rate increases.

TABLE 6
CITY OF ATWATER
HISTORICAL AVERAGE WASTEWATER SYSTEM RATE INCREASES FOR ALL CUSTOMER CLASSES
(Fiscal Years 2013-14 through 2017-18)

Fiscal Year	Percent Increase
2013-14	1.7%
2014-15	2.1
2015-16	0.0
2016-17	1.0
2017-18	1.9

Source: City of Atwater.

The City has engaged the services of Raftelis Financial Consultants, Inc. to prepare a new Wastewater System rate study in 2018 following the sale of the Bonds (the "2018 Rate Study"). [SHOULD WE ADD LANGUAGE DESCRIBING THE STATUS OF THIS STUDY AND EXPECTED COMPLETION?]

Sewer service charges for the City currently consist of (i) flat monthly charges applicable to all residential and certain commercial customers and (ii) variable charges, based on wastewater effluent discharged, applicable to commercial and light industrial customers only. The current sewer rate structure is set forth below.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 7
CITY OF ATWATER
WASTEWATER SYSTEM RATES
(As of July 1)

Type	Class	2015	2016	2017
Residential[1]	1	$71.25	$71.96	$73.33
Commercial[2]	1	57.41	57.98	59.09
Commercial[3]	2	7.41	7.48	7.63
Commercial[3]	3	22.04	22.26	32.68
Commercial[3]	4	10.00	10.10	10.29
Commercial[2]	5	57.41	57.98	59.09
Commercial[2]	6	45.97	46.43	47.30
Commercial[3]	7	21.98	22.20	22.62
Commercial[3]	8	7.67	7.75	7.89
Institutional[3]	1	8.46	8.55	8.71
Institutional[3]	2	7.54	7.62	7.76
Institutional[3]	3	7.40	7.48	7.62
Institutional[3]	1	1.24	1.25	1.28
Institutional[3]	2	1.18	1.19	1.21
Industrial[4]	1	.45	.45	0.46
Industrial[4]	2	2.61	2.63	2.68
Industrial[5]	1	1.18	1.19	1.21
Industrial[5]	2	.45	.45	0.46
Miscellaneous[3]		5.97	6.03	6.15

Source: Raftelis Financial Consultants, Inc.; City of Atwater.
(1) Per Dwelling Unit.
(2) Per Unit.
(3) Per 1,000 gallons.
(4) Biochemical Oxygen Demand (BOD) per pound.
(5) Total Suspended Solids (TSS) per pound.

Wastewater System Connection Fees

The City has established its Wastewater System connection charges pursuant to Ordinance No. CS 824, adopted on April 28, 2003. Connection charges are anticipated to adjust in the future as a result of the completion of the 2018 Rate Study. The current schedule for connection fees is set forth below.

TABLE 8
CITY OF ATWATER
SCHEDULE OF CONNECTION FEES
(Fiscal Year 2017-18)

Fees for tapping into the Wastewater System shall be $400.00 plus the following:

Type of Development	Fee
Residential Users:	
Single family residential (very low and low density)	$3,667
Mobile homes	3,312
Medium/high density residential	3,312
Commercial users:	
Stores and offices	
- For the first 1,000 sq. ft. building area	1,576
- Per 1,000 sq. ft. thereafter	1,288
Laundry facilities & car washes[1]	1,576 + 100/washing machine
Mortuaries[1]	1,576
Recreational vehicles, per pad	1,576
Restaurants and coffee shops[1]	1,576
Bars and beauty parlors[1]	1,576
Institutional users:	
Hospitals[1]	1,576
Convalescent hospitals & rest homes[1]	1,576
Schools[1]	1,576
Churches per 1,000 sq. ft. excluding sanctuary	1,576
Industrial classifications:	To be individually determined from discharge characteristics
Miscellaneous classifications:	
City users (butcher shops, bakeries, etc.)	576
Government facilities equivalent to residential unit	3,667

Source: City of Atwater.
(1) Per 1,000 sq. ft. building area.

During the period beginning January 1, 2008 and ending December 31, 2013, the number of new connections to the Wastewater System increased by only eleven residential connections and one commercial connection. In calendar year 2014, the City added 39 new residential Wastewater System customers and one new commercial Wastewater System customer. In calendar year 2015, the City added 112 new residential Wastewater System customers and one new commercial Wastewater System customer. In calendar year 2016, the City added 101 new residential Wastewater System customers and one new industrial

warehouse Wastewater System customer. In 2017, the number of new connections to the Wastewater System increased by 81 residential and one commercial connection. Additional growth may result from modest growth activity in housing, including completion of single family residences on the City's current 240 buildable lots at a rate of 40 to 50 homes per year, and from commercial projects, including the Ferrari Ranch Project. The following table below sets forth the historical annual revenues from connection fees.

TABLE 9
CITY OF ATWATER
WASTEWATER SYSTEM CONNECTION FEE REVENUE
(Fiscal Years 2011-12 through 2016-17)

Fiscal Year	Connection Fee Revenue
2011-12	$77,147
2012-13	13,186
2013-14	121,118
2014-15	318,053
2015-16	333,961
2016-17[1]	346,143
2017-18[2]	

Source: City of Atwater.
(1) Unaudited, actual.
(2) Estimated, based on inflows between _____, 2017 and _____, 2018.

The following table sets forth a comparison of average monthly bill for a single family residential unit with a 4" average residential connection in the City to those of surrounding communities.

TABLE 10
CITY OF ATWATER
WASTEWATER SYSTEM AVERAGE MONTHLY BILL COMPARISON[1]
(Fiscal Year 2017-18)

Community	Average Monthly Bill
City of Atwater	$71.96
City of Fresno	25.75
City of Gustine	24.76
City of Livingston	43.62
City of Newman	37.32
City of Modesto	33.76
City of Madera	29.74

Source: City of Atwater.

The City anticipates reviewing its rates periodically, and changing rates as future needs of the Wastewater System demand. See "—Wastewater System Rates" above.

Billing and Collection Procedures

Billing Procedure. All Wastewater System fees and charges are billed on a monthly basis, in a combined bill with charges for the City's water system and garbage collection system. All accounts are due and payable upon receipt. New accounts are required to guarantee payment of utility bills by payment of an advance billing fee which is equal to the amount of the monthly service fees for water, sewer, and refuse for one month. The deposit may be applied to the bill after one year of good credit with the City, upon the customer's request, or refunded upon termination of services. The amount of any bill paid in part shall be allocated pro rata across all of such customer's City utilities consumed.

If Utility bills are not paid within 30 days of the billing, the utility services shall be subject to discontinuance after notice to customer. Delinquent notices, which will include a $2.00 handling fee, will be sent 30 days from the date of billing. The City's Director of Public Works is authorized to shut off the water service of any customer who has an unpaid balance, in the case of metered water customers, after 25 days and, in the case of flat rate water customers, after 45 days. Wastewater service is not usually shut off, however such service is greatly reduced as a result of water service cutoff. Before service to such customer shall be resumed, the customer must pay any unpaid City utility bill, all associated delinquent fees, a $20 service dispatch fee, and a new advance billing fee (described above).

All delinquent charges may constitute a lien upon the real property served (except publicly owned property and rental properties) when recorded as provided in the California Government Code, and such liens continue until the charges and all penalties thereon are fully paid, or the property is sold in satisfaction of the lien.

Delinquent Fees and Charges. For the last five Fiscal Years the City's delinquencies with respect to the Wastewater System have not exceeded 2.5% of annual Wastewater System billings. The City has not had any material charges considered uncollectible in the past several years.

Impact of Drought, 2012 through 2017

California recently experienced a historic, five-year drought, lasting from 2012 through early 2017, which was one of the worst droughts on record for the State. Despite the fact that water usage within the City and by the Wholesale Customers dropped as the result of Governor Brown's drought state of emergency conservation standards and mandates, the Wastewater System's Gross Revenues remained stable, and even rose, during the recent drought years. 86.64% of Wastewater System Gross Revenues are generated by customers paying for service on a flat fee basis. The City currently has no plans to increase the percentage of Wastewater System revenues generated on a variable, commodity-based basis. See also "RISK FACTORS – Drought" herein.

WASTEWATER SYSTEM FINANCIAL INFORMATION

Financial Statements

Attached as APPENDIX C are the audited financial statements of the City (the "Financial Statements") for Fiscal Year 2015-16, which include financial statements for the Wastewater System, prepared by the City Department of Finance and audited by JJACPA, Inc., Dublin, California (the "Auditor"). The City expects to approve its Fiscal Year 2016-17 audited financial statements by _____, 2018.

The Auditor's letter concludes that all the Financial Statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Financial Statements should be read in their entirety. The City has not requested nor did the City obtain permission from the Auditor to include the Financial Statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City. In addition, the Auditor has not reviewed this Official Statement.

Wastewater System Accounting

The Wastewater System is accounted for as the City's Wastewater Fund, with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The City's Wastewater System funds are used to account for operations (a) that are financed and operated in a manner similar to private business Wastewater Systems--where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through customer charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City uses the accrual basis of accounting for its "proprietary funds," including the Wastewater Fund. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The "measurement focus" used to identify which transactions and events should be recorded in the respective funds is the flow of all economic resources measurement focus. All assets and liabilities associated with the operations of each respective fund are included in the balance sheet. Fund equity (net total assets) consists of contributed capital and retained earnings. In accordance with Governmental Accounting Standard Board ("GASB") Statement No. 20, entitled "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the City applies all GASB Opinions and Accounting Research Bulletins issued on or before November 30, 1989.

See "APPENDIX C" for a more complete summary of the City's accounting policies.

Wastewater Fund Budgets and Budgetary Accounting

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for each of the General Fund, Measure H Special Revenue Fund, Water Enterprise Fund, Wastewater System Fund, and the Sanitation Enterprise Fund. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each Fiscal Year via a mid-year budget process. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The level at which expenditures may not legally exceed appropriations is therefore established at the department level.

On or before the first day between February and March of each year, all departments of the City submit requests for appropriations to the City Manager and/or Finance Director so that a budget may be prepared on or by May 15, and the proposed budget is presented to the City's Council for review. The Council holds public hearings and a final budget must be prepared and consider for adoption by June 30th. The City's budget for Fiscal Year 2017-18 was adopted by the City Council on August 14, 2017.

Revenues, Expenses and Changes in Fund Net Position

A five-year history of revenues, expenditures and changes in fund net position for the Wastewater Fund, together with revenues, expenditures and changes in fund net position for the Wastewater Fund for the most recently completed Fiscal Year, is presented, in the same form presented in the Supplemental Schedule to the City's Financial Statements, in the table below. See "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR 2015-16 – Supplemental Schedule" herein.

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TABLE 11
CITY OF ATWATER
WASTEWATER FUND
History of Revenues, Expenses and Changes in Fund Net Position
(Fiscal Years 2012-13 through 2016-17)

	Audited FY 2012-13	Audited FY 2013-14	Audited FY 2014-15	Audited FY 2015-16	Unaudited, Actual FY 2016-17
GROSS REVENUES					
Service Charges	$10,626,427	$10,924,159	$11,315,036	$11,127,331	$11,778,118
Connection Fees	13,186	121,118	211,360	333,961	346,143
Total Charges for Services	10,639,613	11,045,277	11,526,396	11,461,292	12,124,261
Interest Earnings	51,743	4,417	2,371	29,124	87,359
Other Revenues	285	33,660	34,878	9,371	--
Total Interest Earnings and Other Revenues	52,028	38,077	37,249	38,495	87,359
TOTAL GROSS REVENUES	**$10,691,641**	**$11,083,354**	**$11,563,645**	**$11,499,787**	**$12,211,620**
OPERATION AND MAINTENANCE EXPENSES					
Personnel Costs	$993,544	$428,043	$404,937	$472,880	$567,616
Materials and Supplies[1]	55,924	72,012	149,525	154,238	96,687
Professional Services[2]	1,142,650	1,377,034	1,388,077	1,515,931	1,613,799
Wastewater Treatment Plant Mgmt. Service (Veolia Operating Agreement)	1,047,095	1,721,885	2,255,545	1,886,743	1,997,668
Other Expenses[1], [3]	466,521	488,573	415,205	436,453	490,458
TOTAL OPERATION AND MAINTENANCE EXPENSES	**$3,705,734**	**$4,087,547**	**$4,613,289**	**$4,466,245**	**$4,766,228**
NET REVENUE	**$6,985,907**	**$6,995,807**	**$6,950,356**	**$7,033,542**	**$7,445,392**
PARITY OBLIGATION DEBT SERVICE					
2008 Installment Payments	1,346,156	1,347,931	1,348,806	1,347,856	1,348,781
2010 Installment Payments[4]	3,247,230	3,244,030	3,245,030	3,244,030	3,245,030
2011 Installment Payments[4]	681,750	683,000	684,100	683,100	683,700
TOTAL PARITY OBLIGATION DEBT SERVICE	**$5,275,136**	**$5,274,961**	**$5,277,936**	**$5,274,986**	**$5,277,511**
NET REVENUE AFTER PAYMENT OF PARITY OBLIGATION DEBT SERVICE	**$1,710,771**	**$1,720,846**	**$1,672,420**	**$1,758,556**	**$2,167,881**
PARITY OBLIGATION DEBT SERVICE COVERAGE, BASED ON GROSS REVENUES	**2.03x**	**2.10x**	**2.19x**	**2.18x**	**2.31x**
PARITY OBLIGATION DEBT SERVICE COVERAGE, BASED ON NET REVENUES	**1.32x**	**1.33x**	**1.32x**	**1.33x**	**1.41x**

Source: City of Atwater.
Note: This schedule was prepared on the cash basis of accounting.
(1) Includes entries for both Wastewater Fund and Treatment Plant. Capital expenditures are funded by transfers from Sewer enterprise capital fund.
(2) Includes communications, utilities, memberships, subscriptions, travel, conferences, meetings, training, rents, leases and miscellaneous.
(3) Includes equipment, streets, water, parks and building expenses.
(4) Redeemed with proceeds of the 2017A Bonds.

Projected Revenues and Expenses

The following presents a five-year summary of projected revenues and expenses of the Wastewater System, together with corresponding coverage ratios, in the same form presented in the Supplemental Schedule to the City's Financial Statements. See "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR 2015-16 – Supplemental Schedule" herein. These projections are based upon the City's current rates, current circumstances and available information that the City believes to be reasonable. The assumptions may be affected by numerous factors and there can be no assurance that such projections will be achieved. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material. See "RISKS FACTORS."

The City may issue additional obligations which are secured by a pledge of the Gross Revenues on parity with the Bonds and the 2017A Bonds. Estimated debt service on any future series of bonds is not included in the projections shown below.

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TABLE 12
CITY OF ATWATER
WASTEWATER FUND
Summary of Projected Revenues and Expenses*
(Fiscal Years 2017-18 through 2021-22)

[UPDATE TO COME]

	FY 2017-18[1]	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
GROSS REVENUES					
Service Charges[2]	$11,895,437	$12,014,391	$12,134,535	$12,255,880	$12,378,439
Connection Fees[2]	349,604	353,100	356,631	360,198	363,800
Total Charges for Services	12,245,041	12,367,491	12,491,166	12,616,078	12,742,239
Interest Earnings[3]	32,528	32,853	33,182	33,514	33,849
Other Revenues					
Total Interest Earnings and Other Revenues	32,528	32,853	33,182	33,514	33,849
TOTAL GROSS REVENUES	**$12,277,569**	**$12,400,345**	**$12,524,348**	**$12,649,592**	**$12,776,088**
OPERATION AND MAINTENANCE EXPENSES					
Personnel Costs[4]	497,983	520,393	543,810	568,282	593,854
Materials and Supplies[5], [6]	97,973	100,912	103,939	107,057	110,269
Professional Services[6], [7]	1,416,476	1,458,970	1,502,739	1,547,821	1,594,256
Wastewater Treatment Plant Mgmt. Service (Veolia Operating Agreement)[6]	2,050,653	2,112,172	2,175,538	2,240,804	2,308,028
Other Expenses[5], [8]	505,662	521,338	537,499	554,162	571,341
TOTAL OPERATION AND MAINTENANCE EXPENSES	**$4,568,746**	**$4,713,784**	**$4,863,525**	**$5,018,125**	**$5,177,747**
NET REVENUE	**$7,708,823**	**$7,686,561**	**$7,660,823**	**$7,631,466**	**$7,598,340**
2017A Bonds[9]	3,512,853	3,311,338	3,314,588	3,315,588	3,309,338
The Bonds[10]					
TOTAL PARITY OBLIGATION DEBT SERVICE	**$**	**$**	**$**	**$**	**$**
NET REVENUE AFTER PAYMENT OF PARITY OBLIGATION DEBT SERVICE	**$**	**$**	**$**	**$**	**$**
PARITY OBLIGATION DEBT SERVICE COVERAGE, BASED ON GROSS REVENUES	**x**	**x**	**x**	**x**	**x**
PARITY OBLIGATION DEBT SERVICE COVERAGE, BASED ON NET REVENUES	**x**	**x**	**x**	**x**	**x**

Source: City of Atwater.
Note: This schedule was prepared on the cash basis of accounting.
(1) FY 2017-18 revenue, expense, and non-operating revenue (expenses) projected from unaudited Fiscal Year 2016-17 numbers
(2) Assumes that rates and fees increase by 1%, as an approximation of the annual change in the Department of Labor's consumer price index for all urban consumers. See"- Wastewater System Rates, Historical and Current Wastewater System Rate Increases" above. Reflects revenues of and new connections affecting the Winton Sanitary District, Castle Area and U.S. Penitentiary. See " – Active Wastewater System Accounts" above.
(3) Assumes that interest rates on Wastewater Fund cash holdings remain 1% per year through the five-year projection period

* Preliminary, subject to change.

(4) Assumes that blended salary and benefits expenses increase by 4.5% annually through the five-year projection period.
(5) Includes entries for both Wastewater Fund and Treatment Plant. Capital expenditures are funded by transfers from Wastewater enterprise capital fund.
(6) Assumes general cost inflation of 3% annually through the five-year projection period.
(7) Includes communications, utilities, memberships, subscriptions, travel, conferences, meetings, training, rents, leases and miscellaneous.
(8) Includes equipment, streets, water, parks and building expenses.
(9) To be redeemed with proceeds of the Bonds.
(10) Estimated debt service payments assuming the Bonds are issued in the aggregate principal amount of $_____ and at a true interest cost of _____% per annum.

Historical Audited Balance Sheets Statement of Net Assets

The following table sets forth the statement of net assets for the Wastewater Fund for the last four Fiscal Years.

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TABLE 13
CITY OF ATWATER
WASTEWATER FUND
Historical Audited Balance Sheets Statement of Net Assets
(Fiscal Years 2013-14 through 2016-17)

ASSETS	**Audited FY 2013-14**	**Audited FY 2014-15**	**Audited FY 2015-16**	**Unaudited, Actual FY 2016-17**
CURRENT ASSETS:				
Cash and Investments	$2,548,595	$4,428,260	$5,679,131	$8,962,030
Restricted Cash and Investments	5,806,295	5,806,295	5,806,604	609,465
Accounts Receivable	957,836	755,046	795,259	983,164
Interest Receivable	58	198	2,097	8,729
Inter-fund transfers from other funds	7,855,992	7,953,652	7,421,128	6,252,369
Prepaid Expenses	143,561	145,715	148,046	148,194
TOTAL CURRENT ASSETS	17,312,337	19,089,166	19,852,265	16,963,951
NONCURRENT ASSETS:				
Capital assets, net	82,736,708	82,838,638	82,234,757	81,404,987
TOTAL NONCURRENT ASSETS				
TOTAL ASSETS	$100,049,045	$101,927,804	$102,087,022	$98,368,938
DEFERRED OUTFLOW OF RESOURCES				
LIABILITIES				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses	$127,541	$1,057,761	$366,610	680,090
Accrued Payroll	17,057	8,939	13,708	18,035
Accrued interest payable	678,823	670,419	661,664	652,561
Inter-fund transfers to other funds	--	--	--	--
Deposits	61,005	65,450	61,005	56,938
Compensated Absences	8,476	3,193	2,301	2,623
Current Portion of Long Term Debt	1,134,218	1,254,447	1,306,132	1,306,132
TOTAL CURRENT LIABILITIES	2,027,120	3,060,209	2,411,420	2,716,379
NON-CURRENT LIABILITIES:				
Compensated Absences	--	6,577	9,269	12,455
Non-Current Portion of Long Term Debt	78,844,208	77,880,952	76,645,048	75,412,533
TOTAL NONCURRENT LIABILITIES	78,844,208	77,887,529	76,654,317	75,424,988
TOTAL LIABILITIES	$80,871,328	$80,947,738	$79,065,737	$78,141,367
DEFERRED INFLOW OF RESOURCES				
NET POSITION				
Net investment in capital assets	3,892,500	4,957,686	5,589,709	5,992,454
Restricted	5,806,295	5,806,295	5,806,604	609,465
Unrestricted	9,478,922	10,216,085	11,624,972	13,670,776
TOTAL NET POSITION	$19,177,717	$20,980,066	$23,021,285	$20,272,695
TOTAL LIABILITIES AND NET POSITION	$100,049,045	$101,927,804	$102,087,022	$98,414,062

Source: City of Atwater.

Wastewater Fund Financial Reserves

The City has not adopted a reserve policy for the Wastewater Fund. The City maintains financial operating reserves within the Wastewater Fund, which may be used for Wastewater Fund expenditures during years of unanticipated shortfalls in revenue as the result of reduced sewer service sales. The City currently maintains a Wastewater Fund general operating reserve in an amount exceeding two years' of Operation and Maintenance Expenses. The City also currently maintains a Wastewater System capital improvement reserve fund

Going Concern and Inter-fund Transfers

Two major sources of revenue to the City's General Fund are property tax and sales tax. Both of these areas were significantly impacted by the economic downturn that began in 2008. The effects of the housing downturn and financial market decline reduced the City's General Fund revenue base. This situation was further impacted by State action which reduced local revenues such as motor vehicle license fees and eliminated redevelopment agencies. Rising labor costs through collective bargaining agreements and accounting changes such as reporting OPEB (defined below) obligations further contributed to the structural imbalance.

On October 3, 2012, the City Council held a public meeting and voted to declare a common law fiscal emergency, which gave the City the power to terminate otherwise fixed contracts, including collective bargaining agreements. In November 2012, the City Council closed all discussions related to (i) possible confidential mediation process with creditors pursuant to the State's A.B. 506 process and (ii) any Chapter 9 bankruptcy filing. In response to the declaration of fiscal emergency and in order to relieve the structural imbalances within certain of its funds, the City, among many other actions, implemented a five-year water service rate package that increased rates for typical users by 40% for Fiscal Year 2013-14, followed by additional increases of 15% annually through Fiscal Year 2017-18. Further, the City implemented a sanitation service rate increase that increased rates by 63% for Fiscal Year 2013-14, followed by 6-7% annual increases through Fiscal Year 2017-18. In March 2013, voters approved a 10-year one-half-cent sales tax ("Measure H") restricted for public safety spending. While Measure H funds were not expected to increase General Fund reserve levels, the funds have improved cash flow and reduced what otherwise could have been significant wage pressure.

[UPDATE AS PER 2016-17 AUDIT FINDINGS: In preparing the Financial Statements for Fiscal Year 2015-16, the Auditor continued to assume that there was substantial doubt that the City would be able to continue as a going concern because the General Fund and Sanitation Enterprise Fund each continued to suffer recurring deficits from operations. The Financial Statements for Fiscal Year 2015-16 describe City management's ongoing efforts to resolve such deficits, including (i) the adoption of a balanced General Fund budget for Fiscal Year 2016-17, (ii) reductions in the cost of employee salaries and benefits, including reductions resulting from furlough days, (iii) the implementation of layoffs and an early retirement program, and (iv) increases to certain fees and additional increases to water service and sanitation service rates. For further information about the Auditor's going concern opinion, see "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR 2015-16 – Notes to Basic Financial Statements, Note 16, Management's Plan of Operations" herein. In addition to these efforts, in 2017 the City refinanced the City's former Redevelopment Agency's 1998A, 2007A and 2008B (Taxable) Tax Allocation Bonds, thereby causing some additional property tax revenues to flow to the General Fund.]

In an action that strengthened the Wastewater Fund, which fund had remained solvent throughout the City's other financial difficulties, in February 2014, the City clarified its existing inter-fund advance and loan practices by the City Council's adoption of an Inter-fund Advance and Loan Policy. Pursuant to this policy, (i) short-term advances or loans between City funds for short-term cash flow needs (expected to be repaid within ninety days after the end of the current fiscal year) must be approved in advance in writing by the City Manager, (ii) advances or loans between City funds which will not be repaid within ninety days after the end of the current fiscal year must be approved in advance by the City Council, and (iii) advances or loans between City funds which are not initially expected to extend beyond ninety days after the end of the current fiscal year but which extend beyond this period must be approved by the City Council as soon as it is determined that the term of the loan or advance will extend beyond the fiscal year. The write-off or cancellation of all inter-fund advances or loans must be approved in advance by the City Council. Each advance or loan approved by the City Manager or City Council will be documented in writing, and records thereof will include, among other things, a payment schedule.

In July 2014, the City Council approved three inter-fund loans from the Wastewater Fund as follows: (i) $1,495,314 loaned to the City's Water Enterprise Fund (the "Water Loan"), to be repaid over a period of ten years, bearing an annual interest rate of 0.251%, (ii) $4,188,696 loaned to the City's Sanitation Enterprise Fund (the "Sanitation Loan"), to be repaid over a period of seven years, bearing an annual interest rate of 0.251%, and (iii) $2,966,199 loaned to the City's General Fund (the "General Fund Loan"), to be repaid over a period of fifteen years, bearing an annual interest rate of 0.251%. As of July 1, 2017, (i) the Water Loan was outstanding in the amount of $1,046,719.80, (ii) the Sanitation Loan was outstanding in the amount of $2,393,540.57, and (iii) the General Fund Loan was outstanding in the amount of $2,372,959.20. Each of the Water Enterprise Fund, Sanitation Enterprise Fund and the General Fund has made each of its respective payments due on each of the outstanding inter-fund loans as such payments have become due.

The City will not be required to advance any moneys derived from the General Fund or any other source of income other than Gross Revenues legally available therefor in the Revenue Fund and the other funds provided in the Indenture for the payment of the Debt Service Payments. Furthermore, by no later than September 30, 2018, the City will not commingle the Revenue Fund or any Gross Revenues (including for investment purposes) or any interest or investment income earned on the Revenue Fund either prior to or after their deposit in the Revenue Fund, with any of its other City funds, including but not limited to, its General Fund, its Water Enterprise Fund, and its Sanitation Enterprise Fund, or with any of their respective assets or accounts. See "SECURITY FOR THE BONDS - Segregation of Revenue Fund" above.

Subordinate Wastewater System Indebtedness

Immediately after the issuance of the Bonds and the defeasance of the Prior Obligation, the 2017A Bonds will be the only indebtedness secured by Gross Revenues on a parity basis with the Bonds. See "INTRODUCTION - Security for the Bonds" herein.

The City has entered into a subordinate lease agreement, as lessee, for financing the acquisition of a Vac-Con Sewer and Storm Drain Cleaner valued at $365,560. The interest rate on the lease is 2.40%. Title to these assets reverts to the City after payment of the minimum lease payments.

TABLE 14
CITY OF ATWATER
SEWER WASTEWATER SYSTEM CAPITAL LEASE PAYMENTS

[UPDATE IF NEW AUDIT AVAILABLE]

Year Ending June 30,	Principal	Interest
2018	$73,640	$14,708
2019	75,408	12,768
TOTAL	$149,048	$27,476

Source: City of Atwater.

Insurance

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (the "CSJVRMA"). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first $1,000,000 of each general liability claim and $500,000 of each worker's compensation claim through the CSIVRIVIA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under $50,000 and workers' compensation losses under $100,000. The CSJVRMA purchases excess reinsurance from $1,000,000 to $15,000,000. The CSJVRMA participates in an excess pool which provides Workers' Compensation coverage from $500,000 to $4,500,000 and purchases excess reinsurance above $5,000,000 to the statutory limit.

Retirement Systems

Pension Benefits. *The following information regarding CalPERS, the Miscellaneous Classic Plan, and the Miscellaneous PEPRA Plan (as both are defined herein), other than the information provided by the City regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the City or the Underwriter.*

Full-time City employees, including the employees accounted for to the Wastewater System, are members of the California Public Employees' Retirement System ("CalPERS"). CalPERS acts as the common investment and administrative agent for participating public entities within the State of California, providing retirement benefits, annual cost-of-living adjustments, and death benefits to employee plan members and their beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. CalPERS operates a number of retirement plans, including the CalPERS 3% at 60 Risk Pool Retirement Plan (the "Miscellaneous Classic Plan") and the CalPERS 2% at 62 Risk Pool Retirement Plan (the "Miscellaneous PEPRA Plan"), which are two of the multiple-employer defined benefit retirement plans in which the City participates and which are the plans applicable to employees accounted for to the Wastewater System. Employees participating in

such defined benefit retirement plans generally become fully vested in their retirement benefits earned to date after five years of credited service. Currently three employees of the Wastewater System participate in the Miscellaneous Classic Plan and three employees of the Wastewater System participate in the Miscellaneous PEPRA Plan.

Contributions by employer members to the defined benefit retirement plans are based upon actuarial rates determined annually, and contributions by members may vary based upon their date of hire. The City is currently required to contribute to CalPERS with respect to the Miscellaneous Classic Plan at an actuarially determined rate, which is 55.357% of eligible salary expenditures for fiscal year 2017-18. The employee participants' portion of contributions with respect to the Miscellaneous 3% Classic Plan is 8% of eligible salary expenditures, none which is paid by the City on behalf of each eligible Miscellaneous Classic Plan employee. The City is currently required to contribute to CalPERS with respect to the Miscellaneous PEPRA Plan at an actuarially determined rate, which is 6.561% of eligible salary expenditures for fiscal year 2017-18. The employee participants' portion of contributions with respect to the Miscellaneous PEPRA Plan is 6.25% of eligible salary expenditures, none of which is paid by the City on behalf of each eligible Miscellaneous 3% Classic Plan employee.

[IS FINAL FY 2016-17 INFORMATION AVAILABLE?] In Fiscal Year 2015-16, the portion of the City's aggregate annual contribution to CalPERS accountable to the Wastewater System was $25,478.01, for Fiscal Year 2016-17 the portion of the City's aggregate annual contribution to CalPERS accountable to the Wastewater System is expected to be approximately $94,057, and for Fiscal Year 2017-18 the portion of the City's aggregate annual contribution to CalPERS accountable to the Wastewater System is budgeted to be approximately $84,851. In each such year such contributions were equal to 100% of the required contributions.

For further information about the City's contributions to CalPERS, see "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR 2015-16 – Notes to Basic Financial Statements, Note 11, Public Employees' Retirement System" herein.

CalPERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial report may be obtained from CalPERS from its executive office at P.O. Box 942703, Sacramento, California 94229-2703. Moreover, CalPERS maintains a website, at www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

CalPERS has a substantial statewide unfunded liability. The amount of this unfunded liability and its effects upon a given risk pool will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. In recent years, the Legislature of the State and the CalPERS Board of Administration (the "CalPERS Board") have each taken steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of CalPERS plans, including the Miscellaneous Classic Plan and the Miscellaneous PEPRA Plan.

On March 14, 2012, the PERS Board of Administration (the "PERS Board") voted to lower the CalPERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "CalPERS Discount Rate") from 7.75% to 7.5%. As one consequence of such decrease, the annual contribution amounts paid by CalPERS member public agencies, including the City, increased by 1 to 2% for miscellaneous plans and by 2 to

3% for safety plans beginning in Fiscal Year 2013-14. On December 21, 2016, the CalPERS Board voted to further, incrementally lower the CalPERS Discount Rate from 7.5% to 7.0%, beginning in the Fiscal Year 2018-19 for public agencies, as follows: (i) in Fiscal Year 2018-19 the rate shall be 7.375%, (ii) in Fiscal Year 2019-20 the rate shall be 7.25% and (iii) in Fiscal Year 2020-21 and thereafter the rate shall be 7.00%.

On September 12, 2012, the Governor of the State signed into law the California Public Employee's Pension Reform Act of 2013 ("PEPRA"), which makes changes to CalPERS, most significantly affecting new employees hired after January 1, 2013 (the "Implementation Date"). For non-safety CalPERS participants hired after the Implementation Date, including all Wastewater System employees hired thereafter, PEPRA changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among other changes, PEPRA also: (i) requires all new participants enrolled in CalPERS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires CalPERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date, and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

On April 17, 2013, the CalPERS Board approved new actuarial policies aimed at returning CalPERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The CalPERS Board delayed the implementation of the new actuarial policies until fiscal year 2015-16 for the State and all other public agencies and such policies have since been implemented as planned.

On February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State and all other public agencies.

Finally, on November 18, 2015, the CalPERS Board adopted a funding risk mitigation policy aimed to incrementally lower the CalPERS Discount Rate in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. Under the funding risk mitigation policy, a mechanism will be established to reduce the CalPERS Discount Rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing CalPERS Discount Rate (then 7.5 percent) by at least four percentage

points. The four percentage point threshold would work to offset increases to employer contribution rates that would otherwise increase when the discount rate is lowered, and help pay down CalPERS' unfunded liability. As of the date of the policy's adoption, CalPERS staff anticipated that the policy would result in a lowering of the expected portfolio volatility to 8 percent in about 21 years, improve funding levels gradually over time, and cut risk in the CalPERS system by lowering the volatility of investment returns. While rates are expected to increase for CalPERS employers in the future, the policy is designed to minimize any increases above projected rates.

The City can provide no assurances that its required contributions to CalPERS will not increase in the future as a result of the initiatives described above, or due to additional State of CalPERS Board action.

OPEB Benefits. [IS FINAL FY 2016-17 INFORMATION AVAILABLE? NEW ACTUARIAL REPORT?] The City provides post-employment healthcare benefits (the "OPEB") to qualifying retirees. The City does not determine the portion of its annual OPEB cost accountable to the Wastewater System, nor does it calculate the portion of its net long-term OPEB liability accountable to the Wastewater System at this time. The Wastewater System currently has six full-time budgeted employees (of 75 total full-time City employees), and ten retirees (of 58 total City retirees). In Fiscal Year 2015-16 the City's annual OPEB cost, accounted for as a liability of the City's General Fund, was $1,461,729, and such cost was funded on a pay-as-you-go basis. The City carried forward a net long-term OPEB liability, accounted for as a liability of the City's General Fund, as of June 30, 2016 of $6,846,851. The City's most recent actuarial report, accounting for its OPEB obligations as of June 30, 2015, was completed by Bartel Associates, LLC and submitted to the City on March 15, 2016. The City has adopted Governmental Accounting Standards Board Statement No. 45 with respect to its OPEB and reports annual OPEB costs based on actuarially determined, annually audited amounts that, if paid on an ongoing basis, will provide sufficient resources to pay these benefits as they come due.

For further information about the OPEB, see "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR 2015-16 – Notes to Basic Financial Statements, Note 12, Other Postemployment Benefits."

RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Bonds.

Wastewater System Demand and Growth

There can be no assurance that the local demand for the services provided by the Wastewater System will be maintained at levels described in this Official Statement. Reduction in the level of demand could require an increase in rates or charges in order to produce Gross Revenues and Net Revenues sufficient to comply with the City's covenants in the Indenture. Such rate increases could increase the likelihood of nonpayment, and could also further decrease Wastewater System customer demand. There can be no assurance that any other entity with regulatory authority over the Wastewater System will not adopt further restrictions on the operation thereof.

Wastewater System Expenses

There can be no assurance that Operation and Maintenance Expenses of the Wastewater System will be consistent with the levels described in this Official Statement. The Wastewater System is subject to federal, state and local regulatory requirements pertaining to drinking water quality and distribution, wastewater treatment and reuse, biosolids management, air quality, hazardous materials handling and waste management. Federal regulations are based upon provisions within the Safe Drinking Water Act, Clean Water Act, Clean Air Act, and Resource Conservation and Recovery Act. State and local regulations are prescribed by the California Air Resources Board, California Department of Toxic Substances Control, the State Water Board and the Regional Water Board. In the event that any of such regulatory entities should impose stricter quality standards upon the Wastewater System, its expenses could increase accordingly and rates and charges may have to be increased to offset those expenses. It is not possible to predict the direction which State and federal regulation will take with respect to wastewater treatment. Changes in treatment, transportation and other types of technology, increases in the cost of energy, increased or decreased development within the City, or other expenses could also reduce Net Revenues, and could require increases in rates or charges in order for the City to comply with the rate covenant in the Indenture. Rate increases could increase the likelihood of nonpayment by the Wastewater System customers, and could also decrease wastewater service demands within the City.

Concentration of Customers

The generation of Gross Revenues and Net Revenues are concentrated with certain major users in the City. The ten largest customers accounted for approximately 29.70% of Gross Revenues in Fiscal Year 2017-18, with the top three users accounting for 24.24% of total Gross Revenues. That said, the generation of Gross Revenues which secure payment of the Bonds may not be significantly adversely affected by any decline in use by these major customers. _____% of Gross Revenues are generated by customers paying for service on a flat fee basis. The City currently has no plans to increase the percentage of Gross Revenues generated on a variable, commodity-based basis, however such changes may be necessitated or desirable in future years. An increase in the number of variable rate-paying Wastewater System customers, coupled with a future drop in demand for sewer service by the Wastewater System's largest customers, could result in the amount of future Gross Revenues being less than projected, and the actual amount of Gross Revenues may be insufficient to provide for the

payment of the Debt Service Payments, the 2017A Bonds, and any additional then-outstanding indebtedness.

Parity Obligations

Although the City has covenanted not to issue additional obligations payable from Gross Revenues senior to the Debt Service Payments and the 2017A Bonds, the Indenture permits the issuance of certain indebtedness which may have a lien which is on a parity basis to the liens on Gross Revenues contained in the Indenture and in the 2017A Indenture, if certain conditions and coverage tests are met. These coverage tests involve, to some extent, projections of Gross Revenues. If such indebtedness is issued or incurred, the debt service coverage for the Debt Service Payments securing the Bonds will be diluted below what it otherwise would be subject to under the coverage tests. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Gross Revenues may be less than projected, and the actual amount of Gross Revenues may be insufficient to provide for the payment of the Debt Service Payments, the 2017A Bonds, and such additional indebtedness. See "SECURITY FOR THE BONDS - Parity Obligations" herein and "WASTEWATER SYSTEM FINANCIAL INFORMATION - Projected Revenues and Expenses" for a description of anticipated debt service coverage on the Parity Obligations currently expected to be incurred with respect to the Wastewater System.

Proposition 218

Proposition 218, a state ballot initiative known as the "Right to Vote on Taxes Act" was approved by California voters on November 5, 1996 and, except for certain provisions that became effective on July 1, 1997, became effective on November 6, 1996. Proposition 218 added Article XIIIC, entitled "Voter Approval of Local Tax Levies" ("Article XIIIC"), and Article XIIID, entitled "Assessment and Property Related Fee Reform ("Article XIIID"), to the California Constitution. Article XIIIC and Article XIIID limit the imposition by a local government of "general taxes," "special taxes," "assessments" and "fees" or "charges." The City is a local government within the meaning of Article XIIIC and Article XIIID.

Article XIIIC, provides, among other things, that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local fee or charge. This extension of the initiative power is not limited by the terms of Article XIIIC to fees and charges imposed after November 6, 1996 and, absent other authority, could result in retroactive reduction in existing fees and charges. Although the terms "fees" and "charges" are not defined in Article XIIIC, the California Supreme Court, in *Bighorn-Desert View Water Agency v. Kari Verjil; E.W. Kelley* (July 2006), has stated that there is no basis for excluding from Article XIIIC's authorization any of the fees subject to Article XIIID. If fees or charges charged or collected by the City for its Wastewater System are subjected to the initiative process and the outcome of any initiative proceedings results in a reduction or repeal of such fees or charges, respectively, the ability of the Wastewater System to generate Gross Revenues and Net Revenues sufficient to comply with the City's covenants under the Indenture may be adversely affected. Furthermore, if voters were to approve an initiative lowering the City's wastewater rates or other charges, the City would need voter approval before it could change the rate or charge that had been set by initiative. The City could, however, increase a charge that was not affected by initiative or to impose an entirely new charge without voter approval.

The California Supreme Court further stated in Bighorn that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states: "Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996 general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protection by Section 10 of Article I of the United States Constitution." Government Code Section 5854 appears to limit the voters' power to repeal or reduce Wastewater System fees and charges if such reductions would interfere with the City's payment of Debt Service Payments. If Government Code Section 5854 becomes the subject of a challenge, however, no guarantee can be made that the courts will agree with such interpretation.

Article XIIID prohibits the assessment upon any parcel of property or upon any person "as an incident of property ownership" (defined to exclude fees for the provision of electrical or gas service) by a local government of any tax, assessment, fee or charge except voter-approved *ad valorem* property taxes and special taxes, fees or charges as a condition of property development, and assessments and "fees or charges for property related services" levied or imposed in accordance with the provisions of Article XIIID.

Under Article XIIID, revenues derived from a "fee" or "charge" (defined as "any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including customer fees or charges for a property related service") may not exceed the funds required to provide the "property-related service" and may not be used for any purpose other than that for which the fee or charge was imposed. Further, the amount of a "fee" or "charge" may not exceed the proportional cost of the service attributable to the parcel, no "fee" or "charge" may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question, and no "fee" or "charge" may be imposed for general governmental service where the service is "available to the public at large in substantially the same manner as it is to the property owners."

In addition, in order for a "fee" or "charge" to be imposed or increased, Article XIIID provides that, among other things, the parcel upon which a fee or charge is proposed for imposition must be identified, the amount of the fee or charge proposed to be imposed on each such parcel must be calculated, written notice by mail of the proposed fee or charge must be provided to the "record owner" of each identified parcel, and a public hearing must be conducted upon the proposed fee or charge. If written protests against the proposed "fee" or "charge" are presented by a majority of owners of the identified parcels, the fee or charge may not be imposed. The California Supreme Court in Bighorn indicated that once a property owner or resident has paid the connection charges and has become a customer of a public water agency, all charges for water delivery incurred thereafter are charges for a property-related service, whether the charge is calculated on the basis of consumption or is imposed as a fixed monthly fee. Accordingly, the imposition or increase of any fee or charge by the City for wastewater service will be the subject of such a majority protest. If such a majority protest occurs, the ability of the Wastewater System to generate Gross Revenues and Net Revenues sufficient to comply with the City's covenants under the Indenture may be adversely affected.

Article XIIID states that, beginning July 1, 1997, all "fees" or "charges" must comply with its provisions. It is unclear how the provisions of Article XIIID will be applied to fees or charges established prior to such date. It is also unclear how the provisions of Article XIIID will be applied to fees or charges established after such date but prior to the Bighorn decision.

As a result of the Bighorn decision, there can be no assurance that Proposition 218 will not limit the ability of the City to impose, levy, charge and collect increased fees and charges for wastewater service.

The City believes that its current Wastewater System rates comply with the requirements of Proposition 218 and expects that any future Wastewater System rates will comply with Proposition 218's procedural and substantive requirements to the extent applicable thereto. The City further believes that Proposition 218 will not have any immediate adverse effect on the City's ability to comply with its covenants under the Indenture or the City's ability to operate the Wastewater System. The City cannot predict the impact of Proposition 218 on any future Wastewater System rate increases.

Numerous recent appellate court opinions interpret and apply Proposition 218 in the context of evaluating the validity of wastewater-related fees and charges. The City is unable to predict at this time how Proposition 218 will ultimately be interpreted by the courts and what, if any, further implementing legislation will be enacted, and there can be no assurance that Proposition 218 will not limit the future ability of the City to impose, levy, charge and collect increased fees and charges for wastewater service.

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIIIA and XIIIC. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIIIA, XIIIC and XIIID of the California Constitution pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the State or local government of providing the service or product to the payor. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval. The City believes that the City's current rates and charges for the Wastewater System are not taxes under Proposition 26.

Constitutional Limit on Appropriations

Under Article XIIIB of the California Constitution, state and local government entities have an annual "appropriations limit" which limits their ability to spend certain moneys called "appropriations subject to limitation," which consists of tax revenues, certain state subventions and certain other moneys, including customer charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. In general terms, the "appropriations limit" is to be based on certain Fiscal Year 1978-79

expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and services provided by these entities. Among other provisions of Article XIIIB, if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. The City is of the opinion that the rates and use charges imposed by the City in connection with the Wastewater System do not exceed the costs the City reasonably bears in providing wastewater treatment.

No Obligation to Tax

The obligation of the City to pay the Debt Service Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Debt Service Payments does not constitute a debt or indebtedness of the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restriction.

Geologic and Topographic Conditions; Other Events of Force Majeure

The financial stability of the Wastewater System can be adversely affected by a variety of factors, particularly those which may affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as floods) and climatic conditions (such as windstorms, wildfires, and drought).

The City is located in Merced County. The nearest faults of major historical significance are the San Andreas to the west of Merced County, which is located approximately 15 miles from the Countyline; the Hayward and Calaveras faults to the northwest; the White Wolf, Garlock, and Sierra Nevada faults to the south; and the Bear Mountain Fault Zone, located about 5 miles east of and parallel to the eastern border of the County. These faults have been in the past, and will continue in the future to be, the principal source of seismic activity affecting the County and the City. The only fault known inside the County is the "Ortigalita", also known as the "Tesla-Ortigalita Fault", located in the western quarter of the County. This fault has not been active in historic times, however, there is no guarantee that it will never become active again.

Engineering standards require that certain factors be taken into account, to a limited extent, in the design of City-owned improvements. Some of these factors may also be taken into account in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur which may result in damage to improvements in varying degrees, and such damage may entail significant repair or replacement costs, and there can be no assurance that such repair or replacement will occur. Under any of these circumstances, the actual value of public and private improvements within the City, including improvements owned by the Wastewater System, in general may well

depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

Portions of the City, including the Bert Crane Site, are located in a 100-year floodplain as designated by the Federal Emergency Management Agency. The City's General Plan requires that any development in the flood plain have a finished floor elevation at least one foot above the 100-year flood plain elevations. The Treatment Plant has been designed to comply with the applicable requirements.

In addition to the events described above, City and Wastewater System facilities are at risk from other events of force majeure, such as explosions, strikes and lockouts, sabotage, wars, riots and spills or hazardous substances, among other events. Although the City maintains certain insurance policies, such required policies do not cover damage and delay from all events that could interrupt the operation of City facilities, including Wastewater System facilities, and may not be maintained in amounts that would be sufficient or be paid in sufficient time in all events to pay all of the City's and Wastewater System's expenses, including Debt Service Payments. In addition, the City does not currently maintain earthquake insurance with respect to its facilities, including the facilities of the Wastewater System. See " – Insurance" below. No assurances can be given that the City will be able to repair any damage, revise any designs or commence or resume operation of City facilities, including the facilities of the Wastewater System, following an event of force majeure.

Interruption of wastewater service for any reason will not alter the legal obligation of the City to pay Debt Service Payments. However, a failure to treat wastewater could materially adversely affect the generation of Gross Revenues and Net Revenues.

Drought

Droughts that have had an adverse effect on California water supplies occurred in 1976, 1977 and 1987 through 1992, 2008 through 2011, and 2012 through early 2017. California recently experienced a historic, five-year drought, lasting from 2012 through early 2017, which was one of the worst droughts on record for the State. Due to drought conditions and court-ordered restrictions, which reduced water deliveries from the State Water Project, on January 17, 2014, Governor Jerry Brown declared a State-wide Drought State of Emergency. On April 1, 2015, the Governor issued an executive order mandating certain water conservation measures, including a requirement that the State Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage, through February 28, 2016, which executive order was thereafter extended and expanded upon on several occasions. Following unprecedented water conservation and plentiful winter rain and snow, Governor Brown ended the drought state of emergency in most of California on April 7, 2017. No assurance is hereby given that future limitations on water supplies in California will not be imposed by Executive Order, and that water enterprises and sewer enterprises throughout the State will not experience reduced system demand as a result thereof.

Despite the fact that water usage within the City and by the Wholesale Customers dropped as the result of Governor Brown's drought state of emergency conservation standards and mandates, the Wastewater System's Gross Revenues remained stable, and even rose, during the recent drought years. 86.64% of Wastewater System Gross Revenues are generated by customers paying for service on a flat fee basis. The City currently has no plans to increase the percentage of Wastewater System revenues generated on a variable, commodity-based basis, however such changes may be necessitated or desirable in future

years. An increase in the number of variable rate-paying Wastewater System customers, coupled with a future drought and drop in demand for sewer services in the City, could result in the amount of future Gross Revenues and Net Revenues being less than projected, and the actual amount of Gross Revenues may be insufficient to provide for the payment of the Debt Service Payments, the 2017A Bonds, and any additional then-outstanding indebtedness.

Statutory Changes and Initiatives

In addition to the other limitations described herein, the California electorate or Legislature could adopt legislation or an initiative, respectively, with the effect of (i) reducing Gross Revenues payable to or collected by the City for the Wastewater System, (ii) adversely affecting the City's rights and powers, or (iii) imposing additional limitations or additional legal responsibilities on the City with respect to the Wastewater System. Furthermore, there is no assurance that such change in law would not at some future time adversely affect the City's ability to pay Debt Service Payments.

Insurance

The City maintains liability and property insurance. This insurance does not cover damage caused by earthquakes nor does the City maintain self-insurance for such purpose. Though the City believes that the City's coverages for the Wastewater System are similar to those customarily maintained by similar utility systems, no assurances can be given that (i) such insurance will be adequate to cover any property damage or liability of the City with respect to the Wastewater System in all circumstances or that (ii) such insurance will be carried in a coverage amount sufficient to prevent a material adverse impact on the Gross Revenues or Net Revenues resulting from claims against the City with respect to the Wastewater System or property damage sustained by the City and/or the Wastewater System.

Early Redemption of Premium Bonds

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated for federal tax purposes as having amortizable premium. If such Premium Bonds are redeemed prior to maturity (or, in some cases, prior to a scheduled redemption date) as described herein under "THE BONDS – Redemption," not all of the amortized premium may be realized by the Owner. The Premium Bonds are treated as all other Bonds for purposes of selection for redemption prior to maturity as described herein.

Limitations on Remedies Available; Bankruptcy

The enforcement of any rights and remedies provided in the Indenture, including but not limited to the remedy of acceleration of Debt Service Payments, could be substantial and the process lengthy. The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Any suit requesting accelerated

payment of Debt Service Payments and/or money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "THE BONDS – Acceleration" above.

Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights. The legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the Bond documents, including the Indenture, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise or judicial discretion.

Loss of Tax Exemption

As discussed in this Official Statement under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, the United States Congress or the IRS might not change the Tax Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

Absence of Market for the Bonds

There can be no assurance that there will ever be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms that may make the secondary market, and the financial condition of the City.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations for tax years beginning prior to January 1, 2018. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986 (the "Code") that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Bond Counsel is of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is exempt from State of California personal income taxes.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Tax Treatment of Original Issue Discount and Premium

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Bond (other than a purchaser who holds such Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Bond constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Bond and the basis of such Bond acquired at such initial offering price by an initial purchaser of each such Bond will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase such Bonds after the initial offering of a substantial amount thereof.

Owners who do not purchase such Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Bonds. All holders of such Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Bond based on the purchaser's yield to maturity in such Bonds, except that in the case of such a Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond. A purchaser of such a Bond is required to decrease his or her adjusted basis in such Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such a Bond, and with respect to the state and local tax consequences of owning and disposing of such a Bond.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Bonds. Such proposals, if enacted into law, may reduce the market value of tax-exempt debt, such as the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Form of Opinion

The form of Bond Counsel's anticipated opinion is included as APPENDIX D. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

CONTINUING DISCLOSURE

Current Undertaking. The City has covenanted for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Bonds to the Municipal Securities Rulemaking Board by not later than March 31 of each year (the "Annual Report Filing Deadline") with respect to the City's most-recently-ended Fiscal Year (such financial information, the "Annual Report") and to provide notices of the occurrence of certain

enumerated events so long as the Bonds are outstanding. If the Annual Report Filing Deadline falls on a non-business day, then the Annual Report will be submitted on the next regularly scheduled business day. The Annual Report and notices of events will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB"), as repository, and in accordance with the requirements of Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

The above covenants with respect to continuing disclosure have been made in order to assist the Underwriter in complying with the Rule. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Previous Undertakings. [CONFIRM, UPDATE (HAS 2017 REPORT BEEN FILED AND CAN WE DROP FY 2012?) In the past five years, the City has failed to comply in certain respects with continuing disclosure obligations related to outstanding bonded indebtedness. Such failures include the following: (i) in the City's fiscal year ending June 30, 2012, the City failed to file its audited financial statements and annual reports in a timely manner, (ii) in April of 2015, the City failed to timely file notice of a merger of one of its bond insurers, which merger affected the insured rating of certain of the outstanding tax allocation bonds of the City's former redevelopment agency, and (iii) in both such cases, the City also failed to timely post a material events notice of such failure to file. Additionally, in preparation for its sale of the Bonds, the City became aware that it had incorrectly identified its top three Wastewater System customers by revenue in certain annual reports posted for fiscal years 2012-13, 2013-14, 2014-15 and 2015-16 as required by the City's continuing disclosure obligations in connection with the Prior Obligation. The City has filed an amendment correctly identifying these customers and restating their revenues.]

Future Undertakings. The City believes that it has implemented sufficient policies and procedures in order to ensure the timely and correct filing of future Annual Reports and notices of enumerated events required under its existing continuing disclosure obligations, including the obligation pertaining to the Bonds.

NO LITIGATION

[CONFIRM, UPDATE: There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance or delivery of the Bonds, the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the City taken with respect to any of the foregoing. The City is not aware of any litigation pending or threatened questioning the existence or powers of the City or the ability of the City to pay Debt Service Payments.

Although the City is subject to a number of lawsuits in the ordinary conduct of its affairs, there are no claims or actions, threatened or pending, which, if determined against the City, either individually or in the aggregate, would have a material adverse effect on the financial conditions of the Wastewater System or the Revenue Fund.]

CONCLUDING INFORMATION

Underwriting

The City has agreed to sell the Bonds to Hilltop Securities Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of $_____ (the principal amount of the Bonds, [less net original issue discount] [plus net original issue premium] of $_____ and less an underwriting discount of $_____). The obligations of the Underwriter are subject to certain conditions precedent, and it will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter intends to offer the Bonds to the public initially at the prices and/or yield set forth on the cover page of this Official Statement, which prices or yields may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers. In reoffering Bonds to the public, the Underwriter may overallot or effect transactions which stabilize or maintain the market prices for Bonds at levels above those which might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

Ratings

S&P is expected to assign its municipal bond rating of "___" to the Bonds, with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by the Insurer. In addition, S&P has assigned their municipal bond rating of "___" to the Bonds, notwithstanding the delivery of the Insurance Policy. Such ratings reflects only the views of the ratings agency and any desired explanation of the significance of such ratings should be obtained from S&P at the following address: S&P Global Ratings, a Standard & Poor's Financial Services LLC business, 55 Water Street, 45th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Legal Opinions

All legal matters in connection with the issuance of the Bonds are subject to the approval of Nossaman LLP, Irvine, California, as Bond Counsel. A copy of the approving opinion of Bond Counsel will be provided to the registered owners of the Bonds, and the form of such opinion is attached hereto as APPENDIX D. Certain legal matters will be passed upon for the passed upon for the City by the City Attorney, Terpstra Henderson, A Professional Corporation, Ripon, California and by Nossaman LLP, Irvine, California, Disclosure Counsel. The Underwriter is being represented by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. From time to time, Bond Counsel and Disclosure Counsel may represent the Underwriter on matters not related to the Bonds.

Municipal Advisor

The City has retained A. M. Peché & Associates LLC, Alameda, California, as financial advisor (the "Municipal Advisor") in connection with the preparation of this Official Statement and with respect to the delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness of fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal or other public securities.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement: "The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information."

Professional Fees

In connection with the execution and delivery of the Bonds, fees payable to Bond Counsel, Disclosure Counsel, the Municipal Advisor and the Trustee are contingent upon the execution and delivery of the Bonds.

Verification of Mathematical Computations

Upon delivery of the Bonds, the Verification Agent will deliver its independent certified public accountants' verification report on the mathematical accuracy of certain computations, contained in schedules provided to it which were prepared on behalf of the City by the Underwriter, relating to the adequacy of the moneys and securities on deposit in the Escrow Fund, to pay the Escrow Requirement through the Prepayment Date.

The report of the Verification Agent will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Miscellaneous

Some of the data contained herein has been taken or constructed from City records. Appropriate officials of the City, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. The execution and delivery of this Official Statement has been duly authorized by the City Council.

CITY OF ATWATER

By:_____

Lakhwinder Deol
Finance Director

APPENDIX A

SUMMARY OF THE INDENTURE

[TO COME]

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF ATWATER AND MERCED COUNTY

The following information concerning the City of Atwater and Merced County are included only for the purpose of supplying general information regarding the area of the City. The Bonds are not a debt of the County, the State or any of its political subdivisions, and none of the County, the State or any of their political subdivisions, is liable therefor.

General Description and Background

Merced County is located in the heart of the northern San Joaquin Valley (also known as the Central Valley) of California, the world's most productive agricultural area, and spans from the coastal ranges to the foothills of Yosemite National Park. It comprises the Merced, CA Metropolitan Statistical Area, which is included in the Modesto-Merced, CA Combined Statistical Area. It is located north of Fresno County and Fresno, and southeast of Santa Clara County and San Jose. It was established on April 19, 1855 and has a total area of 1,979 square miles.

The City of Atwater lies in Merced County and is located approximately six miles northwest of the City of Merced, the county seat, 105 miles south of Sacramento and 65 miles north of Fresno. The City, which covers approximately 6.1 square miles in the County, was incorporated on August 16, 1922 and is a general law city.

Population

The following table lists population figures for the City, County and the State for the last ten completed calendar years.

CITY OF ATWATER, MERCED COUNTY AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2008 through [2018]
(as of January 1)

Calendar Year	City of Atwater	Merced County	State of California
2008	27,287	250,734	36,704,375
2009	27,281	253,026	36,966,713
2010	27,755	255,399	37,223,900
2011	28,212	258,852	37,536,835
2012	28,568	262,147	37,881,357
2013	28, 921	264,502	38,239,207
2014	29,050	266,592	38,567,459
2015	29,678	269,280	38,907,642
2016	30,059	271,547	39,189,035
2017	30,406	274,665	39,523,613
[2018]			

Source: State Department of Finance, Demographic Research Unit.

Employment and Industry

The following table shows the average annual estimated numbers of wage and salary workers by industry for Merced County for the years 2012 through 2016 (the latest year for which such information is available). Figures do not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes. [CONFIRM, UPDATE]

MERCED MSA
Merced County
Civilian Labor Force, Employment and Unemployment
Calendar Years 2012 through 2016
Annual Averages

	2012	2013	2014	2015	2016
Civilian Labor Force (1)	115,200	114,900	115,000	115,100	115,000
Employment	96,400	98,200	100,200	102,000	103,000
Unemployment	18,800	16,700	14,700	13,100	12,100
Unemployment Rate	16.3%	14.5%	12.8%	11.4%	10.5%
Wage and Salary Employment: (2)					
Agriculture	12,500	13,600	13,700	14,100	14,000
Mining, Lodging and Construction	1,600	1,600	1,700	1,900	2,200
Manufacturing	8,400	8,700	9,700	9,900	9,400
Wholesale Trade	2,200	2,100	1,900	1,700	2,000
Retail Trade	7,400	7,600	7,800	8,000	8,100
Trans., Warehousing and Utilities	2,400	2,500	2,300	2,300	2,500
Information	400	400	400	300	300
Financial Activities	1,600	1,500	1,600	1,600	1,800
Professional and Business Services	4,300	4,300	3,800	3,700	3,700
Educational and Health Services	8,300	8,800	9,100	9,400	9,800
Leisure and Hospitality	4,700	5,000	5,400	5,400	5,600
Other Services	1,400	1,400	1,300	1,400	1,400
Federal Government	700	700	800	800	800
State Government	2,700	2,900	3,100	3,200	3,500
Local Government	13,000	12,900	13,300	13,700	14,200
Total, All Industries (3)	71,800	74,000	75,800	77,500	79,200

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department, Labor Market Information Division.

Major Employers

The table below lists the largest manufacturing and non-manufacturing employers within the County as of January 201[7] [CONFIRM, UPDATE]:

MERCED COUNTY
Major Employers

Employer Name	Location	Industry
Dole Packaged Foods LLC	Livingston	Food Products – Retail
Dole Packaged Foods LLC	Atwater	Food Products – Retail
E & J Gallo Winery	Livingston	Wineries
Foster Farms	Livingston	Poultry Processing Plants
Gallo Cattle Co	Atwater	Cheese Processors
Golden Valley Health Ctr	Merced	Clinics
Hilmar Cheese Co	Hilmar	Cheese Processors
J. Marchini & Son	Le Grand	Farms
Liberty Packing Co	Los Banos	Packing & Crating Service
Live Oak Farms	Le Grand	Fruits & Vegetables – Growers & Shippers
Livingston Union School District	Livingston	School Districts
MCOE	Merced	Educational Cooperative Organizations
Memorial Hospital Los Banos	Los Banos	Hospitals
Merced College	Merced	Schools-Universities & Colleges Academic
Merced County Human Svc	Merced	Government Offices – County
Mercy Medical Ctr Merced	Merced	Hospitals
Nor Cal Nursery Inc.	Turlock	Fruits & Vegetables – Wholesale
Quad/Graphics Inc.	Merced	Printers
Scholle IPN Packaging Inc.	Merced	Truck-Transporting
Sensient Natural Ingredients	Livingston	Flavoring Extracts
University of CA – Merced	Merced	Schools – Universities & Colleges Academic
Weaver Union School District	Merced	Schools
Werner Co.	Merced	Ladders – Manufacturers
Western Marketing & Sales	Atwater	Farms
Yosemite Wholesale Warehouse	Merced	Warehouses

Source: State of California Employment Development Department.

Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

The table below presents the latest available personal income for the County, the State and the United States for the calendar years 2012 through 2016 (the latest date for which such information is available). [CONFIRM, UPDATE]

MERCED COUNTY
PERSONAL INCOME
(Calendar Years 2012 through 2016)

Year and Area	Personal Income (thousands of dollars)	Per Capita Personal Income (dollars)
2016		
County	--	--
State	2,197,492,012	55,987
United States	16,017,781,445	49,571
2015		
County	9,714,034	36,185
State	2,103,669,473	53,949
United States	15,463,981,000	48,190
2014		
County	9,197,957	34,567
State	1,977,923,740	51,134
United States	14,801,624,000	46,464
2013		
County	8,652,013	32,858
State	1,861,956,514	48,570
United States	14,068,960,000	44,493
2012		
County	8,069,312	30,824
State	1,838,567,162	48,369
United States	13,904,485,000	44,282

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Agriculture

The City is located in one of the most productive agricultural areas in the United States. The County ranks in the top ten of the nation's counties in sales of agricultural products with production primarily in milk, fruits, nuts, livestock and animal products. As of the most recent United States Department of Agriculture Census of Agriculture (2012), there were approximately 978,667 acres of farmland in the County. Following is a five calendar-year summary of farm production in the County, reflecting the most recent years for which such information is available. [CONFIRM, UPDATE]

MERCED COUNTY
Gross Value of Agricultural Production in Merced County
(Thousands of Dollars)

	2011	2012	2013	2014	2015
Fruit & Nut Crops	$568,151,000	$664,510,000	$880,836,000	$977,271,000	$746,783,000
Field Crops	459,557,000	490,294,000	500,681,000	573,194,000	456,622,000
Vegetable Crops	298,765,000	323,386,000	384,549,000	476,284,000	451,156,000
Seed Crops	2,113,000	5,929,000	7,814,000	3,825,000	4,110,000
Nursery Products	41,828,000	47,736,000	61,487,000	66,299,000	58,026,000
Apiary/Bee Industry	26,585,000	25,473,000	28,694,000	31,828,000	32,355,000
Aquaculture	2,149,000	1,906,000	0	0	0
Other Agriculture	13,080,000	13,505,000	13,882,000	19,228,000	15,724,000
Livestock and Poultry Production	655,726,000	669,453,000	688,184,000	726,327,000	803,058,000
Livestock and Poultry Products	1,191,915,000	1,038,014,000	1,232,942,000	1,555,731,000	1,022,070,000
TOTAL	$3,259,868,000	$3,280,206,000	$3,799,070,000	$4,429,987,000	$3,589,903,000

Source: Merced County Department of Agriculture, Agricultural Crop Report 2014.

The gross agricultural income for 2015 is $3,589,903,000. This figure represents an increase of 18.96% from the 2013 gross production value of $4,429,987,000. The following table shows a listing of the leading agricultural commodities in 2015.

MERCED COUNTY
Leading Farm Commodities
(Thousands of Dollars)

Rank	Commodity	Gross Production Value in 2015
1	Milk (includes market and manufacturing)	$895,180,000
2	Almonds	552,042,000
3	Chickens (includes fryers and other chickens)	364,085,000
4	Cattle & Calves	357,426,000
5	Sweet Potatoes	194,317,000
6	Tomatoes (includes market and processing tomatoes)	161,100,000
7	Silage (corn)	141,221,000
8	Eggs, Chicken (market)	123,242,000
9	Hay (alfalfa)	100,459,000
10	Turkeys	68,147,000
11	All Nursery Products	58,026,000
12	Cotton (includes acala and pima cotton)	54,292,000
13	Grapes (wine)	53,425,000
14	Silage (other)	52,143,000
15	Miscellaneous Vegetables	40,695,000

Source: Merced County Department of Agriculture, Agricultural Crop Report 2015.

Commercial Activity

During calendar year 2015, total taxable transactions in the City were reported to be $236,604,000. Summaries of historic taxable sales within the City during the past five years for which data is available are shown in the following table. [CONFIRM, UPDATE]

CITY OF ATWATER
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	291	$188,919	405	$230,728
2012	316	196,486	436	236,281
2013	305	197,650	418	229,615
2014	304	202,694	420	236,653
2015[(1)]	341	211,612	492	236,604

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

During calendar year 2015, total taxable transactions in the County were reported to be $2,964,724,000. Summaries of historic taxable sales within the County during the past five years for which data is available are shown in the following table. [CONFIRM, UPDATE]

MERCED COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	2,456	$1,684,878	3,605	$2,374,690
2012	2,557	1,778,567	3,734	2,512,316
2013	2,596	1,870,789	3,725	2,672,998
2014	2,553	1,913,822	3,658	2,764,904
2015[(1)]	2,954	1,746,215	4,064	2,964,724

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

Transportation

The City is accessible by State Highways 99 and 140. Interstate 5 is 40 miles west of the City. Transportation includes rail passenger services by Amtrak and four airports that include Merced Regional Airport, Castle Airport, Gustine Airport and Los Banos Municipal Airport. Public transportation is provided by "The Bus" which provides local service in Merced as well as connecting service between most cities in Merced County, "CatTracks" which is operated by the University of California, Merced, "YARTS" which is the Yosemite Area Regional Transportation System connecting Merced with Yosemite National Park, and Greyhound buses.

Education

The City is served by the Atwater Elementary School District and the Merced Union High School District. There are six elementary schools, one middle school, and two high schools in the City.

The County is served by the Merced Community College District, and several K-12 school districts. California State University, Stanislaus is approximately 20 miles north of the City. In addition, the University of California, Merced ("UC Merced "), the tenth and newest of the University of California campuses, is located approximately 10 miles from the City and opened in the fall of 2005. UC Merced is undertaking a significant expansion project, growing its footprint by 1.2 million gross square feet of critically needed facilities. This will roughly double the physical capacity of the campus and will provide a way for UC Merced to address existing academic and student life needs and enable enrollment growth. Construction began in October 2016 and will be complete by Fall 2020. It is expected that the enrollment will reach 25,000 students by the year 2030.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR 2016-17

APPENDIX D

FORM OF FINAL OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Nossaman LLP proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[Closing Date]

[Addressees]

Re: $_____ City of Atwater Wastewater Revenue Refunding Bonds, Series 2018A

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Atwater (the "City") in connection with the sale and issuance of $_____ aggregate principal amount of the City's Wastewater Revenue Refunding Bonds, Series 2018A (the "Bonds"). The Bonds are being issued pursuant to the Constitution and laws of the State of California, including the provisions of Articles 10 and 11, Chapter 3, Part 1, Division 2, Title 5 (commencing with Section 53570) of the California Government Code, as amended, an Indenture of Trust, dated as of March 1, 2018 (the "Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California (the "Trustee") and a resolution of the City adopted February 12, 2018 (the "Resolution"). The City is obligated under the Indenture to pay principal of and interest on the Bonds solely from Gross Revenues (as defined in the Indenture).

As Bond Counsel we have examined copies certified to us as being true and complete copies of the proceedings of the City and in connection with the authorization and sale of the Bonds. In this connection, we have also examined such other documents, opinions and instruments as we have deemed necessary in order to render the opinions expressed herein. In such examination, we have assumed the genuineness of all signatures on original documents (other than signatures of the City) and the conformity to the original documents of all copies submitted to us. We have also assumed the due execution and delivery of all documents (other than with respect to the City) which we have examined where due execution and delivery are a prerequisite to the effectiveness thereof. As to the various questions of fact material to our opinion, we have relied upon statements or certificates of officers and representatives of the City, public officials and others.

On the basis of the foregoing examination and assumptions and in reliance thereon and on all such other matters of fact as we deemed relevant under the circumstances, and upon consideration of the applicable law, we are of the opinion that:

1. The Indenture has been duly adopted by the City and constitutes the valid and binding obligation of the City enforceable against the City in accordance with its terms. The Indenture creates a valid lien on and pledge of the Gross Revenues and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

2. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding special obligations of the City, payable solely from the sources provided therefor in the Indenture.

3. The obligation of the City to make payments on the Bonds does not constitute a debt of the City, or of the State of California or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

4. Interest received by the owners of the Bonds is excludable under existing statutes, regulations, rulings and court decisions, from gross income for Federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that the interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income for tax years beginning prior to January 1, 2018. Interest received by the owners of the Bonds is exempt from personal income taxes of the State of California under present law.

In rendering the opinions expressed in paragraph 4 above, we are relying upon representations and covenants of the City in the Indenture and in the Tax Certificate of the City, dated as of the date hereof, concerning the use of the facilities refinanced with Bond proceeds, the investment and use of Bond proceeds and the rebate, if any, to the federal government of certain earnings thereon. In addition, we have assumed that all such representations are true and correct and that the City will comply with such covenants. We express no opinion with respect to the exclusion of the interest from gross income under Section 103(a) of the Code in the event that any such representations are untrue or the City fails to comply with such covenants. Except as stated above, we express no opinion as to any federal tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate and other relevant documents may be changed, and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any payment of interest on the Bonds if any such change occurs or action is taken or omitted to be taken upon the advice or approval of counsel other than ourselves.

Further, we note that the rights of the owners of the Bonds and the enforceability of the Bonds or the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility herein for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Respectfully submitted,

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
CITY OF ATWATER
WASTEWATER REVENUE REFUNDING BONDS
SERIES 2018A

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Atwater ("City") in connection with the issuance of the above-entitled bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2018 (the "Indenture") between the City and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California (the "Trustee"). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter (as defined herein) in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Reports provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Disclosure Representative" shall mean the Finance Director of the City, or his or her designee, or such other officer or employee as the City shall designate in writing to the Dissemination Agent, if other than the City, from time to time.

"Dissemination Agent" shall initially mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

"Fiscal Year" shall mean the twelve month period beginning on July 1 of each year and ending on June 30 of the same year.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean EMMA.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, annually not later than March 31 in each year following the end of the City's Fiscal Year, commencing with the report for Fiscal Year ending June 30, 2018, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. The information contained or incorporated in each Annual Report shall be for the Fiscal Year which ended on the preceding June 30. The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certifications of the City and shall have no liability, duty or obligation whatsoever to review any such Annual Report. Further, the Dissemination Agent shall have no liability for the contents of any such annual report.

(b) If the City is unable to provide to the Repository an Annual Report by the date required in this Section 3, the City shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A.

(c) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository, if any; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing the Repository to which it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the most recent audited financial statements of the City prepared in accordance with generally accepted accounting principles promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. In addition, the Annual Report shall contain an annual updating of the following tables and information contained in the Official Statement:

(i) A summary of accounts by customer class for the last completed fiscal year;

(ii) Wastewater System rates and charges in effect for the last completed fiscal year;

(iii) the average wastewater treatment inflow (dry weather flow) of the Wastewater System for the last completed fiscal year;

(iv) the top ten Wastewater System customers based on revenue generated during the last completed fiscal year;

(v) a summary of the debt of the Wastewater System outstanding as of the conclusion of the last completed fiscal year; and

(vi) the actual operating results of the Wastewater System, including the debt service coverage calculation, for the last completed fiscal year.

In addition to any of the information expressly required to be provided under this Section, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than 10 business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the Repository in electronic format, accompanied by such identifying information as is prescribed by the Repository. Notwithstanding the foregoing, notice

of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(e) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing:

(i) Notice of the occurrence of a Listed Event described in subsections (a)(1), (4) or (5) shall be given by the Dissemination Agent to the extent it has knowledge thereof, unless the City gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) Notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of the affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the City. If at any time there is no designated Dissemination Agent appointed by the City, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the City shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment requested by the City, provided the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities law, acceptable to the City and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation

under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Dissemination Agent, at the written request of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of the outstanding Bonds, shall (but only to the extent funds in any amount satisfactory to the Dissemination Agent have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges whatsoever related thereto, including without limitation, fees and expenses of its attorneys), or any Bond owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations afforded to the Trustee under said Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and shall be reimbursed by the City all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not have any duty or obligation to review any information provided to it hereunder or shall be deemed to be acting in any fiduciary capacity for the City, the owners of the Bonds or any other party. The obligations of the City under this section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any document or any further act.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March __, 2018

CITY OF ATWATER

By: _____
Finance Director

EXHIBIT A

NOTICE OF MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Atwater
Name of Issue:	City of Atwater Wastewater Revenue Refunding Bonds, Series 2018A
Date of Issuance:	March __, 2018

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF ATWATER

By: __[no signature required; form only]

APPENDIX F

THE BOOK-ENTRY SYSTEM

The information concerning DTC set forth herein has been supplied by DTC, and the City assumes no responsibility for the accuracy thereof.

Unless a successor securities depository is designated pursuant to the Indenture, DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC and Its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve Enterprise, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing corporation" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfer and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC) as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has been rated "AA+" by S&P. The DTC Rules applicable to its Participants are on file with the Securities Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates

representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Other Communications. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. THE CITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting Rights. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption Proceeds. Payments of principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on interest payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the interest payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE TRUSTEE AND THE CITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT

SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER OF BONDS, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, AND PREMIUM, IF ANY, OR INTEREST ON THE BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNER OF THE BONDS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; ANY CONSENT OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS (EXCEPT FOR THE MATTERS UNDER THE CAPTION "TAX MATTERS" HEREIN)

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial owner interest in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture.

[APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

$_____
CITY OF ATWATER
WASTEWATER REVENUE REFUNDING BONDS, SERIES 2018A

_____, 2018

BOND PURCHASE CONTRACT

City of Atwater
750 Bellevue Road
Atwater, CA 95301

Ladies and Gentlemen:

Hilltop Securities Inc. (the "**Underwriter**"), offers to enter into this Bond Purchase Contract (this "**Purchase Contract**") with the City of Atwater (the "**City**") with regard to the Series 2018A Bonds described below, which Purchase Contract, upon the acceptance hereof by the City, will be binding upon the City and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the City and the delivery of such acceptance to the Underwriter at or prior to 11:59 p.m., Pacific time, on the date hereof, and, if it is not so accepted, such offer may be withdrawn by the Underwriter upon written notice to the City by the Underwriter at any time before its acceptance.

The City acknowledges and agrees that: (a) the primary role of the Underwriter is to purchase securities for resale to investors in an arm's length transaction between the City and the Underwriter; (b) the purchase and sale of the Series 2018A Bonds pursuant to this Purchase Contract is an arm's length commercial transaction between the City and the Underwriter, and the only obligations that the Underwriter has to the City with respect to the transaction that is contemplated hereby expressly are set forth in this Purchase Contract; (c) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as Municipal Advisor (as such term is defined in Section 15B of The Securities Exchange Act of 1934, as amended), financial advisor or fiduciary to the City; (d) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering that is contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the City on other matters); (e) the Underwriter has financial and other interests that may differ from and be adverse to those of the City; (f) the City has consulted its own legal, financial, accounting, tax and other advisors to the extent that it has deemed appropriate; (g) the Underwriter has provided to the City prior disclosures under Municipal Securities Rulemaking Board (the "**MSRB**") Rule G-17 regarding its role as Underwriter, which has been received by the City; and (h) the City has a Municipal Advisor in this transaction that has legal fiduciary duties to the City.

1. Upon the terms and conditions and upon the basis of the representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the City for reoffering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the $_____ aggregate principal amount of the City's Wastewater Revenue Refunding Bonds, Series 2018A (the "**Series 2018A Bonds**"). The purchase price of the Series 2018A Bonds shall be $_____ (representing the par amount of the Series 2018A Bonds, plus net original issue premium of $_____, less an Underwriter's discount of $_____). The Preliminary Official Statement with respect to the Series 2018A Bonds, dated _____, 2018 (the "**Preliminary Official Statement**"), as amended to add the pricing terms of the Series 2018A Bonds, and dated the date hereof, and with such changes and amendments as are mutually agreed to by the City and the Underwriter, including the cover page, the appendices, and all information incorporated therein by reference, is herein collectively referred to as the "**Official Statement**." The City represents that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate denominational amount and maturity value, denominational amount and maturity value per maturity, delivery date, rating(s), and other terms of the Series 2018A Bonds that depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "**Rule**").

2. The Series 2018A Bonds shall mature on the dates and in the amounts, and will bear interest at the rates, set forth in Exhibit A hereto and as further described in the Official Statement and shall be issued under and pursuant to the Indenture of Trust, dated as of March 1, 2018 (the "**Indenture**"), between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"). Capitalized terms used herein without definition shall have the meanings given to such terms in the Indenture.

3. Notwithstanding any provision of this Purchase Contract to the contrary, the following provisions related to the establishment of the issue price of the Series 2018A Bonds apply:

(a) *Definitions*. For purposes of this Section, the following definitions apply:

(i) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Tax Law Underwriter or a Related Party to a Tax Law Underwriter.

(ii) "*Tax Law Underwriter*" means (A) any person that agrees pursuant to a written contract with the City (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2018A Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2018A Bonds to the public).

(iii) "*Related Party*" means any two or more persons who are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value

of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) "*Sale Date*" means the date of execution of this Purchase Contract by all parties.

(b) *Issue Price Certificate*. The Underwriter agrees to assist the City in establishing the issue price of the Series 2018A Bonds and to execute and deliver to the City at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and bond counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the Public of the Series 2018A Bonds.

(c) *10% Test*. Except as otherwise set forth in Schedule A attached hereto, the City will treat the first price at which 10% of each maturity of the Series 2018A Bonds is sold to the Public as of the Sale Date (the "10% Test") as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). At or promptly after the execution of this Purchase Contract, the Underwriter will report to the City the price or prices at which the Tax Law Underwriter has sold to the Public each maturity of the Series 2018A Bonds. [Hold the Price Language to be Added, If Necessary]

(d) The Underwriter confirms that any agreement among underwriters, any selling group agreement and each retail distribution agreement to which the Underwriter is a party relating to the initial sale of the Series 2018A Bonds to the Public, together with related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of any selling group, and each broker-dealer that is a party to any such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, in each case if and for so long as directed by the Underwriter. The City acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2018A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Series 2018A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to

comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2018A Bonds, and

(e) *Sale to Related Party not a Sale to the Public*. The Underwriter acknowledges that sales of any Series 2018A Bonds to any person that is a Related Party to a Tax Law Underwriter do not constitute sales to the Public for purposes of this Section.

4. The Underwriter shall make a bona fide public offering of all the Series 2018A Bonds at not in excess of the respective initial public offering prices to be set forth on the cover page of the Official Statement. The Underwriter reserves the right to change such initial offering prices as the Underwriter shall deem necessary in connection with the marketing of the Series 2018A Bonds and to offer and sell the Series 2018A Bonds to certain dealers (including dealers depositing such bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the cover page of the Official Statement. The Underwriter also reserves the right to (i) overallot or effect transactions that stabilize or maintain the market prices of the Series 2018A Bonds at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time. As used in this Section, "public offering" shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Series 2018A Bonds are sold.

5. The City hereby authorizes the use by the Underwriter of (i) the Indenture, (ii) the Continuing Disclosure Certificate related to the Series 2018A Bonds, the form of which is attached as an appendix to the Official Statement (the "**Continuing Disclosure Certificate**"), and (iii) the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Series 2018A Bonds.

The City will deliver to the Underwriter, within seven (7) business days after the date of this Purchase Contract and in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, copies of the Official Statement in final form (including all documents incorporated by reference therein) and any amendment or supplement thereto in such quantities as the Underwriter may reasonably request in order to comply with the obligations of the Underwriter pursuant to the Rule and the rules of the MSRB. As soon as practicable following receipt thereof from the City, the Underwriter shall deliver the Official Statement to the MSRB.

6. At 8:00 a.m., Pacific Standard Time, on _____, 2018, or at such other time or on such other business day as shall have been mutually agreed upon by the City and the Underwriter (the "**Closing Date**"), the City will cause the Trustee to authenticate and deliver to the Underwriter at the office of The Depository Trust Company ("**DTC**") in New York, New York, or at such other place as the City and the Underwriter may mutually agree upon, the 2018A Bonds in fully-registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC. Subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Series 2018A Bonds by wire transfer payable in immediately available funds to or upon the order of the City at such place as shall have been mutually agreed upon by the City and the Underwriter. Such delivery of and payment for the

Series 2018A Bonds is referred to herein as the "**Closing**." The Series 2018A Bonds shall be made available for inspection by DTC at least one business day before the Closing.

7. The City represents, warrants, and covenants to the Underwriter that:

(A) The City is a municipal corporation of the State of California (the "**State**") duly organized and validly existing under and by virtue of the Constitution and laws of the State.

(B) The City has the legal right and power to issue and deliver the Series 2018A Bonds and to execute and deliver, and to perform its obligations under, the Indenture, the Continuing Disclosure Certificate, the 2008 Escrow Agreement (as defined in the Indenture), and this Purchase Contract (collectively, the "**City's Documents**"). The City has duly authorized the issuance and delivery of the Series 2018A Bonds and the execution and delivery of, and performance of its obligations under, the City's Documents and, as of the date hereof, such authorizations are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered by the respective parties thereto, the City's Documents will constitute legal, valid, and binding obligations of the City in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws and the application of equitable principles relating to or affecting creditors' rights generally. The City has complied, and will at the Closing be in compliance in all material respects, with its obligations under the City's Documents.

(C) The Series 2018A Bonds are special limited obligations of the City and are payable as to principal, premium (if any), and interest with respect thereto, from a pledge of Gross Revenues (as defined under the Indenture), derived from revenues of the City's wastewater system, and which payments have been duly and validly authorized pursuant to applicable law.

(D) The Series 2018A Bonds will be issued in accordance with the Indenture and will conform in all material respects to the descriptions thereof contained in the Official Statement. The Indenture creates a valid pledge of, first lien upon, and security interest in, the pledged Gross Revenues.

(E) The information in the Official Statement (excluding any information with respect to DTC, the book-entry only system, the Trustee, the Insurance Policy, the Reserve Policy or the Insurer (as defined in the Official Statement and discussed below)) is true and correct in all material respects, and the information in the Official Statement does not contain any misstatement of any material fact and does not omit any statement necessary to make the statements, in the light of the circumstances in which such statements were made, not misleading.

(F) To assist the Underwriter in complying with the Rule, the City will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

(G) The City covenants with the Underwriter that for twenty-five days after the Closing Date (the "**Delivery Period**"), if any event occurs that might or would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter thereof, and if in the reasonable opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement, at the expense of the City, in a form and in a manner approved by the Underwriter.

(H) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent shall not be unreasonably withheld. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale, or distribution of the Series 2018A Bonds.

(I) If the Official Statement is supplemented or amended, the Official Statement, as so supplemented or amended, as of the date of such supplement or amendment, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(J) The City is not in breach of or in default, in any material respect, under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which the City is a party, and no event has occurred and is continuing that, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any of the foregoing.

(K) The authorization, execution, and delivery by the City of the City's Documents, and compliance by the City with the provisions thereof, do not and will not conflict with or constitute a breach of or default by the City, in any material respect, under any applicable constitutional provision, law, or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent, or other agreement to which it is bound or by which its properties may be affected.

(L) No authorization, consent, or approval of, or filing or registration with, any Governmental Authority (as defined below) or court is, or under existing requirements of law will be, necessary for the valid execution and delivery of, or performance by the City of its obligations under, the City's Documents, other than any authorization, consent, approval, filing, or registration as may be required under the Blue Sky or securities laws of any state in connection with the offering, sale, or issuance of the Series 2018A Bonds (as to which no representation is made by the City). All authorizations, consents, or approvals of, or filings or registrations with, any

Governmental Authority or court necessary for the valid issuance of, and performance by the City of its obligations under, the Series 2018A Bonds will have been duly obtained or made prior to the issuance of the Series 2018A Bonds (and disclosed to the Underwriter). As used herein, the term "**Governmental Authority**" refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body, or public benefit corporation.

(M) The City shall furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Series 2018A Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Series 2018A Bonds for investment under the laws of such states and other jurisdictions, and shall use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2018A Bonds; provided, however, that the City shall not be required to execute a general consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction; provided, further, that the Underwriter shall bear all costs in connection with the City's action pursuant to the foregoing.

(N) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending and notice of which has been served on the City or, to the best knowledge of the City, threatened (i) in any way questioning the existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting, or seeking to prohibit, restrain, or enjoin the issuance of the Series 2018A Bonds or the execution or delivery of any of the City's Documents, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Series 2018A Bonds, or in any way contesting or affecting the validity of the Series 2018A Bonds or the City's Documents or the consummation of the transactions contemplated thereby or any proceeding of the City taken with respect to any of the foregoing, or contesting the exclusion of the interest on the Series 2018A Bonds from taxation or contesting the powers of the City and its authority to pledge the Gross Revenues; (iii) that may result in any material adverse change relating to the City that will materially adversely affect the City's ability to apply the Gross Revenues to pay the Series 2018A Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(O) Other than as described in the Official Statement, between the date of this Purchase Contract and the Closing Date the City will not, without the prior written consent of the Underwriter, offer or issue any certificates, bonds, notes, or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Gross Revenues.

(P) The financial statements of, and other financial information regarding, the City contained in the Official Statement fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth, and, to the best of the City's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that effect, and (iii) the other financial information has been determined on a basis substantially consistent with that of the City's audited financial statements included in the Official Statement.

(Q) Any certificate signed by any official or other representative of the City and delivered to the Underwriter pursuant to this Purchase Contract shall be deemed a representation and warranty by the City to the Underwriter as to the truth of the statements therein made.

8. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties, and covenants of the City contained herein and in the City's Documents to which the City is a party, and the performance by the City of its respective obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Purchase Contract are and shall be subject to the following further conditions:

(A) The representations and warranties of the City contained herein shall be true, complete, and correct in all material respects on the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete, and correct in all material respects at the Closing; the City shall be in compliance with each of the agreements made by it in this Purchase Contract (unless such agreements are waived in writing by the Underwriter); there shall not have occurred an adverse change in the financial position, results of operations, or financial condition of the City that materially adversely affects the ability of the City to make payments of principal of and interest on the Series 2018A Bonds when due or to otherwise perform any of its obligations under the City's Documents.

(B) At the time of the Closing, the City's Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented (except as may be agreed to in writing by the Underwriter); all actions that, in the opinion of Nossaman LLP, Irvine, California, Bond Counsel ("**Bond Counsel**"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and the City shall perform or shall have performed its obligations required under or specified in the City's Documents to be performed at or prior to the Closing.

(C) At the time of the Closing, the Official Statement (as amended and supplemented through such date, if applicable) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the

statements therein, in the light of the circumstances under which they were made, not misleading.

(D) Except as disclosed in the Official Statement or in a schedule delivered to the Underwriter at the Closing, no decision, ruling, or finding shall have been entered by any court or Governmental Authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside) that has any of the effects described in Section 8(F) hereof.

(E) (i) No default by the City shall have occurred and be continuing in the payment of the principal of or premium, if any, or interest on any bond, note, or other evidence of indebtedness issued by the City and (ii) no bankruptcy, insolvency, or other similar proceeding in respect of the City shall be pending or, to the knowledge of the City, contemplated.

(F) The Underwriter may terminate this Purchase Contract by written notification to the City if at any time after the date hereof and prior to the Closing:

(i) legislation shall have been enacted by the United States or the State or shall have been reported out of committee or be pending in committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or a regulation, proposed regulation, or a temporary regulation shall have been published in the Federal Register or any other release or announcement shall have been made by the Treasury Department of the United States or the Internal Revenue Service, with respect to Federal or State taxation upon revenues or other income or payments of the general character to be derived by the City or upon interest received on obligations of the general character of the Series 2018A Bonds, which, in the reasonable opinion of the Underwriter (after consultation with, and receipt of advice from, the City), materially adversely affects the market for the Series 2018A Bonds; or

(ii) the United States shall have become engaged in hostilities that have resulted in a declaration of war or a national emergency or the President of the United States of America shall have committed the armed forces of the United States of America to combat so as to adversely affect the financial markets in the United States of America and that, in the reasonable opinion of the Underwriter (after consultation with, and receipt of advice from, the City), materially adversely affects the market for the Series 2018A Bonds; or

(iii) there shall have occurred a general suspension of trading on the New York Stock Exchange, or a general banking moratorium shall have been declared by Federal, California, or New York authorities having jurisdiction and being in force; or

(iv) there shall have occurred an adverse change in the financial position, results of operations, or financial condition of the City that, in the

reasonable opinion of the Underwriter (after consultation with, and receipt of advice from, the City), materially adversely affects the market for the Series 2018A Bonds; or

(v) any legislation, ordinance, rule, or regulation shall be introduced in, or be enacted by, any governmental body, department, or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered that, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Series 2018A Bonds; or

(vi) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation, or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Series 2018A Bonds, or the issuance, offering, or sale of the Series 2018A Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Series 2018A Bonds, or the Series 2018A Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Indenture Act of 1939, as amended and as then in effect; or

(vii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any Governmental Authority or by any national securities exchange, which restrictions materially adversely affect the ability of underwriters to trade obligations of the general character of the Series 2018A Bonds; or

(viii) any rating of the Series 2018A Bonds shall have been downgraded, suspended, or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Series 2018A Bonds; or

(ix) the commencement of any action, suit, or proceeding described in Section 6(N) that, in the judgment of the Underwriter, materially adversely affects the market price of the Series 2018A Bonds; or

(x) any event occurring, or information becoming known, that, in the reasonable judgment of the Underwriter, makes any statement or information contained in the Official Statement, as of its date, untrue in any material adverse respect, or has the effect that the Official Statement, as of its date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(G) At or prior to the Closing, the Underwriter shall receive the following documents:

(1) the opinion of Bond Counsel, dated the Closing Date, in substantially the form included in the Official Statement as Appendix D, addressed to the City (and accompanied by reliance letters to the Underwriter, the City, the Insurer and the Trustee);

(2) a supplemental opinion of Bond Counsel, in form and substance satisfactory to the Underwriter, dated the Closing Date, addressed to the Underwriter, to the effect that:

(i) the Purchase Contract has been duly authorized, executed, and delivered by the City and, assuming due authorization, execution, and delivery by the Underwriter, such document constitutes the legal, valid, and binding agreement of the City enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;

(ii) the Series 2018A Bonds are not subject to registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Indenture Act of 1939, as amended; and

(iii) the statements contained in the Official Statement under the captions "INTRODUCTION - General" and "Security for the Bonds," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "APPENDIX A –SUMMARY OF THE INDENTURE," and "APPENDIX D – FORM OF FINAL OPINION OF BOND COUNSEL," insofar as such statements purport to summarize certain provisions of the Indenture, the Series 2018A Bonds, the City Resolution (defined below), and the opinion of Bond Counsel concerning certain federal and California tax matters relating to the Series 2018A Bonds, present a fair and accurate summary of such information and such provisions in all material respects;

(3) an opinion of the City Attorney, in form and substance satisfactory to the Underwriter, dated the Closing Date, addressed to the City and the Underwriter, to the effect that:

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

(ii) the resolution of the City approving and authorizing the execution and delivery of the City's Documents and the Official Statement (the "**City Resolution**") was duly adopted at a meeting of the City Council of the City that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the City Resolution is

in full force and effect and has not been modified, amended, or rescinded as of the Closing Date;

(iii) the City has full legal power and lawful authority to enter into the City's Documents;

(iv) the City's Documents have been duly authorized, executed, and delivered by the City and, assuming due authorization, execution, and delivery by the other parties thereto, such documents constitute the legal, valid, and binding agreements of the City enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;

(v) no authorization, approval, consent, or other order of the State or any other Governmental Authority or agency within the State having jurisdiction over the City, the absence of which would materially adversely affect the due performance by the City of its obligations under the City's Documents, is required for the valid authorization, execution, and delivery by the City of the City's Documents provided, however, that we express no opinion as to any approvals, obligations or consents as may be required under any state or federal blue sky or securities laws;

(vi) to the best knowledge of such counsel, the execution and delivery by the City of the City's Documents, and compliance by the City with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, or agreement to which the City is subject to or by which it is bound; and

(vii) except as otherwise disclosed in the Official Statement, to the best knowledge of such counsel after reasonable investigation, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body, pending and notice of which has been served on the City or, to the best knowledge of such counsel, threatened (a) in any way questioning the existence of the City or the titles of the officers of the City to their respective offices; (b) affecting, contesting, or seeking to prohibit, restrain, or enjoin the issuance of the Series 2018A Bonds or the execution or delivery of any of the City's Documents, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Series 2018A Bonds, or in any way contesting or affecting the validity of the Series 2018A Bonds or the City's Documents or the consummation of the transactions contemplated thereby or any proceeding of the City taken with respect to any of the foregoing, or contesting the exclusion of the interest on the Series 2018A Bonds from taxation or contesting the powers of the City and its authority to pledge the Gross Revenues; (c) that may result in any material adverse change relating to the City that will materially adversely affect the City's ability to pay

the principal of and interest on the Series 2018A Bonds when due; or (d) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(4) a letter from Nossaman LLP, disclosure counsel to the City ("**Disclosure Counsel**"), dated the Closing Date, addressed to the Underwriter and the City, to the effect that, based upon its participation in the preparation of the Official Statement as counsel to the City and without having undertaken to determine independently the fairness, accuracy, or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom (i) the expressions of opinion, the assumptions, the projections, estimates and forecasts, the charts, the financial statements or other financial, numerical, economic, demographic or statistical data, or assessed valuations contained in the Official Statement; (ii) any CUSIP numbers or information relating thereto; (iii) any information with respect to The Depository Trust Company and its book-entry system; (iv) any information contained in the appendices to the Official Statement; (v) any information incorporated by reference into the Official Statement; (vi) compliance by the City or any related entity with their respective obligations to provide notice of the events described in part (b)(5)(i)(C) of the Rule or to file annual reports described in part (b)(5)(i)(A) of the Rule, review of which matters we understand to have been undertaken by the Underwriter; (vii) any information with respect to the Underwriter or underwriting matters with respect to the Series 2018A Bonds, including but not limited to information under the caption CONCLUDING INFORMATION—Underwriting"; (viii) information under the caption "NO LITIGATION; (ix) any information with respect to the ratings on the Series 2018A Bonds and the rating agencies referenced therein, including but not limited to information under the caption "CONCLUDING INFORMATION—Ratings"; and (x) any information with respect to the Insurance Policy, the Reserve Policy, or the Insurer, including but not limited to information under the captions, "BOND INSURANCE" and "SECURITY FOR THE BONDS – Reserve Fund" contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(5) a certificate of the City, in form and substance satisfactory to the Underwriter, dated the Closing Date, to the effect that;

(i) the representations and warranties of the City contained in this Purchase Contract 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; and

(ii) there has been no material adverse change in the financial conditions of the Wastewater System or the Revenue Fund from the date of the Official Statement to the Closing Date;

(6) a certificate, dated the date of the Preliminary Official Statement, from the City addressed to the Underwriter, in the form attached hereto as Exhibit C;

(7) an opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriter and the City, to the effect that;

(i) the Trustee is a national banking association and is validly existing and in good standing under the laws of each jurisdiction in which the performance of its duties under the Indenture would require such qualification and has the requisite power and authority to execute, deliver and perform its obligations under the Indenture;

(ii) the Trustee is duly eligible and qualified to act as Trustee under the Indenture;

(iii) the Trustee has all requisite power, authority, and legal right to execute and deliver the Indenture and to perform its obligations under the Indenture, and has taken all necessary corporate action to authorize the execution and delivery of and the performance of its obligations under the Indenture;

(iv) the Trustee has duly executed and delivered the Indenture. Assuming the due authorization, execution, and delivery thereof by the other parties thereto, the Indenture is the legal, valid, and binding agreement of the Trustee enforceable against the Trustee in accordance with its terms, except to the extent enforceability thereof may be subject to (A) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other similar laws affecting creditors' rights and remedies heretofore or hereafter enacted, and (B) the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(v) the Series 2018A Bonds have been duly authenticated by the Trustee;

(vi) the execution, delivery, and performance of the Indenture by the Trustee and the consummation of the transactions contemplated thereby do not and will not (a) to the knowledge of such counsel, conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, or other agreement or instrument to which the Trustee is a party or by which the Trustee is bound or to which any of the property or assets of the Trustee or any of its subsidiaries is subject, (b) result in any violation of the provisions of the charter, articles of association, by-laws, or applicable resolutions of the Trustee, or (c) to the knowledge of such counsel, result in any violation of any statute or any order, rule, or regulation of any court or government agency or body having jurisdiction over the Trustee or any of its properties or assets; and

(8) a certificate, dated the Closing Date, signed by a duly authorized officer of the Trustee, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the necessary power to enter into, accept, and administer the trusts created under the Indenture and to authenticate the Series 2018A Bonds;

(ii) the Indenture has been duly authorized, executed, and delivered by a duly authorized officer of the Trustee, and the execution, delivery, and performance of the Indenture have been duly authorized by all necessary action of the Trustee;

(iii) the Indenture constitutes the legal, valid, and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(iv) the Series 2018A Bonds have been duly authenticated by a duly authorized officer of the Trustee;

(v) no consent, approval, authorization, or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture or the performance by the Trustee of its duties and obligations under the Indenture;

(vi) the execution and delivery by the Trustee of the Indenture and compliance with the terms thereof will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order, or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty, or agreement need be made with respect to any federal or State securities or blue sky laws or regulations);

(vii) the Trustee's action in executing and delivering the Indenture will not contravene the articles or bylaws of the Trustee and is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and such action does not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound; and

(viii) to the knowledge of the Trustee, there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court or governmental agency, public board, or body that has been served on the Trustee, or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the

validity or enforceability of the Indenture or contesting the powers of the Trustee or its authority to enter into and perform its obligations thereunder;

(9) an opinion of counsel to the Trustee and a certificate of the Trustee, dated the Closing Date, addressed to the Underwriter and the City, with respect to the 2008 Escrow Agreement, similar to the opinion and certificate relating to the Indenture;

(10) an opinion of Jones Hall, A Professional Law Corporation, as counsel to the Underwriter, dated the Closing Date and in form and substance satisfactory to the Underwriter;

(11) certified copies of the City Resolution and incumbency resolution of the Trustee;

(12) copies of the City's Documents and the Official Statement, duly executed and delivered by the respective parties thereto;

(13) a tax certificate of the City, in form satisfactory to Bond Counsel, signed by an appropriate officer of the City;

(14) evidence that the underlying rating on the Series 2018A Bonds of "___" and insured rating on the Series 2018A Bonds of "___" by S&P Global Ratings are in full force and effect on the Closing Date;

(15) the municipal bond insurance policy insuring the payment of principal and interest with respect to the Bonds (the "**Insurance Policy**"), issued by [_____] (the "**Insurer**");

(16) [the Reserve Policy issued by the Insurer (the "**Reserve Policy**") for proportional credit to the Reserve Fund with respect to the Series 2018A Bonds;]

(17) [an opinion of counsel to the Insurer, dated the date of Closing, addressed to the Authority, the City, the Trustee and the Underwriter, regarding the Insurer's valid existence, power and authority, the Insurer's due authorization and issuance of the Insurance Policy and the Reserve Policy and the enforceability of the Insurance Policy and the Reserve Policy against the Insurer;]

(18) [a certificate of the Insurer or an opinion of counsel to the Insurer, dated the date of Closing, regarding the accuracy of the information in the Official Statement describing the Insurer, the Insurance Policy, and the Reserve Policy;]

(19) copies of the statements with respect to the sale of the Series 2018A Bonds required to be delivered to the California Debt and Investment Advisory Commission pursuant to Sections 8855 and 53583 of the California Government Code;

(20) evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing; and

(21) such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the City with legal requirements, the accuracy, as of the time of Closing, of the City's representations herein contained, and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City.

If the City shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the City nor the Underwriter shall have any further obligation hereunder.

9. The performance by the City of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the City and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the City. The representations and warranties of the City in, or made pursuant to, this Purchase Contract shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Contract, and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the City and regardless of delivery of and payment for the Series 2018A Bonds.

10. Except as indicated in this Section 10 and in Section 7(M), all expenses and costs of the City incident to the performance of the City's obligations in connection with the authorization, issuance, and sale of the Series 2018A Bonds to the Underwriter, such as the costs of preparation (including word processing, printing, and reproduction), distribution and delivery of the Preliminary Official Statement, the Official Statement, and this Purchase Contract, in reasonable quantities, fees of rating agencies, fees and expenses of any financial advisor to the City, and fees and expenses of Bond Counsel and Disclosure Counsel for the City, shall be paid by the City. All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, CUSIP Bureau and/or DTC fees, traveling, the cost of preparation of any Blue Sky and legal investment memoranda and all Blue Sky filing fees, and other expenses and the fees and expenses of the Underwriter, including Underwriter's Counsel, shall be paid by the Underwriter.

11. Any notice or other communication to be given under this Purchase Contract may be given by delivering the same in writing to the City of Atwater, 750 Bellevue Road Atwater, CA 95301 Attention: Finance Director, or to such other person as the Finance Director may designate in writing and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Hilltop Securities Inc., 2533 South Coast Hwy 101, Suite 250, Cardiff, California 92007, Attention: Todd Smith. The approval of the Underwriter when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to the City.

12. For all purposes of this Purchase Contract, a default shall not be deemed to be continuing if it has been cured, waived, or otherwise remedied. This Purchase Contract shall be

governed by and construed in accordance with the laws of the State applicable to contracts made and performed within the State.

13. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Blank]

14. This Purchase Contract when accepted by the City in writing shall constitute the entire agreement between the City and the Underwriter and is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

HILLTOP SECURITIES INC.

By:_____
Kelly Wine
Director

The foregoing is hereby agreed to and accepted as of the date first above written:

CITY OF ATWATER

By: _____
Lakhwinder Deol
Finance Director

Time of execution: ____:____ a.m./p.m.

EXHIBIT A

$_____
City of Atwater
Wastewater Revenue Refunding Bonds, Series 2018A

Maturity Date (May 1)	Principal Amount	Interest Rate	Yield	Price

c Yield to par call date on May 1, 20__.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, as the duly authorized representative of HILLTOP SECURITIES INC. ("Purchaser"), with respect to the Wastewater Revenue Refunding Bonds, Series 2018A issued by the city of Atwater in the principal amount of $_____ (the "Bonds"), hereby certifies, as set forth below with respect to the sale and issuance of the Bonds:

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A. [Hold the Price Language to be Added, If Necessary]

2. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Issuer* means the city of Atwater.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 16.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

[Signature Page Follows]

The undersigned understands that the foregoing information will be relied upon by the City of Atwater with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nossaman, LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City of Atwater from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2018.

HILLTOP SECURITIES INC., as
Underwriter

By _____
Authorized Officer

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

Maturity Date (May 1)	Principal Amount	Interest Rate	Yield	Price

c Yield to par call date on May 1, 20__.

EXHIBIT C

FORM OF
S.E.C. RULE 15c2-12 CERTIFICATE

$_____*
CITY OF ATWATER
WASTEWATER REVENUE REFUNDING BONDS, SERIES 2018A

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Hilltop Securities Inc. (the "Underwriter") that he is the duly appointed and acting Finance Director of the City of Atwater (the "City"), and, as such, is authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule") in connection with the offering and sale of the City's above-captioned bonds (the "Series 2018A Bonds").

(2) In connection with the offering and sale of the Series 2018A Bonds, there has been prepared a Preliminary Official Statement, dated _____, 2018, setting forth information concerning the City and the Series 2018A Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Series 2018A Bonds depending on such matters, all with respect to the Series 2018A Bonds.

(4) The Preliminary Official Statement is and has been, except for the Permitted Omissions, deemed final within the meaning of the Rule, and the information therein is accurate and complete except for the Permitted Omissions.

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* Preliminary, subject to change.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall upon receipt of actual knowledge or notice of any such event promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand on _____, 2018.

CITY OF ATWATER

By: _____
Finance Director

MONTHLY ARREST AND CITATION REGISTER

Agency: ATWATER POLICE DEPARTMENT, CALIFORNIA | Agency Number: 2401 | Month/Year: 01/18 | Supervisor: SNYDER, DAYTON | Report Date: 2/1/2018

	LOCAL#	LAST NAME	FIRST NAME	MIDDLE	RACE	DOB	SEX	DATE	LVL	SECTION	BCS	USE	STA	DISARST.AGEN
1.	AJ1800001	REYES	SERGIO	VELASCO	H	07/29/1992	1	01/01/2018	2	647(F) PC	827	2	3	A
2.	AJ1800003	SOLISCORTES	OLUISES		H	11/08/1984	1	01/01/2018	3	422(A) PC	345	2	4	A
3.	AJ1800004	FERRIS	DESTINY	ALEXISE	W	11/17/1994	2	01/02/2018	2	4462.5 VC	096	2	3	A
4.	AJ1800005	VASQUEZ	FRANCISCO	NMN	H	12/18/1983	1	01/02/2018	3	3000.08(FPC	094	2	4	A
5.	AJ1800006	FLORES	MIEKO	MAXIMINO	H	08/12/1993	2	01/02/2018	2	14601.2(AVC	086	2	3	A
6.	ATIA89631	FLORES	NIEKO	MAXIMINO	H	08/12/1993	1	01/02/2018	2	14601.2(AVC	086	1	3	A
7.	AJ1800007	ANZALDO	MICHAEL	ANDREW	H	01/24/1987	1	01/03/2018	3	459 PC	400	2	1	A
8.	AJ1800008	VIRGO CALIP	KENNETH	HARRISON	W	07/18/1996	1	01/03/2018	3	B/W-F	993	2	4	A
9.	AJ1800009	INGRAM	CHELSEA	DAWN	W	06/24/1982	2	01/03/2018	3	B/W-F	993	2	4	A
10.	AJ1800010	SILVA	BRANDON	CORREIA	W	09/19/1996	1	01/03/2018	3	11377(A) HS	825	2	4	A
11.	AJ1800011	MCADAMS	JODY	PAULINE	W	06/05/1980	2	01/03/2018	3	11377(A) HS	825	2	4	A
12.	AJ1800012	HERNANDEZ-ROJO	MARIO		H	09/24/1990	1	01/03/2018	3	11377(A) HS	825	2	4	A
13.	AJ1800013	VILLA	MARCO	ANTONIO	H	04/02/1980	1	01/04/2018	3	11370.1(AHS	825	2	4	A
14.	AJ1800014	CAMARENA-ROCHA	ALBERTO		H	09/25/1993	1	01/04/2018	2	12500(A) VC	086	2	3	A
15.	AJ1800015	VUE	CHER		A	09/08/1971	1	01/04/2018	2	11364(A) HS	837	2	3	A
16.	ATCA81087	VUE	CHER		O	07/08/1971	1	01/04/2018	2	11364(A) HS	837	1	3	A
17.	AJ1800016	ESCOVEDO	RAYMOND	ALAN	H	09/01/1989	1	01/05/2018	2	11364(A) HS	837	2	3	A
18.	AJ1800017	ROJO	MARIO	HERNANDEZ	H	09/24/1990	1	01/05/2018	2	11364(A) HS	837	2	3	A
19.	AJ1800018	ESTRADA	MARGARITA		H	11/05/1973	2	01/05/2018	2	14601.1(AVC	086	2	3	A
20.	AJ1800019	GALVAN	CELESTINO	CRUZ	H	07/27/1988	1	01/05/2018	2	12500(A) VC	086	2	3	A

MONTHLY ARREST AND CITATION REGISTER

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	LOCAL#	LAST NAME	FIRST NAME	MIDDLE	RACE	DOB	SEX	DATE	LVL	SECTION	BCS	USE	STA	DISP	ARST.AGEN
1.	AJ1800020	ALVAREZ-RAMOS	HERIBERTO	NMN	H	09/04/1981	1	01/05/2018	2	B/W-M	098	2	3		A
2.	AJ1800021	AVINA	ADELA	VERONICA	H	07/05/1984	2	01/05/2018	2	488 PC	516	2	3		A
3.	ATCA88930	ESCOVEDO	RAYMOND	ALAN	H	09/01/1987	1	01/05/2018	3	11350(A) HS	800	1	4		A
4.	ATIA89079	ESTRADA	MARGARITY		H	11/05/1973	2	01/05/2018	2	14601.1(AVC	086	1	3		A
5.	AJ1800022	ROMERO	FRANCISCO	MAYFIELD	H	11/01/1982	1	01/06/2018	2	14601.1(AVC	086	2	3		A
6.	AJ1800023	DRAKE	TIMOTHY	LEE	W	08/13/1967	1	01/06/2018	2	14601.1(AVC	086	2	3		A
7.	AJ1800025	LEWIS	ROSEANNA	CRUZ	W	04/29/1978	2	01/07/2018	3	O/W-F	065	2	2		A
8.	AJ1800026	MURRAY	KULL	CODY	W	09/21/1983	1	01/08/2018	2	647(F) PC	046	2	3		A
9.	AJ1800027	PEREZ GUZMAN	MARIA	GUADALUPE	H	04/15/1971	2	01/08/2018	2	12500(A) VC	086	2	3		A
10.	ATIA89120	PEREZGUZMAN	MARIA	GUADALUPE	H	04/15/1971	2	01/08/2018	2	12500(A) VC	086	1	3		A
11.	AJ1800029	HARMON	TERRY	WAYNE	W	01/25/1952	1	01/09/2018		5150 WI	999	2			A
12.	AJ1800032	TUSING	DANIEL	EATHEN	W	02/17/1991	1	01/09/2018	2	B/W-M	098	2	3		A
13.	AJ1800033	RIOS	DAVID	NMN	H	07/23/1971	1	01/09/2018	2	O/W-M	069	3	2		A
14.	AJ1800034	WIMBLEY II	CHARLES	ARTHUR	B	12/30/1958	1	01/09/2018		5150 WI	999	2			A
15.	AJ1800035	JONES	CARLTON	RAY	W	07/24/1949	1	01/10/2018	2	B/W-M	098	2	3		A
16.	AJ1800036	OCHOA	VICTOR	HUGO	H	11/23/1978	1	01/10/2018	2	476 PC	587	2	3		A
17.	AJ1800038	CARABELLO	ANGEL	DOMINGO	H	05/25/1987	1	01/10/2018	2	148(A)(1)PC	346	2	3		A
18.	AJ1800039	COOK	DYLAN	MONROE	W	06/03/1992	1	01/11/2018	2	O/W-M	069	3	2		A
19.	AJ1800040	SMITH	GEORGE	HENRY	W	04/08/1958	1	01/11/2018	2	B/W-M	098	2	3		A
20.	AJ1800041	MENDOZA	RAMON	VINCENTE	H	02/25/1978	1	01/11/2018	2	14601.1(AVC	086	2	3		A

MONTHLY ARREST AND CITATION REGISTER

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	LOCAL#	LAST NAME	FIRST NAME	MIDDLE	RACE	DOB	SEX	DATE	LVL	SECTION	BCS	USE	STA	DISARST	AGEN
1.	AJ1800043	MOONEYHAM	CASEY	MARK	W	07/18/1964	1	01/11/2018	3	273.5(A) PC	372	2	4		A
2.	AJ1800044	ARELLANO	IVAN		H	03/26/1992	1	01/12/2018	2	O/W-M	069	2	2		A
3.	AJ1800046	ORTEGA ESTRADA	FILIBERTO		H	12/30/1988	1	01/12/2018	2	243(E)(1)PC	397	2	3		A
4.	AJ1800049	MENDOZA	FRANCISCO	NMN	H	05/08/1965	1	01/12/2018	2	4462.5 VC	096	2	3		A
5.	AJ1800050	ORIZCO TORRES	MANUEL	MARTIN	H	12/18/1993	1	01/12/2018	2	4462.5 VC	096	2	3		A
6.	AJ1800052	FIGUEROA BELTRAN	GUMESINDO		H	01/18/1998	1	01/12/2018	2	14601.1(AVC	086	2	3		A
7.	ATIA89638	OROZCO-TORRES	MANUEL	MARTIN	H	12/18/1993	1	01/12/2018	2	4462.5 VC	096	1	3		A
8.	AJ1800053	PEREZ	PEDRO	NMN	H	11/03/1998	1	01/13/2018	2	12500(A) VC	086	2	3		A
9.	AJ1800054	GRINOLDS	SHAWN	GARY	W	05/07/1965	1	01/13/2018	2	O/W-M	069	2	2		A
10.	AJ1800056	TRIPP	JOHNATHAN	THOMAS	W	11/28/1985	1	01/13/2018	2	488 PC	516	2	3		A
11.	AJ1800057	BURGARIN	AARON	MICHAEL	H	02/06/1992	1	01/13/2018	2	243(E)(1)PC	397	2	3		A
12.	AJ1800058	ANDERSON	JESSICA	MARIE	W	01/22/1997	2	01/13/2018	2	12500(A) VC	086	2	3		A
13.	AJ1800060	ABBOTT	RANDALL	JOSEPH	W	09/22/1992	1	01/13/2018	2	14601.2(AVC	086	2	3		A
14.	AJ1800061	GUNN	MICHELLE	KRISTINE	W	03/09/1981	2	01/14/2018	2	11350(A) HS	818	2	3		A
15.	AJ1800062	MAREAN	KENRICK	NEAL	W	03/18/1991	1	01/14/2018	3	496(A) PC	530	2	4		A
16.	AJ1800063	KENDALL	JAMES	MATTHEW	W	10/22/1990	1	01/14/2018	2	11364(A) HS	837	3	3		A
17.	AJ1800064	FARRISH	MEGAN	MARIE	W	12/28/1993	2	01/14/2018	2	496(A) PC	537	2	3		A
18.	AJ1800065	VALENCIA	JESSICA	TUCKER	W	10/05/1990	2	01/14/2018	2	O/W-M	069	2	2		A
19.	AJ1800066	MCCOY	MATHEW	THOMAS	W	08/15/1987	1	01/15/2018	2	11364(A) HS	837	2	3		A
20.	AJ1800067	RAMIREZMEZA	CRUZ	ARMANDO	H	05/03/1991	1	01/15/2018	2	243(E)(1)PC	397	2	1		A

MONTHLY ARREST AND CITATION REGISTER

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	LOCAL#	LAST NAME	FIRST NAME	MIDDLE	RACE	DOB	SEX	DATE	LVL	SECTION	BCS	USE	STA	DISARST	AGEN
1.	AJ1800068	MARTIN	NICHOLAS	PAUL	W	10/27/1983	1	01/16/2018	2	B/W-M	098	2	3		A
2.	AJ1800069	DIAZ, JR	JUAN	CARLOS	H	07/01/1991	1	01/16/2018	2	14601.1(AVC	086	2	3		A
3.	AJ1800072	AGUILAR	ANTHONY	MARCUS	W	06/15/1995	1	01/16/2018	2	O/W-M	069	2	2		A
4.	ATIA88836	DIAZ	JUAN	CARLOS	H	07/01/1991	1	01/16/2018	2	14601.1(AVC	086	1	3		A
5.	AJ1800073	VANHEUMEN	JEREMY	MICHAEL	W	08/24/1994	1	01/17/2018	2	11364(A) HS	837	2	3		A
6.	AJ1800075	GRISE	MATTHEW	J	H	09/27/1985	1	01/18/2018	2	B/W-M	098	2	3		A
7.	AJ1800079	NEY II	KENNETH	MICHAEL	W	09/07/1978	1	01/18/2018	2	O/W-M	069	2	2		A
8.	AJ1800080	AUGUST	JOHN		W	12/05/1969	1	01/18/2018	2	O/W-M	069	2	2		A
9.	AJ1800081	SANCHEZ	DAVID	GILBERT	H	10/12/1986	1	01/18/2018	2	O/W-M	069	2	2		A
10.	AJ1800082	GRISE	MATTHEW	J	H	09/27/1985	1	01/19/2018	3	496D(A) PC	530	2	4		A
11.	AJ1800083	CARDENAS	JORGE	LUIS	H	10/18/1976	1	01/19/2018	3	243(D) PC	342	2	4		A
12.	AJ1800084	REYESGODOY	VERONICA	NMN	H	09/27/1972	2	01/19/2018	2	4462.5 VC	096	2	3		A
13.	ATIA89644	GODAY	VERONICA		H	09/27/1972	2	01/19/2018	2	4462.5 VC	096	1	3		A
14.	AJ1800085	LEE	VIRGIL	JACOB	W	06/17/1991	1	01/20/2018	2	B/W-M	098	2	3		A
15.	AJ1800086	WOLFENBARGER	BRENDA	FAYE	W	01/23/1964	2	01/20/2018	2	11377(A) HS	818	2	3		A
16.	AJ1800087	ARELLANO	IVAN	NMN	H	03/26/1992	1	01/20/2018	2	11364(A) HS	837	2	3		A
17.	ATCA88839	ARELLANO	IVAN		H	03/06/1992	1	01/20/2018	3	11377(A) HS	825	1	4		A
18.	AJ1800088	JIMENEZ	GUADALUPE	VENANCIO	H	02/08/1984	2	01/21/2018	2	12500(A) VC	086	2	3		A
19.	AJ1800089	RITCHIE	WHITNEY		W	09/17/1990	2	01/21/2018	2	166(A)(4)PC	079	3	3		A
20.	AJ1800090	GUILLEN	JAVIER	NMN	H	07/30/1981	1	01/21/2018	2	23152(B) VC	856	2	3		A

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	LOCAL#	LAST NAME	FIRST NAME	MIDDLE	RACE	DOB	SEX	DATE	LVL	SECTION	BCS	USE	STA	DISP	ARST.AGEN
1.	AJ1800091	BUTLERPRICE	MICHELLE	ELIZABETH	W	02/19/1984	2	01/21/2018	2	23152(A)/VC	856	3	3		A
2.	AJ1800092	LEYVA	MARICELDA	MARYE	H	06/15/1972	2	01/21/2018	2	11364(A) HS	837	2	3		A
3.	AJ1800093	WALLACE	CEDRIC	MCKINLEY	B	12/20/1978	1	01/21/2018	3	O/W-F	065	2	2		A
4.	AJ1800094	CEJA	DANIEL	NMN	H	06/20/1994	1	01/21/2018	3	11377(A) HS	825	2	4		A
5.	AJ1800095	SARGINSON	KEVIN	FLOYD	W	08/22/1978	1	01/21/2018	2	148(A)(1)PC	346	2	3		A
6.	AJ1800096	BRAZIL	JOHN	WAYNE	W	03/18/1970	1	01/21/2018	3	11377(A) HS	825	2	4		A
7.	AJ1800097	RODRIGUEZ	LYDIA	ADAME	H	09/28/1965	2	01/22/2018	2	B/W-M	098	2	3		A
8.	AJ1800098	OSWALD	MARGIE	ELIZABETH	W	03/03/1958	2	01/22/2018		5150 WI	999	3			A
9.	AJ1800099	JONES	RICHARD	WAYNE	W	02/05/1973	1	01/22/2018	2	O/W-M	069	2	2		A
10.	ATIA88973	DE LA TORRE CEJA	MARIA	CARMEN	H	08/15/1973	2	01/22/2018	2	12500(A) VC	086	1	3		A
11.	AJ1800100	DE LA TORRE CEJA	MARIA	CARMEN	H	08/15/1973	2	01/23/2018	2	12500(A) VC	086	2	3		A
12.	AJ1800101	STEAD JR.	BENNY	WAYNE	W	07/10/1970	1	01/23/2018	2	11364(A) HS	837	2	3		A
13.	AJ1800102	FERNANDEZ	BRANDON	M	H	06/15/2001	1	01/23/2018	2	240 PC	396	3	3		A
14.	AJ1800103	AGUILA	JOSE	LUIS	H	08/04/1976	1	01/23/2018	3	496D(A) PC	530	2	4		A
15.	AJ1800104	SANTOS	FRANCISCO	CARILLO	H	05/24/1982	1	01/24/2018	2	B/W-M	098	2	3		A
16.	AJ1800105	SANCHEZ	MARTIN	NMN	H	02/16/1997	1	01/24/2018	3	529(A)(3)PC	550	2	4		A
17.	AJ1800106	MORENO	GABRIEL	MICHAEL	H	11/12/1999	1	01/24/2018	2	12500(A) VC	086	2	3		A
18.	AJ1800107	ESCOVEDO	RAYMOND	ALAN	H	09/01/1989	1	01/24/2018	3	11377(A) HS	825	2	4		A
19.	AJ1800108	CASTILLO	SHERRI	LYNN	W	09/09/1964	2	01/25/2018	2	O/W-M	069	2	2		A
20.	AJ1800109	BREMEN	WILLIAM	KIRK	W	01/21/1985	1	01/25/2018	2	11350(A) HS	818	2	3		A

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	LOCAL#	LAST NAME	FIRST NAME	MIDDLE	RACE	DOB	SEX	DATE	LVL	SECTION	BCS	USE	STA	DISARST	AGEN
1.	AJ1800113	HERNANDEZ	RICARDO		H	12/23/1986	1	01/26/2018	2	4462.5 VC	096	2	3		A
2.	AJ1800114	MACIEL	SETH	MICHAEL	W	07/29/1989	1	01/26/2018	2	11364(A) HS	837	2	3		A
3.	AJ1800115	RAMIREZ	HENRY		H	08/03/1941	1	01/26/2018	3	289(B) PC	705	2	4		A
4.	AJ1800116	SHARP	STEFANIE	NICOLE	W	03/15/1983	2	01/26/2018	3	273A(A) PC	370	2	4		A
5.	AJ1800118	BAZAN	FRANK	ROLAND	H	02/27/1996	1	01/26/2018	2	4462.5 VC	096	2	3		A
6.	AJ1800119	CAMERON	TANYA	LYNN	W	04/20/1984	2	01/26/2018	2	12500(A) VC	086	2	3		A
7.	AJ1800121	MELLO	KRISTEN	MARIE	W	04/14/1983	2	01/26/2018	2	11364(A) HS	837	3	3		A
8.	AJ1800123	PANARRA	QUINTEN	NICHOLAS	W	09/02/1991	1	01/26/2018	2	459.5 PC	406	2	3		A
9.	ATIA86196	BAZAN	FRANK	ROLAND	H	01/27/1996	1	01/26/2018	2	12500(A) VC	086	1	3		A
10.	AJ1800120	GUERRERO	STEVEN	MICHEAL	H	07/23/1968	1	01/27/2018	2	11364(A) HS	837	3	3		A
11.	AJ1800122	MOORE	HENRY	EDWARD	W	11/21/1983	1	01/27/2018	2	148(A)(1)PC	346	2	3		A
12.	AJ1800124	OSBORN HAYNES	DYLAN	DAVID	W	12/23/1991	1	01/27/2018	3	B/W-F	993	2	4		A
13.	AJ1800125	ORTIZ	URIEL	NMN	H	12/31/1998	1	01/27/2018	2	20002(A) VC	867	2	3		A
14.	AJ1800126	OLIVER	JESSICA	DAWN	W	01/14/1987	2	01/27/2018	2	O/W-M	069	2	2		A
15.	AJ1800131	TUSING	DANIEL	EATHEN	W	02/17/1991	1	01/27/2018	2	182(A)(1)PC	096	3	1		A
16.	AJ1800127	MARTIN	NICHOLAS	PAUL	W	10/27/1983	1	01/28/2018	2	O/W-M	069	2	2		A
17.	AJ1800128	RAY	LESLIE	RAE	W	07/08/1988	2	01/28/2018	2	148(A)(1)PC	346	2	3		A
18.	AJ1800129	CHADWICK	JOSLIN	NICOLE	W	03/29/1996	2	01/28/2018	2	148(A)(1)PC	346	2	3		A
19.	AJ1800130	KENDALL	JAMES	MATTHEW	W	10/22/1990	1	01/28/2018	2	148(A)(1)PC	346	2	3		A
20.	AJ1800132	BOTWRIGHT	HE	NMN	W	06/14/1991	1	01/28/2018	3	470(D) PC	580	2	4		A

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	LOCAL#	LAST NAME	FIRST NAME	MIDDLE	RACE	DOB	SEX	DATE	LVL	SECTION	BCS	USE	STA	DISP	ARST.AGEN
1.	AJ1800133	MAREAN	KENDRICK	NMN	W	03/18/1991	1	01/28/2018	3	496(D) PC	530		3	1	A
2.	AJ1800134	MILLER	DEENEE		W	03/08/1979	2	01/28/2018		5150 WI	999		2		A
3.	AJ1800135	PENROD	GARY	JASON	W	05/03/1995	1	01/28/2018	2	O/W-M	069		2	2	A
4.	AJ1800136	RUIZ	MARK	ANTHONY	H	06/08/1973	1	01/28/2018	2	O/W-M	069		2	2	A
5.	AJ1800137	CORONADO	RUDY	RICHARD	H	02/28/1983	1	01/29/2018	2	O/W-M	069		2	2	A
6.	AJ1800139	DOUGLAS	KIMBERLY	NMN	W	12/18/1974	2	01/29/2018	3	O/W-F	065		2	2	A
7.	AJ1800140	BREMAN JR.	WILLIAM	KIRK	W	01/21/1985	1	01/29/2018	2	O/W-M	069		2	2	A
8.	AJ1800141	RIVAS	ANTONIO	NMN	H	11/17/1958	1	01/29/2018	3	B/W-F	993		2	4	A
9.	AJ1800144	ANDERSON	MICHAEL	TODD	W	07/02/1967	1	01/30/2018	2	B/W-M	098		2	3	A
10.	AJ1800145	NORD	JILLIAN	RENEE	W	06/08/1975	2	01/30/2018	2	23152(A)/VC	856		2	3	A
11.	AJ1800146	LINDSEY	SERENITY	LOUISE	W	03/06/1987	2	01/30/2018	2	O/W-M	069		2	2	A
12.	AJ1800147	JOHNSON	JEFFERY	RICHARD	W	08/12/1957	1	01/31/2018	3	273.5(A) PC	372		2	4	A
13.	AJ1800150	WILEY	ANGEL	ANNETTE	W	12/15/1960	2	01/31/2018	2	B/W-M	098		2	3	A
14.	AJ1800152	FLORES	ANDREW	DANIEL	H	11/08/1975	1	01/31/2018	2	647(F) PC	827		2	3	A
15.	AJ1800153	VILLA	GRISELDA	HERNANDEZ	H	06/20/1976	2	01/31/2018	2	O/W-M	069		2	2	A

MONTHLY ARREST AND CITATION REGISTER

JUVENILE

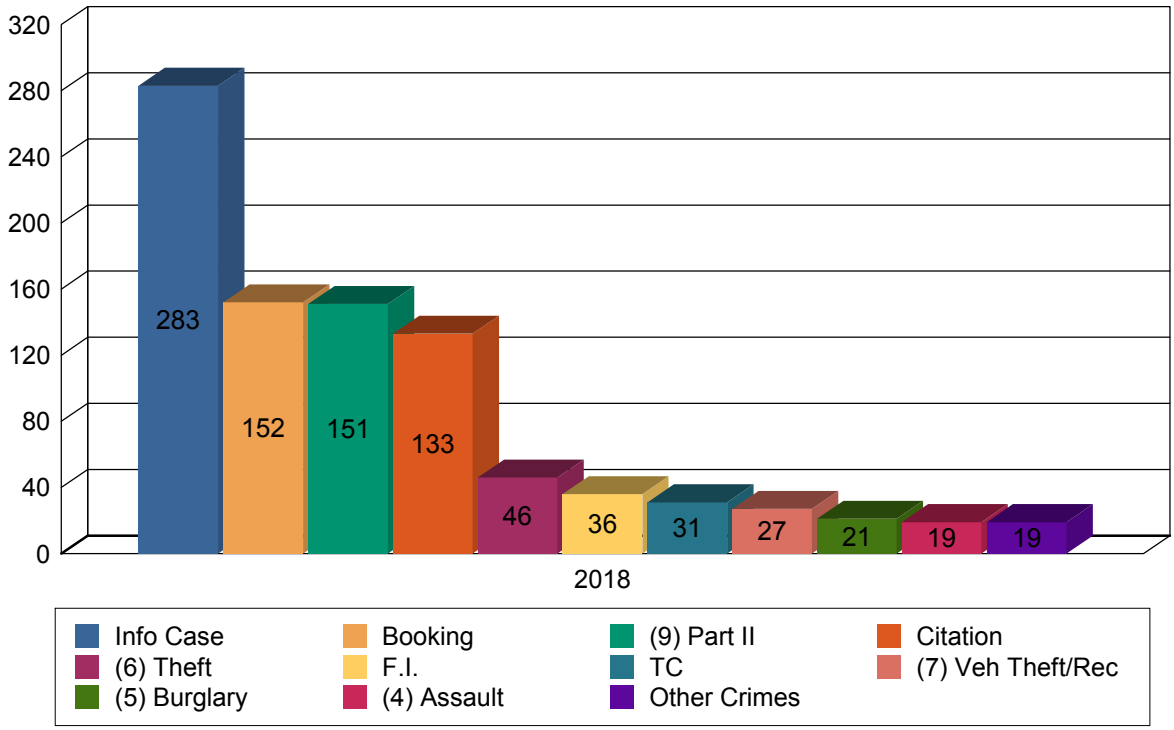
Agency: ATWATER POLICE DEPARTMENT, CALIFORNIA | Agency Number: 2401 | Month/Year: 01/18 | Supervisor: SNYDER, DAYTON | Report Date: 2/1/2018

	LOCAL#	LAST NAME	FIRST NAME	MIDDLE	RACE	DOB	SEX	DATE	LVL	Section	BCS USE	STA	DISARST.AGEN
1 .	AJ1800028	SIGALA	MIGUEL	ANGEL	H	09/17/2000	1	01/08/2018	2	20002(A) VC	867	2 5	A
2 .	AJ1800030	VANG	BJ	TUBNTZHUAV	A	09/20/2002	1	01/08/2018	1	48264 EC	001	2	A
3 .	AJ1800031	BRETON VEGA	JOSE	LUIS	H	04/13/2001	1	01/08/2018	1	48264 EC	001	2	A
4 .	AJ1800045	KINCHEN	CAMRON	JEAN	W	03/09/2004	2	01/11/2018	1	48264 EC	001	2 6	A
5 .	AJ1800048	RAMOS	ALBERTO	ALEJANDRO	H	09/06/2001	1	01/12/2018	2	12500(A) VC	086	2 5	A
6 .	AJ1800055	WILSONWHITE	MARYLNN		B	08/14/2003	2	01/13/2018	2	242 PC	397	2 5	A
7 .	AJ1800070	HERNANDEZ	JASMINE	AILEEN	H	05/01/2004	2	01/16/2018	1	48264 EC	001	3 3	A
8 .	AJ1800071	MORENO - CABRERA	ANDREA	NMN	H	02/07/2004	2	01/16/2018	1	48264 EC	001	3 3	A
9 .	AJ1800076	WILSON-WHITE	MARLYNN	ANNETTE	B	08/14/2003	2	01/18/2018	1	601(B) WI	001	2 6	A
10 .	AJ1800077	TREVINO	AMELIA	ELIZABETH	W	08/30/2003	2	01/18/2018	1	601(B) WI	001	2 6	A
11 .	AJ1800078	KINCHEN	CAMRYN	JEAN	W	03/09/2004	2	01/18/2018	1	48264 EC	001	2 6	A
12 .	AJ1800110	MASCORRO	NICOLE		W	04/02/2002	2	01/25/2018		5150 WI	999	2 3	A
13 .	AJ1800111	HERNANDEZ	SAUL	JR	H	02/12/2008	1	01/25/2018	2	243.4 PC	738	3 6	A
14 .	AJ1800112	MACHADO	GABRIEL	XAVIER	H	11/03/2007	1	01/25/2018	2	243.4 PC	738	3 6	A
15 .	AJ1800142	OROZCO	JULIE		H	04/02/2002	2	01/30/2018	1	48264 EC	001	2 4	A
16 .	AJ1800149	VILLAFAN	MACARIO	NMN	H	01/07/2002	1	01/31/2018	2	243(B) PC	397	4	A

Incident Directory Report

2/1/2018

BCS Code by Year



	2018	Total
Info Case	283	**283**
Booking	152	**152**
(9) Part II	151	**151**
Citation	133	**133**
(6) Theft	46	**46**
F.I.	36	**36**
TC	31	**31**
(7) Veh Theft/Rec	27	**27**
(5) Burglary	21	**21**
(4) Assault	19	**19**
Other Crimes	19	**19**
Grand Total	**918**	**918**

Incident Directory Report

(2) Rape	**3**	Supports Drill Down
(3) Robbery	**1**	Supports Drill Down
(4) Assault	**19**	Supports Drill Down
(5) Burglary	**21**	Supports Drill Down
(6) Theft	**46**	Supports Drill Down
(7) Veh Theft/Rec	**27**	Supports Drill Down
(9) Part II	**151**	Supports Drill Down
Booking	**152**	Supports Drill Down
Citation	**133**	Supports Drill Down
DUI	**4**	Supports Drill Down
F.I.	**36**	Supports Drill Down
Info Case	**283**	Supports Drill Down
Premises	**2**	Supports Drill Down
Registrant	**9**	Supports Drill Down
TC	**31**	Supports Drill Down

ATWATER POLICE DEPARTMENT

NOTABLE CASES FOR JANUARY, 2018

1. On 01/05/18 at approx. 1542 hrs. APD Officers were dispatched to Green Sands/Buhach Rd. regarding a traffic accident w/injuries. One person had to be extracted from the vehicle. The driver and infant in that vehicle both had injuries to their head and neck and were transported to Mercy Hospital. A criminal complaint was forwarded to the DA as the driver of that vehicle was driving on a suspended license. The other driver was not injured and he was cited on scene for driving suspended as well.
2. On 01/06/18 at approx. 2318 hrs. a call of shots fired was reported in the Fortuna/Shaffer area. During the area check officers located (2) vehicles in the 100 block of E. Fortuna that had been struck by gunfire. Detectives were notified.
3. On 01/08/18 at approx. 2019 hrs. APD Officers were dispatched to Bellevue Rd/Santa Fe Dr. regarding a vehicle stuck on the railroad tracks. It was discovered that the vehicle high centered on the tracks and a Good Samaritan coached the elderly lady out of the vehicle before it was struck by a westbound BNSF train.
4. On 01/09/18 at approx. 1647 hrs APD Officers were dispatched to the Jennings Mobile Home Trailer Park regarding a fight involving a man with a gun. A group of individuals were detained and it was discovered that their vehicle had been stolen from Patterson earlier and they used a GPS to track their vehicle to Atwater. They advised that they did not initially report the vehicle stolen.
5. On 01/09/18 at 2030 hrs. APD Officers were dispatched to 400 block of Beals Dr. regarding an unwanted guest. Upon the officers arrival it was discovered that one of the residents was found to be intoxicated and causing a disturbance as he was making suicidal threats. When the officers tried to take him into custody he began to fight with them and had concealed a knife in his hand. During the struggle the subject was trying to cut his own throat before being subdued.
6. On 01/09/18 at 2306 hrs. Officers were dispatched to the 2100 block of Third St. for an interrupted residential burglary. The RP advised when she got up from her bed to use the restroom she encountered an unknown male and retreated to her bedroom to call 9-1-1. Upon officers arrival the subject fled the area. The residence and area was checked however no one was located.
7. On 01/10/18 at approx. 2019 hrs. Officers responded to Fruitland and Nonpareil for a vehicle vs. bicyclist. The bicyclist had a complaint of pain to his shoulder and arms. Incident documented.
8. On 01/10/18 at approx. 2056 hrs. Officers were dispatched to 1000 block of Sparrow Dr. to attempt warrant service on a male subject who was wanted out of Santa Clara Co. on a felony no bail warrant. During the service of the warrant Officer Vierra made contact with the subject and while taking him into custody the subject resisted. Officers' Mann and Wisdom also assisted, due to the subject violently resisting. The taser was deployed

however it was not effective. After approx. 5 minutes of fighting with this individual he was placed into handcuffs and transported to Mercy Hospital for medical attention. The Officers also sought treatment as well for an injured hand and blood borne pathogen contamination/exposure.

9. On 01/11/18 at approx. 1931 hrs. Officer Vierra was dispatched to the 100 block of Mesquite Ct. regarding a brandishing of a firearm call. During the investigation it was determined that there was a domestic violence report at the residence where the male had made threats to his live-in girlfriend that he would shoot her. The male subject was subsequently arrested and booked into Merced County Jail on a variety of charges. Several firearms and a large quantity of ammo were confiscated from the residence.
10. On 01/12/18 at approx. 0431 hrs. report of a vehicle accident on Commerce just east of Walmart. A power pole was struck and power lines were down. PG&E was contacted to make necessary repairs.
11. On 01/12/18 at approx. 0951 hrs. Officer Aguilar was dispatched to the lobby of the police department for a DV report. Officer Aguilar was informed that a female had been threatened and pushed by her boyfriend after he placed what she believed to be a black handgun in his waist. She indicated that her boyfriend got upset after learning that she works for a male and not a female as she originally told him. Officers were able to intercept the subject and take him into custody. A BB gun was found in the residence that the victim identified as the weapon he placed in his waist band. He was booked into jail for criminal threats and domestic violence.
12. On 01/16/18 APD Officers were dispatched to the 600 block of E. Juniper Ave. regarding an infant not breathing. The victim was approximately 2 months old. Lifesaving measures were attempted however the child was pronounced deceased. The case is currently being handled by the Detective Division.
13. On 01/19/18 at approx. 1104 hrs. Acting Sergeant Sarginson responded to 2633 Winton Way to investigate a possible subject who was causing a disturbance and posing as a danger to himself. Upon contact with the subject he made incoherent statements and was agitated at his mother for calling the police. Acting Sgt. Sarginson grabbed a hold of the adult male subject after he took an aggressive stance towards him. A physical confrontation took place before he was subdued and taken into custody. The subject was transported to the hospital for a mental eval.
14. On 01/23/18 at approx. 2300 hours APD Officer Rivera was on patrol and in the area of 5 corners when he observed a blue Nissan p/u that he recognized as being stolen as he was given information about the outstanding stolen vehicles in Atwater. A vehicle stop ensued and a Hispanic male adult was subsequently arrested for being in possession of a stolen vehicle along with several items of stolen property. The property was seized and the Detective Division is looking into matter further to identify ownership of the outstanding property.
15. On 01/24/18 at approx. 1400 hours Officer Lee located a parked stolen vehicle in the Determine area. Officer Lee located a witness who observed a subject flee from the vehicle prior to parking it. Officer Lee checked the area and located a subject who matched the description at the Jennings trailer park (5200 Crest). When Officer Lee tried to make contact the subject ran from him and was apprehended after a short

distance. The subject was a Hispanic male adult wanted for 2 felony warrants. He was subsequently booked into jail for a several violations and a complaint was sent to the DA's Office for him being in possession of a stolen vehicle. Officer Lee was able to recover latent prints from the vehicle that were sent off to the DOJ crime lab for analysis.

16. On 01/27/18 APD Officers responded to the 500 block of E. Clinton Ave. for a suicidal subject threatening to kill himself with a firearm. The area was blocked off and neighbors were advised to stay inside for their safety. The female who resided there met with the officers outside and informed them that her husband was an elderly Vietnam Vet who was intoxicated and upset over marital issues. She indicated that he told her that if the police were to enter his residence he would shoot it out with them. She stated that no criminal threats were made to her and she stated she would seek a safer place to stay for the night. The officers left the scene to de-escalate the situation. The following day we received a call from the female who had been in touch with her husband and she requested we escort her to her residence. During the escort the officers entered the residence and were able to safely secure a firearm that was next to him as he was asleep in his chair. The individual was taken for a medical evaluation and other weapons in the residence were also confiscated for safe keeping.

AVIPS VICTOR UNIT TASKS/HOURS TOTALS FOR JANUARY 2018

TASKS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YEARLY TOTALS
Administration	6												**6**
Animal Control	0												**0**
Citizen Assists	2												**2**
Crossing Guard	0												**0**
Evacuations	0												**0**
Evidence Transport	5												**5**
Feral Cat Program	0												**0**
Foot Patrol	0												**0**
Funeral	4												**4**
Garage Sales	3												**3**
House Checks	22												**22**
Merced Paperwork	15												**15**
Neigbhorhood Watch	0												**0**
Notice of Violation	0												**0**
Office	5												**5**
Parade Control	0												**0**
Parking/Tow Tickets	0												**0**
Radar Trailer	9												**9**
Sign Removal	36												**36**
Stand-By	9												**9**
Traffic Control	5												**5**
Training	0												**0**
Vehicle Patrol	23												**23**
Water Contact/Flyer	0												**0**
Water Notice Given	0												**0**
Other	49												**49**
Total Tasks/Month	193	0	0	0	0	0	0	0	0	0	0	0	**193**
Total Hours/Month	249.75												**249.75**
Total Miles/Month	1069.00												**1069.00**

Volunteer Don Martin V - 3

Fire Svc. Calls	Jan-18	Feb-18	Mar-18	Apr-18	May-18	June-18	July-18
Structure Fire	**1**						
Other Fires	**17**						
Vehicle Accidents	**16**						
Medical Aid	**261**						
Haz-Mat/ Hazardous condition	**6**						
Public Assistance/ Service Calls	**34**						
Total	**335**						
Weed Abatement							
Weed abatement properties inspected	**0**						
Number of properties abated by contractors	**0**						
# of properties serviced by most used contractor	**0**						
Avg weed abatements per contractor	**0**						
Projects							
Hydrants inspected/serviced	**0**						
Public education [qty. of presentations]	**0**						
Hose Testing	**0**						
Buisness Inspection	**18**						
Training Sessions	**24**						
Reserve Program							
# hours worked	**33**						
Training Hours	**184**						
Meetings							
Staff meetings attended	**3**						
City Council meetings attended	**2**						
Public Safety meetings attended	**13**						
Local, State, and Federal meetings/activities	**2**						

Aug-18	Sep-18	Oct-18	Nov-18	Dec-18

WELL WATER LEVELS

2017

WELL #	PUMP setting	JAN		FEB		MAR		APR		MAY		JUNE		JULY		AUG		SEPT		OCT		NOV		DEC	
		STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL
9*																									
13	165	**90**		**86**		**89**		**87**		**100**		**106**		**107**		**95**		**96**		**94**		**94**		**101**	
14	175	**89**		**89**		**90**		**89**		**105**		**96**		**98**		**96**		**95**		**96**		**95**		**96**	
15*	175	**125**		**125**		**94**		**96**		**155**		**152**		**151**		**148**		**140**		**136**		**132**		**95**	
16	230	**154**		**155**		**152**		**128**		**144**		**148**		**148**		**153**		**146**		**144**		**128**		**110**	
17	240	**117**		**119**		**114**		**114**		**126**		**119**		**125**		**134**		**129**		**132**		**141**		**125**	
18	295	**94**		**96**		**97**		**93**		**109**		**110**		**112**		**117**		**118**		**116**		**106**		**98**	
19	305	**95**		**87**		**91**		**87**		**130**		**135**		**133**		**139**		**136**		**135**		**124**		**117**	
20																									
21	160	**110**		**107**		**108**		**107**		**113**		**123**		**125**		**123**		**119**		**117**		**122**		**115**	

WELL WATER LEVELS

2018

WELL #	PUMP setting	JAN		FEB		MAR		APR		MAY		JUNE		JULY		AUG		SEPT		OCT		NOV		DEC	
		STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL	STATIC	RESIDUAL
9*																									
13	165	**99**																							
14	175	**92**																							
15*	175	**94**																							
16	230	**107**																							
17	240	**124**																							
18	295	**113**																							
19	305	**116**																							
20																									
21	160	**109**																							

January 24, 2018

Honorable Mayor and Members
Atwater City Council

City Council Meeting
of February 12, 2018

AMENDING CHAPTER 12.08 ENTITLED "CITY PARKS" OF THE ATWATER MUNICIPAL CODE

RECOMMENDATION:
It is recommended that the City Council consider:

1. Opening the public hearing and receiving any testimony given regarding Ordinance No. 993; and

2. Waiving the first reading and introducing Ordinance No. CS 993 amending Chapter 12.08 "City Parks" of the Atwater Municipal Code.

BACKGROUND:
At their regular meeting of May 11, 1992, Atwater City Council ("Council") adopted Ordinance No. CS 688 specifying prohibited hours to be in or remain in specific City parks. Since 1992 the City has added parks requiring an amendment to the Municipal Code to include these parks. Ordinance No. CS 688 also specified different prohibited hours to be in or remain in Osborn Park and Memorial Park.

ANALYSIS:
Ordinance No. CS 993 proposes to use the general term "all City parks" in place of specifying parks by name and to change the prohibited hours for Osborn Park and Memorial Park to be consistent with all other city parks. The proposed changes will allow the inclusion of future City parks without requiring future amendments to the Atwater Municipal Code. Formatting changes were also made to include the requirements of recent ordinances.

FISCAL IMPACT:
None.

CONCLUSION:
This staff report is submitted for City Council consideration and possible action.

Respectfully submitted,

Brian Shaw
Interim Public Works Director

CITY COUNCIL
OF THE
CITY OF ATWATER

ORDINANCE NO. CS 993

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ATWATER AMENDING CHAPTER 12.08 ENTITLED "CITY PARKS", OF THE ATWATER MUNICIPAL CODE

WHEREAS, at their regular meeting of May 11, 1992, Atwater City Council ("Council") adopted Ordinance No. CS 688 which amended Section 12.08.010 entitled "Prohibited Hours";

WHEREAS, Section 12.08.010 provides the hours between which it is unlawful for any person to be or remain in City parks; and

WHEREAS, the City now finds it necessary to further amend Section 12.08.010 to include City parks which were added after the passage of Ordinance No. CS 688, to include future parks that may be added, and for consistency in the hours prohibited.

That the City Council of the City of Atwater does ordain as follows:

SECTION 1: That Section 12.08.010 is hereby amended to read in full as follows:

12.08.010 Prohibited Hours. It is unlawful for any person to be or remain in ~~Osborn park or Mermorial Park between the hours of twelve (12) midnight and 5:00 (5) AM. the following day without having received a permit to do so from the Chief of Police or his authorized representative~~. ~~It is unlawful for any person to be or remain in Albiani Park, E. L. Walter Park, Heller Park, Ralston Park, Bloss Park, or Civic Center site~~ ***any city park*** between the hours of 10:00 p.m. and 6:00 a.m. of the following day without having received a permit to do so from the Chief of Police or his authorized representative. Any person who violates this section shall be guilty of a misdemeanor.

~~**SECTION 2**. This Ordinance shall take effect and be in force after thirty (30) days after its passage and the City Clerk shall certify to the adoption of this ordinance and shall~~

SECTION 2. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance, which can be given effect without the invalid provision or application, and to this end, the provisions of this Ordinance are severable. This City Council declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

SECTION 3. **EFFECTIVE DATE.** This ordinance shall take effect and be in force thirty (30) days after the date of its passage and the City Clerk shall certify to the adoption of this ordinance and shall cause the same to be published in the Atwater Signal within fifteen (15) days from the adoption hereof.

SECTION 4. CEQA

The City Council hereby finds that the adoption of this Ordinance does not constitute the approval of a "project" under the California Environmental Quality Act (CEQA) pursuant to section 15060(c)(2) and (3) and 15061(b)(3) of the State CEQA Guidelines. Specifically, this Ordinance will not result in a direct or foreseeable indirect physical change in the environment as it does not authorize the construction of any new structures or other physical changes to the environment.

SECTION 5. Publication. At least two (2) days prior to its final adoption, copies of this ordinance shall be posted in at least three (3) prominent and distinct locations in the City; and a notice shall be published once in The Merced Sun Star, the official newspaper of the City of Atwater, setting forth the title of this Ordinance, the date of its introduction and the places where this Ordinance is posted.

The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause this Ordinance, or a summary thereof to be published once in the official newspaper within 15 days after its adoption.

SECTION 6. Effective Date. This Ordinance shall go into effect and be in full force and operation from and after thirty (30) days after its final passage and adoption.

The foregoing ordinance was introduced at a regular meeting of the Council of the City of Atwater held on the 12th day of February, 2018, by _____, who moved its introduction and passage to print, which motion being duly seconded by _____, was upon roll call carried and ordered printed and published by the following vote:

AYES:
NOES:
ABSENT:

Introduced by Council Member _____ seconded by Council Member _____ on the ___ day of ____, 2018.

Passed on the __ day of _____, 2017, by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

_____
JAMES E. PRICE, MAYOR

ATTEST:

_____
DON HYLER III, CITY CLERK

COUNCIL AGENDA REPORT

CITY COUNCIL

Jim Price, Mayor
Jim Vineyard — Paul Creighton
Brian Raymond — Cindy Vierra

MEETING DATE: **February 12, 2018**

TO: Mayor and City Council

FROM: Lori Waterman, Interim Community Development Director
lwaterman@atwater.org (209) 357-6206

PREPARED BY: Lori Waterman, Interim Community Development Director
lwaterman@atwater.org (209) 357-6206

SUBJECT: **Resolution No. 3011-18 Conveying Property Owned by the City, located at 3116 Virginia Street, City of Atwater, Merced County, California (Assessor's Parcel No. 150-065-010)**

RECOMMENDED COUNCIL ACTION:

Staff recommends Council approve Resolution No. 3011-18, conveying property owned by the City, located at 3116 Virginia Street, City of Atwater, Merced County, California (Assessor's Parcel No. 150-065-010); and

Approve entering into an Agreement in a form approved by the City Attorney with Yolanda Bautista Enriquez ("Enriquez"); and

Authorize and direct the Interim City Manager to execute any necessary documents on behalf of the City.

BACKGROUND:

Staff reviewed records regarding abandoned well site on the Property consisting of approximately 1,247 square feet, located in the northwest area of the City. Bases upon the size of the Property, its limited access and the potential configuration of the City's water system, the City has determined the Property will not be needed as a well site or for any other water related purpose in the future.

It has been further determined that the Property has no monetary value to the City, and could not be utilized by someone other than the adjacent property owner at 3116 Virginia

Street. Transfer of the Property will relieve the City of its responsibility to maintain the Property.

The adjacent property owner has been maintaining the Property, and has agreed to pay one-half (1/2) of the costs associated with the transfer in the amount of $706.23. The Chain-Of-Custody and Title Search have found no restrictions on this Property.

I. ANALYSIS:

In accordance with Government Code §37422, the City Council at their regular meeting of January 22, 2018, adopted Resolution No. 3003-18 declaring intention to convey City owned real property located at 3116 Virginia Street, and set a public hearing date of February 12, 2018 to hear any protests regarding the conveyance of the Property.

The Resolution of intention was published, circulated and posted as required by Government Code §37423.

A condition and restriction will be added to the Legal Description, that "said Lot is not to be sold, conveyed or encumbered with Adjacent Lot 2 of map entitled, "Map of Kingsbury Acres", in the City of Atwater, County of Merced, State of California, filed for record May 27, 1960, in Vol. 15, Page 15 of Maps, in the office of the County Recorder of said County.

II. FISCAL IMPACTS:

The conveyance and Resolution conveying Property located at 3116 Virginia Street has been reviewed by the Finance Director.

The only Fiscal Impact would be half (1/2) the cost to prepare the Title Search, and for publishing the Resolution of intention as required by Government Code §37423 in the amount of $706.23, sufficient funding is available in Water Enterprise Fund for FY 2017-18, Professional Services; Account Number 6000.7010.3030.

III. LEGAL REVIEW:

The conveyance and Resolution conveying Property located at 3116 Virginia Street has been reviewed by the City Attorney.

IV. EXISTING POLICY: N/A

V. POLICY ALTERNATIVES: N/A

VI. INTERDEPARTMENTAL COORDINATION: N/A

VII. PUBLIC PARTICIPATION: N/A

VIII. ENVIRONMENTAL REVIEW:

The entering into an agreement for the conveyance of the Property to Enriquez through this Resolution does not commit the City to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act. The City Clerk is authorized and directed to file a Notice of Exemption with the appropriate official of the County of Merced, California, within five (5) days following the date of adoption of this Resolution.

IX. STEPS FOLLOWING APPROVAL:

The Steps Following Approval will include the Interim City Manager executing an Agreement, and the City Clerk certifying and recording the adoption of Resolution No. 3011-18 and filing a Notice of Exemption with the County Recorder within five (5) days following the date of adoption of this Resolution.

Approved by: Lori Waterman
Lori Waterman, Interim Community Development Director

Prepared by: Lori Waterman, Interim Community Development Director
Name, Title

City Manager: Art de Werk
Art de Werk, Interim City Manager

Attachments:

1. Resolution
2. Legal Description

CITY COUNCIL OF THE CITY OF ATWATER

RESOLUTION NO. 3011-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATWATER CONVEYING PROPERTY OWNED BY THE CITY LOCATED AT 3116 VIRGINIA STREET, CITY OF ATWATER, MERCED COUNTY, CALIFORNIA (ASSESSOR'S PARCEL NO. 150-065-010)

WHEREAS, the City is the owner of that certain real property generally located at 3116 Virginia Street in the City of Atwater, Merced County, California (Assessor's Parcel No. 150-065-010) ("Property"), more particularly described in Exhibit "A" attached hereto and made a part of this Resolution; and

WHEREAS, the City intends to enter into an agreement with the adjacent property owner, Yolanda Bautista Enriquez ("Enriquez"), to convey the Property in exchange for payment of one-half (1/2) of the title and publication costs in the amount of $706.23; and

WHEREAS, Government Code §§ 37420 – 37430 authorize the City to dispose of property; and

WHEREAS, Government Code § 37421 provides that when the City finds that the public interest and convenience require the conveyance of City property, the City may adopt a resolution stating such finding and intention to convey the property; and

WHEREAS, Government Code § 37422 provides that such Resolution of Intention shall fix a time for hearing protests to the property conveyance, provide for publication of notice of hearing, fix the time when the City will take final action regarding the property conveyance and contain an accurate description of the property to be conveyed; and

WHEREAS, the City adopted Resolution No. 3003-17 on January 22, 2018 ("Resolution of Intention"); and

WHEREAS, the City held a public hearing on February 12, 2018, as set forth in the Resolution of Intention, to hear any protests regarding the conveyance of the Property by the City; and

WHEREAS, the City desires to take final action regarding entering into an agreement for the conveyance of the Property upon payment by Enriquez to the City of one-half (1/2) of the title and publication costs in the amount of $706.23.

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

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA. The entering into an agreement for the conveyance of the Property to Enriquez through this Resolution does not commit the City to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act. The City Clerk is authorized and directed to file a Notice of Exemption with the appropriate official of the County of Merced, California, within five (5) days following the date of adoption of this Resolution.

Section 3. Findings. The City finds that the public interest and convenience require conveyance of the Property to Enriquez in exchange for payment of one-half (1/2) of the title and publication costs in the amount of $706.23, which will alleviate the City's responsibility and costs to maintain the Property, which will benefit the health, safety and welfare of the City.

Section 4. Protests. The City has not received any protests regarding the conveyance of the Property to Enriquez, or the City has received protests regarding such conveyance, and has overruled such protests by four-fifths vote of its members, and may proceed with the conveyance of the Property to Enriquez.

Section 5. Final Action. The City approves the entering into an agreement, in a form to be approved by the City Attorney, with Enriquez for the conveyance of the Property in exchange for payment of one-half (1/2) of the title and publication costs in the amount of $706.23.

Section 6. Implementation. The Interim City Manager is authorized to sign and record any documents, and to take any other actions as necessary to execute an agreement and convey the Property to Enriquez.

Section 7. Certification; Effectiveness. The City Clerk shall certify to the adoption of this Resolution. This Resolution shall become effective immediately upon its adoption.

The foregoing resolution is hereby adopted this 12th day of February, 2018.

AYES:
NOES:
ABSENT:

APPROVED:

JAMES E. PRICE, MAYOR

ATTEST:

DON HYLER, III
CITY CLERK

EXHIBIT "A"

Assessor's Parcel Map

EXHIBIT "A"

Legal Description

For APN/Parcel ID(s): 150-065-010

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ATWATER, COUNTY OF MERCED, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lot A, as said lot is shown upon that map entitled, "Map of Kingsbury Acres", in the City of Atwater, County of Merced, State of California, filed for record May 27, 1960, in Vol. 15, Page 15 of Maps, in the office of the County Recorder of said County.

EXCEPTING THEREFROM all oil, gas & minerals, now or at any time hereafter situated therein or thereunder lying below a depth of 500 feet as reserved in the deed from Capital Company recorded March 16, 1943 in Book 740, Page 247, Official Records, and modified by Quitclaim Deed recorded January 16, 1962, in Book 1557, Page 103, Official Records.

COVENANT, CONDITION AND RESTRICTION:

Said Lot is not to be sold, conveyed or encumbered without Adjacent Lot 2 of map entitled, "Map of Kingsbury Acres", in the City of Atwater, County of Merced, State of California, filed for record May 27, 1960, in Vol. 15, Page 15 of Maps, in the office of the County Recorder of said County.

Grantee hereby confirms and consents to the above Restriction

X_____

Yolanda Bautista Enriquez

~ March 2018 ~

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2 **City Hall closed**	3
4	5	6	7	8	9 **City Hall closed**	10
11 Daylight Savings Time Begins	12 City Council Meeting - 6:00 PM	13	14	15	16 **City Hall closed**	17 Spring Clean Up Day 7:00 AM - 2:00 PM
18	19	20	21 Community Development & Resources Commission Meeting - 6:00 PM	22 **Merced County District 3 Supervisor McDaniel "Mobile" Office Hours - 1:30 - 3:30 PM**	23 **City Hall closed**	24
25	26 Audit & Finance Committee Meeting - 4:00 PM City Council Meeting - 6:00 PM	27	28	29	30 **City Hall closed**	31