



**AGENDA  
SPECIAL MEETING  
CHOWCHILLA CITY COUNCIL / PUBLIC FINANCING  
AUTHORITY**

Council Chambers, Chowchilla City Hall  
130 S. Second Street, Chowchilla, CA 93610

**May 26, 2016**

Agendas for all City Council meetings are posted at least 72 hours prior to the meeting at the Civic Center, 130 S. Second St., Written communications from the public for the agenda must be received by Administrative Services no less than 7 days prior to the meeting date.

Any writing or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at the City Clerk's Counter. In addition, most documents will be posted on the city website at [www.CityofChowchilla.org](http://www.CityofChowchilla.org).

The City of Chowchilla complies with the Americans with Disabilities Act (ADA of 1990). The Council Chambers is accessible to the physically disabled. If you need special assistance, please call (559) 665-8615, ext. 102 at least 4 days prior to the meeting.

**CALL TO ORDER**

**ROLL CALL:**

Mayor: Waseem Ahmed

Mayor Pro Tem: Mary Gaumnitz

Council: John Chavez, Dennis Haworth, Richard Walker

City staff and contract employees present at the meeting will be noted in the minutes

**PUBLIC ADDRESS – CLOSED SESSION**

This time is reserved for members of the audience to address the City Council on items listed on the closed session agenda only. It is recommended that speakers limit their comments to no more than 3 minutes each. Speakers are asked to please use the microphone and provide their name for the record. Any handouts should be provided to the City Clerk/Board Clerk who will distribute them to the Council and appropriate staff.

**CLOSED SESSION – 6:00 PM**

This time has been set aside for the City Council to meet in a closed session to discuss matters pursuant to Government Code Section 54957 (b)(1), 54957.6, and 54956.9 (d)(2). Based on the advice of the City Attorney, discussion in open session would prejudice the position of the City in these matters. The City Attorney will provide a report, in open session, which details any reportable actions following conclusion of the closed session agenda.

**1. Conference with Labor Negotiators, Gov. Code Section 54957.6**

Negotiating Parties: CCEA

Agency Negotiators: David G. Ritchie, Rod Pruet

**2. Anticipated Litigation, Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Gov. Code Section 54956.9**

Number of Cases: 1

In the event that not all the items on the closed session agenda have been deliberated in the time provided, the City Council may continue the closed session until the end of the regularly scheduled Council Meeting.

**OPEN SESSION – 7:00 PM****PLEDGE OF ALLEGIANCE:****INVOCATION:** Mr. Hansen**CLOSED SESSION REPORT:****CEREMONIAL / PRESENTATIONS – Section 1**

None

**PUBLIC ADDRESS**

This time is reserved for members of the audience to address the City Council on items of interest that are **not** on the Agenda and that are within the subject matter jurisdiction of the Council.

It is recommended that speakers limit their comments to **no more than 3 minutes** each and it is requested that no comments be made during this period on items on the Agenda. Members of the public wishing to address the Council on items on the Agenda should notify the Mayor when that Agenda item is called.

The Council is prohibited by law from taking any action on matters discussed that are not on the Agenda. No adverse conclusions should be drawn if the Council does not respond to public comment at this time.

Speakers are asked to please **use the microphone and provide their name for the record**. Prior to addressing the Council, any handouts are to be provided to City Clerk who will distribute them to the Council and the appropriate staff.

**COUNCIL AND STAFF REPORTS – Section 2****2.1 COUNCIL REPORTS**Legislative Items  
Oral / Written Reports**2.2 STAFF REPORTS**

Written/Oral Reports

**CONSENT CALENDAR – Section 3**

All items listed under Consent Calendar are considered to be routine and will be enacted by one motion. For discussion of any Consent Item, it will be made a part of the Regular Agenda at the request of any member of the City Council or any person in the audience.

**3.1 Approval of May 10, 2016 City Council / RSA Minutes (McClendon)****3.2 Consideration of Monthly Financial Reports for April 2016 (Pruett)****3.3 Consideration of Aerial Fireworks Display at the Chowchilla Fairgrounds (Turner)****PUBLIC HEARINGS – Section 4**

None.

## DEFERRED BUSINESS – Section 5

None.

## NEW BUSINESS – Section 6

**6.1 A) Council Resolution # -16, Approving the Form and Authorizing the Execution of Certain Lease Financing Documents in Connection with the Refunding of a Portion of the Outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (CIVIC CENTER PROJECT) and Authorizing and Directing Certain Actions with Respect Thereto (Pruett)**

**B) Public Financing Authority Resolution # -16, Approving the Form and Authorizing the Execution of Certain Lease Financing Documents in Connection with the Refunding of the City of Chowchilla's Outstanding Certificates of Participation (2005 REFINANCING PROJECT) and Authorizing and Directing Certain Actions with Respect Thereto (Pruett)**

## WORKSHOPS

- 2016 / 2017 Budget Workshop

## ANNOUNCEMENTS – Section 7

|         |  |
|---------|--|
| June 7  | Coffee with a COP, McDonalds, 8:00 AM  |
| June 7  | Special City Council Meeting, City Hall, 7:00PM                                  |
| June 10 | City Offices Closed  |
| June 15 | Planning Commission Meeting, City Hall, 7:00PM                                   |
| June 21 | Community Conversation Meeting, Deli Delicious, 12:30PM                          |
| June 23 | Sizzlin' Summer Nights Music in the Park Concert, Veterans Memorial Park, 7:00PM |
| June 24 | City Offices Closed  |
| June 28 | City Council Meeting, City Hall, 7:00PM  |

## ADJOURNMENT

I, Joann McClendon, CMC, City Clerk, do hereby declare under penalty of perjury that the foregoing agenda was posted at the Chowchilla City Hall, 130 S Second Street, Chowchilla, CA and made available for public review on this 25th day of May 2016 at or before 2:00 p.m.

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Joann McClendon, CMC  
City Clerk



## MINUTES REGULAR MEETING

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### JOINT CHOWCHILLA CITY COUNCIL / ★ REDEVELOPMENT SUCCESSOR AGENCY

Council Chambers, Chowchilla City Hall  
130 S. Second Street, Chowchilla, CA 93610

**May 10, 2016**

#### CALL TO ORDER

#### ROLL CALL:

Mayor: Waseem Ahmed

Mayor Pro Tem: Mary Gaumnitz

Council: John Chavez, Dennis Haworth, Richard Walker

**City staff and contract employees present:** City Administrator Brian Haddix, City Attorney David Ritchie, Police Chief Dave Riviere, Fire Chief Harry Turner, Engineer/Public Works Director Craig Locke, Finance Director Rod Pruett, Community Relations Manager Marty Piepenbrok, City Clerk Joann McClendon

#### PUBLIC ADDRESS – CLOSED SESSION

No one spoke.

#### CLOSED SESSION – 6:00 PM

- 1. Conference with Real Property Negotiators, Gov. Code Section 54956.8**  
Property: Rancho Calera Specific Plan Area  
Agency Negotiator: City Administrator  
Negotiating Party: Pembroke Development  
Under Negotiation: Price & Terms of Payment
- 2. Conference with Labor Negotiators, Gov. Code Section 54957.6**  
Negotiating Parties: CEA, CCOEA, CPOA, CMMCA, Management  
Agency Negotiators: David G. Ritchie, Rod Pruett

#### OPEN SESSION – 7:05 PM

**PLEDGE OF ALLEGIANCE:** Mayor Waseem Ahmed

**INVOCATION:** Mr. Alfred Hansen

**CLOSED SESSION REPORT:** No reportable action.

#### CEREMONIAL / PRESENTATIONS – Section 1

- 1.1** Presentation of Future Project Sign of the Barragan Family Performance Stage
- 1.2** Proclamation: 2016 Peace Officer Memorial Day
- 1.3** Recognition: Sworn Officer of the Year and Chowchilla Police Department

Break for refreshments at 7:27pm and reconvened at 7:46pm.

#### 1.4 Proclamation: 2016 National Public Works Week

### WORKSHOPS

### PUBLIC ADDRESS

Norma Frontella spoke.

### COUNCIL AND STAFF REPORTS – Section 2

#### 2.1 COUNCIL REPORTS

Legislative Items  
Oral / Written Reports

Council Member Walker attended a Chowchilla Task Force meeting. He thanked Cota Cole for sponsoring the National Day of Prayer event in Chowchilla.

Mayor Pro Tem Gaumnitz attended a Chowchilla Little League fundraising dinner, the Madera-Chowchilla Fair fundraising dinner, and the Fallen Officers Memorial held in Madera.

Council Member Chavez attended a Chowchilla Little League fundraising dinner, and the Prayer in the Park/National Day of Prayer event in Chowchilla.

Council Member Haworth attended a Developer meeting with City Administrator Haddix, and a Community Action Partnership-Madera County meeting where it was reported that CAPMC will taking over Senior Meals at the Senior Center.

Mayor Ahmed also attended the Peace Officers Memorial/Fallen Officers Memorial in Madera, a High Speed Rail meeting with HSR Representative Diana Gomez, Friends of Fairmead, and City Administrator Haddix; the Mayor also met with Congressman Jim Costa and City Administrator Haddix, the Chowchilla National Day of Prayer event, and the Chowchilla Little League Dinner.

#### 2.2 STAFF REPORTS

Written/Oral Reports

City Administrator Haddix met with High Speed Rail representative Diana Gomez, Congressman Costa regarding High Speed Rail alignments; Friends of Fairmead; attended the Peace Officer Memorial in Madera; the Chowchilla Fair Dinner; Mayor's Prayer/National Day of Prayer event; and the Chowchilla Community Task Force meeting.

He announced that the May 24 City Council meeting is cancelled, holding a Special Meeting on Thursday, May 26.

Public Works Director Locke updated the council on the Governor's new watering restrictions. The city is now on the summer schedule, watering two days per week. He also reported on upcoming summer projects that include the Fuller Neighborhood Sidewalk, Veteran's Park Amphitheater, Rule 20 (placing electric lines underground) projects, Robertson & 11<sup>th</sup> Street Sidewalk, Airport Clean Up, Chowchilla highway 99 sign, and other projects.

Police Chief Riviere thanked those who were able to attend the Police Officer Memorial Ceremony in Madera.

Community Relations Manager Piepenbrok reported that the summertime concerts and movies in the park will continue this year; Senior Nutrition Program has changed providers as previously reported by Council Member Haworth; Community Conversation planned for May 17 and 28; Dollar Tree Grand Opening at 10 a.m. on May 28.

- 3<sup>rd</sup> Quarter Strategic Update

### CONSENT CALENDAR – Section 3

#### 3.1 Approval of April 26, 2016 City Council Minutes (McClendon)

#### 3.2 Approval of General Payments for the Month of April 2016 (Pruett)

*Motion by Council Member Walker, Seconded Mayor Pro Tem Gaumnitz to Approve the Consent Calendar as Presented. Motion passed unanimously by roll call vote.*

### PUBLIC HEARINGS – Section 4

None.

### DEFERRED BUSINESS – Section 5

#### 5.1 Council Resolution # 52-16, Approving a Reserve Policy (Pruett)

*Motion by Council Member Haworth, Seconded by Council Member Walker to Approve Council Resolution #52-16, Approving a Reserve Policy. Motion passed unanimously by roll call vote.*

### NEW BUSINESS – Section 6

#### 6.1 Council Resolution # 53-16, Authorizing the Transfer of \$65,400 in Federal Aviation Administration (FAA) Entitlement Grant Funds to Nevada County Air Park (Locke)

*Motion by Council Member Walker, Seconded by Mayor Pro Tem Gaumnitz to Approve Council Resolution #53-16, Authorizing the Transfer in Federal Aviation Administration (FAA) Entitlement Grant Funds to Nevada County Air Park. Motion passed unanimously by roll call vote.*

#### 6.2 Council Resolution # 54-16, Requesting the Madera County Board of Supervisors to Permit the Madera County Clerk to Render Specified Services to the City of Chowchilla Relating to the Conduct of Municipal Elections (McClendon)

*Motion by Council Member Walker, Seconded by Council Member Haworth to Approve Council Resolution #54-16, Requesting the Madera County Board of Supervisors to Permit the Madera County Clerk to Render Specified Services to the City of Chowchilla Relating to the Conduct of Municipal Elections. Motion passed unanimously by roll call vote.*

#### 6.3 ★Successor Agency Resolution # 03-16, Approving the Issuance of Refunding Bonds in Order to Refund Certain Outstanding Obligations of the Former Chowchilla Redevelopment Agency, Approving the Execution and Delivery of an Indenture of Trust and an Escrow Agreement Relating Thereto, Requesting Oversight Board Approval of the Issuance of the Refunding Bonds, Requesting

**Certain Determinations by the Oversight Board, and Providing for Other Matters Relating Thereto (Pruett)**

Spoke:  
Bud Levine

*Motion by Council Member Haworth, Seconded by Council Member Walker to Approve Successor Agency Resolution #03-16, Approving Issuance of Refunding Bonds in Order to Refund Certain Outstanding Obligations of the Former Chowchilla Redevelopment Agency, Approving the Execution and Delivery of an Indenture of Trust and an Escrow Agreement Relating Thereto, Requesting Oversight Board Approval of the Issuance of the Refunding Bonds, Requesting Certain Determinations by the Oversight Board, and Providing for Other Matters Relating Thereto. Motion passed unanimously by roll call vote.*

**ANNOUNCEMENTS – Section 7**

|                   |   |
|-------------------|---|
| May 13            | City Offices Closed   |
| May 17            | Community Conversation Meeting, Starbucks, 8AM                                    |
| May 18            | Planning Commission Meeting, City Hall, 7PM                                       |
| May 19            | Chowchilla Fair Opening Ceremony, Fairgrounds, 3PM                                |
| May 19-22         | Chowchilla Fair, Fairgrounds  |
| May 21            | Spring Festival Armed Forces Day Parade, Robertson Boulevard, 10AM                |
| <del>May 24</del> | <del>City Council Meeting, City Hall, 7PM CANCELLED</del>                         |
| May 26            | Chowchilla Redevelopment Successor Agency Oversight Board Meeting, City Hall, 9AM |
| May 26            | Special City Council Meeting, City Hall, 6PM                                      |
| May 28            | Dollar Tree Grand Opening, 10AM   |

**ADJOURNMENT**

Motion by Mayor Ahmed, seconded by Council Member Walker to adjourn the May 10, 2016 City Council / RDA Successor Agency meeting at 8:45 p.m. Motion passed unanimously by voice vote.

ATTEST:

APPROVED:

\_\_\_\_\_  
Joann McClendon, CMC  
City Clerk

\_\_\_\_\_  
Mayor Waseem Ahmed



# CITY COUNCIL STAFF REPORT

Item 3.2

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THE AGENDA](#)

May 26, 2016

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**AGENDA SECTION:** Consent

**SUBJECT:** Consideration of Monthly Financial Statements

**PREPARED BY:** Rod Pruett, City Treasurer/Finance Director

REVIEWED BY  
ADMINISTRATOR

REVIEWED BY  
ATTORNEY

REVIEWED BY  
FINANCE

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**RECOMMENDATION:**

Approve the April 2016 Financial Statements shown in the attachment

**HISTORY / BACKGROUND:**

Staff provides Council with monthly financial information as an ongoing financial status update.

**DISCUSSION:**

The monthly financial statements consist of a Budget vs Actual and a Balance Sheet for the General Fund. The Budget vs Actual shows the current year Revenues and Expenses by Department in summary form compared to the current year budget, as well as the prior year revenues and expenses compared to budget for the same time period. This report presents year-to-date amounts. The Balance Sheet shows the Assets, Liabilities and Fund Balance at the time the report is generated. This provides an overview of cash, amounts owed to the City, amounts the City owes and the fund balance at a specific point in time.

The financial statements are being presented as an overview of the City's finances and are not meant to be a comprehensive in-depth review. As a reference to compare to the percentage columns in the report, the percentage of the year that has expired is 83% for April 2016

If there are questions regarding the actual amounts or budget vs actual variances, please forward your questions to me in enough time before the meeting for staff to research them to

**FINANCIAL IMPACT:**

Revenues- General Administration is less than the 83% benchmark due to VLF and Property Taxes only come in 2 installments which are usually around January and May. Sales tax is expected to be less than budgeted due to the decrease in gas sales tax but we received a one-time payment in property taxes from the county due to a State Controller's Office audit which offsets that decrease in sales tax revenue.

City Property-Rents is low due to a reduction in miscellaneous rents from the PY. The PY was used as a budget guide and we have not received as much in the current year.

Police Net is a fully reimbursable grant and all expenses will be reimbursed. The total amount budgeted will most likely not be met since we currently only have 1 position in the program and the budget assumed more than 1.

Special Investigations Unit is showing revenue which is from the COPS grant.

Recreation Programs is at 38% because we haven't received all of the event fees and donations/sponsorships yet.

Expenses- City Attorney is at 101%. We have incurred more in expenses for the lawsuit than anticipated. Additional amounts will be incurred and a budget amendment will be made to cover the expenses. These additional cost were accounted for in the mid-year budget and there was surplus in the General Fund above what was approved in the budget due to cost savings so there are funds available in the General Fund to cover the increased cost.

General Services is at 98%- The debt service payments account for almost all the budget in this department. We have paid for both installments of the Civic Center bond and paid off our Public Safety bond so all bond expense for the year has already been incurred.

The Property Taxes department is a once a year fee that has already been incurred.

Insurance Holding is just a holding account and will be fully allocated at the end of each quarter.

NOTE: The overall budget has changed due to a budget amendment made to increase the Fire Department expenses by \$27,000. The city received a \$27,000 donation in 2012 from Chukchansi for the Fire Department and we are now spending the money. It was not originally budgeted. The donation was recognized as revenue in prior years and the Fund Balance was restricted so this will use Fund Balance instead of current year revenue.

**ATTACHMENTS:**

April 2016 Budget vs Actual and Balance Sheet

|  | Prior Budget | Prior Actual | Percent | Current Budget | Current Actual | Difference   | Percent |
|--|--------------|--------------|---------|----------------|----------------|--------------|---------|
| <b>GENERAL FUND</b>                    |              |              |         |                |                |              |         |
| <b>GENERAL ADMINISTRATION</b>          |              |              |         |                |                |              |         |
| Total Expenditure:                     | 41,951.38    | 61,649.16    | 0%      | 43,831.00      | 7,949.47       | 35,881.53    | 18%     |
| Total Revenue:                         | 4,940,035.00 | 5,059,911.69 | 7%      | 5,298,899.00   | 3,095,567.67   | 2,203,331.33 | 58%     |
| <b>CITY COUNCIL</b>                    |              |              |         |                |                |              |         |
| Total Expenditure:                     | 65,418.99    | 48,001.03    | 4%      | 75,402.00      | 38,702.69      | 36,699.31    | 51%     |
| Total Revenue:                         | 20,634.00    | 20,634.00    | 8%      | 20,160.00      | 20,830.05      | 670.05-      | 103%    |
| <b>CITY CLERK</b>                      |              |              |         |                |                |              |         |
| Total Expenditure:                     | 119,298.52   | 112,936.30   | 6%      | 91,924.00      | 35,778.37      | 56,145.63    | 39%     |
| Total Revenue:                         | 75,938.00    | 76,937.92    | 8%      | 42,288.00      | 42,399.95      | 111.95-      | 100%    |
| <b>CITY ATTORNEY</b>                   |              |              |         |                |                |              |         |
| Total Expenditure:                     | 212,000.00   | 870,650.17   | 25%     | 383,200.00     | 385,163.56     | 1,963.56-    | 101%    |
| Total Revenue:                         | 44,000.00    | 58,283.09    | 7%      | 35,000.00      | 48,306.66      | 13,306.66-   | 138%    |
| <b>GENERAL SERVICES</b>                |              |              |         |                |                |              |         |
| Total Expenditure:                     | 647,748.26   | 477,917.30   | 0%      | 643,638.00     | 633,364.83     | 10,273.17    | 98%     |
| Total Revenue:                         | 74,481.00    | 74,481.00    | 8%      | 74,233.00      | 74,234.00      | 1.00-        | 100%    |
| <b>ADMINISTRATIVE SERVICES</b>         |              |              |         |                |                |              |         |
| Total Expenditure:                     | 517,996.44   | 464,042.57   | 6%      | 463,629.00     | 366,266.47     | 97,362.53    | 79%     |
| Total Revenue:                         | 324,109.00   | 324,108.96   | 8%      | 128,088.00     | 129,548.22     | 1,460.22-    | 101%    |
| <b>CITY PROPERTY - RENTS</b>           |              |              |         |                |                |              |         |
| Total Expenditure:                     | 9,293.21     | 9,307.75     | 3%      | 28,850.00      | 21,879.33      | 6,970.67     | 76%     |
| Total Revenue:                         | 92,480.00    | 84,511.68    | 1%      | 106,300.00     | 74,772.88      | 31,527.12    | 70%     |
| <b>FINANCE DEPARTMENT</b>              |              |              |         |                |                |              |         |
| Total Expenditure:                     | 592,593.57   | 591,126.71   | 12%     | 619,706.00     | 516,497.63     | 103,208.37   | 83%     |
| Total Revenue:                         | 418,308.00   | 418,051.08   | 8%      | 314,451.00     | 318,891.95     | 4,440.95-    | 101%    |
| <b>PROPERTY TAXES</b>                  |              |              |         |                |                |              |         |
| Total Expenditure:                     | 540.00       | 539.40       | 0%      | 550.00         | 539.40         | 10.60        | 98%     |
| <b>INSURANCE HOLDING</b>               |              |              |         |                |                |              |         |
| Total Expenditure:                     | .00          | 21,623.00-   | 0%      | .00            | 73,485.00      | 73,485.00-   | 0%      |
| <b>POLICE - SWORN</b>                  |              |              |         |                |                |              |         |
| Total Expenditure:                     | 2,857,092.24 | 2,879,370.56 | 6%      | 2,890,804.17   | 2,169,374.36   | 721,429.81   | 75%     |
| Total Revenue:                         | 310,655.00   | 371,480.13   | 4%      | 421,436.87     | 319,346.99     | 102,089.88   | 76%     |
| <b>POLICE - NET</b>                    |              |              |         |                |                |              |         |
| Total Expenditure:                     | 140,280.00   | 38.50        | 0%      | 109,250.00     | 70,048.01      | 39,201.99    | 64%     |
| Total Revenue:                         | 141,761.00   | .00          | 0%      | 109,250.00     | 47,425.08      | 61,824.92    | 43%     |
| <b>SPECIAL INVESTIGATIONS UNIT</b>     |              |              |         |                |                |              |         |
| Total Expenditure:                     | 86,443.00    | 58,593.09    | 0%      | .00            | .00            | .00          | 0%      |
| Total Revenue:                         | 60,000.00    | 18,276.38    | 0%      | .00            | 25,954.41      | 25,954.41-   | 0%      |
| <b>POLICE - K-9</b>                    |              |              |         |                |                |              |         |
| Total Expenditure:                     | 4,750.00     | 4,324.36     | 8%      | 241,590.00     | 204,788.85     | 36,801.15    | 85%     |
| Total Revenue:                         | 20,000.00    | 23,093.94    | 0%      | 10,000.00      | 10,047.09      | 47.09-       | 100%    |
| <b>FIRE SERVICES</b>                   |              |              |         |                |                |              |         |
| Total Expenditure:                     | 331,781.40   | 330,706.10   | 6%      | 573,541.00     | 229,275.71     | 344,265.29   | 40%     |
| Total Revenue:                         | 80,426.00    | 81,206.16    | 8%      | 232,152.86     | 235,101.46     | 2,948.60-    | 101%    |
| <b>ANIMAL CONTROL</b>                  |              |              |         |                |                |              |         |
| Total Expenditure:                     | 110,556.61   | 109,570.11   | 7%      | 130,540.00     | 83,307.68      | 47,232.32    | 64%     |
| Total Revenue:                         | 8,900.00     | 6,330.95     | 6%      | 5,000.00       | 8,824.94       | 3,824.94-    | 176%    |
| <b>STREETS-OLD</b>                     |              |              |         |                |                |              |         |
| Total Revenue:                         | .00          | 50.00-       | 0%      | .00            | .00            | .00          | 0%      |
| <b>PLANNING &amp; ZONING</b>           |              |              |         |                |                |              |         |
| Total Expenditure:                     | 225,890.37   | 223,072.70   | 4%      | 252,242.00     | 120,227.73     | 132,014.27   | 48%     |
| Total Revenue:                         | 59,138.00    | 45,397.46    | 8%      | 30,642.00      | 34,190.49      | 3,548.49-    | 112%    |
| <b>COMMUNITY &amp; ECONOMIC DVLPMT</b> |              |              |         |                |                |              |         |
| Total Expenditure:                     | 595.00       | 384.63       | 0%      | 2,650.00       | .00            | 2,650.00     | 0%      |
| <b>BUILDING &amp; CODE ENFORCEMENT</b> |              |              |         |                |                |              |         |
| Total Expenditure:                     | 134,812.00   | 132,807.40   | 8%      | 148,235.00     | 109,239.08     | 38,995.92    | 74%     |

|                                 | Prior Budget | Prior Actual | Percent | Current Budget      | Current Actual      | Difference          | Percent      |
|---------------------------------|--------------|--------------|---------|---------------------|---------------------|---------------------|--------------|
| Total Revenue:                  | 154,190.00   | 148,555.73   | 10%     | <b>168,650.00</b>   | <b>145,423.72</b>   | <b>23,226.28</b>    | <b>86%</b>   |
| <b>COMMUNITY PROMOTION</b>      |              |              |         |                     |                     |                     |              |
| Total Expenditure:              | 39,541.00    | 14,057.35    | 3%      | <b>19,047.00</b>    | <b>15,522.24</b>    | <b>3,524.76</b>     | <b>81%</b>   |
| <b>SENIOR SERVICES</b>          |              |              |         |                     |                     |                     |              |
| Total Expenditure:              | 29,681.14    | 28,557.84    | 7%      | <b>31,760.00</b>    | <b>26,656.64</b>    | <b>5,103.36</b>     | <b>84%</b>   |
| Total Revenue:                  | 5,100.00     | 7,949.62     | 6%      | <b>9,100.00</b>     | <b>7,564.59</b>     | <b>1,535.41</b>     | <b>83%</b>   |
| <b>PARKS AND FACILITIES</b>     |              |              |         |                     |                     |                     |              |
| Total Expenditure:              | 599,252.87   | 304,575.65   | 4%      | <b>354,773.00</b>   | <b>205,067.97</b>   | <b>149,705.03</b>   | <b>58%</b>   |
| Total Revenue:                  | 50,875.00    | 64,879.18    | 9%      | <b>108,731.00</b>   | <b>66,300.85</b>    | <b>42,430.15</b>    | <b>61%</b>   |
| <b>RECREATION PROGRAMS</b>      |              |              |         |                     |                     |                     |              |
| Total Expenditure:              | 25,708.00    | 14,271.60    | 6%      | <b>27,450.00</b>    | <b>10,324.29</b>    | <b>17,125.71</b>    | <b>38%</b>   |
| Total Revenue:                  | 6,500.00     | 6,885.00     | 7%      | <b>7,500.00</b>     | <b>3,240.00</b>     | <b>4,260.00</b>     | <b>43%</b>   |
| GENERAL FUND Revenue Total:     | 6,887,530.00 | 6,890,923.97 | 6%      | <b>7,121,881.73</b> | <b>4,707,971.00</b> | <b>2,413,910.73</b> | <b>66%</b>   |
| GENERAL FUND Expenditure Total: | 6,793,224.00 | 6,714,877.28 | 6%      | <b>7,132,612.17</b> | <b>5,323,459.31</b> | <b>1,809,152.86</b> | <b>75%</b>   |
| Net Total GENERAL FUND:         | 94,306.00    | 176,046.69   | 25%     | <b>10,730.44-</b>   | <b>615,488.31-</b>  | <b>604,757.87</b>   | <b>5736%</b> |
| Net Grand Totals:               | 94,306.00    | 176,046.69   | 25%     | <b>10,730.44-</b>   | <b>615,488.31-</b>  | <b>604,757.87</b>   | <b>5736%</b> |

**CITY OF CHOWCHILLA  
BALANCE SHEET  
APRIL 30,2016  
GENERAL FUND**

ASSETS

|                        |                            |                 |              |
|------------------------|----------------------------|-----------------|--------------|
| 100-0100-0000-0200-000 | CASH - COMBINED FUND       | ( 8,361,254.08) |              |
| 100-0100-0000-0201-000 | PETTY CASH                 | 800.00          |              |
| 100-0100-0000-0201-001 | CASH DRAWER                | 2,400.00        |              |
| 100-0100-0000-0202-000 | PRE-PAID POSTAGE ACCOUNT   | 1,028.28        |              |
| 100-0100-0000-0208-000 | CASH IN US BANK - RESTRICT | 369,738.52      |              |
| 100-0100-0000-0209-000 | CASH IN LAIF               | 9,001,281.98    |              |
| 100-0100-0000-0224-000 | A/R MODULE ONLY RECEIVALB  | 7,843.21        |              |
| 100-0100-0000-0226-000 | ADVANCE TO OTHER FUNDS     | 557,442.34      |              |
| 100-0100-0000-0227-000 | LIENS RECEIVABLES GENERAL  | 64,017.47       |              |
| 100-0100-0000-0229-000 | A/R BUSINESS LICENSE       | 18,171.98       |              |
|                        |                            |                 |              |
|                        | TOTAL ASSETS               |                 | 1,661,469.70 |

LIABILITIES AND EQUITY

LIABILITIES

|                        |                          |           |           |
|------------------------|--------------------------|-----------|-----------|
| 100-0200-0000-0420-000 | TRADE PAYABLES           | 57,367.41 |           |
| 100-0200-0000-0421-001 | BONDS FOR WORK-REFUNDAB  | 4,500.00  |           |
| 100-0200-0000-0465-000 | UNCLAIMED PROP/STALE DAT | 362.33    |           |
|                        |                          |           |           |
|                        | TOTAL LIABILITIES        |           | 62,229.74 |

FUND EQUITY

|                        |                             |               |              |
|------------------------|-----------------------------|---------------|--------------|
| 100-0300-0000-0602-000 | RESERVE FOR L/T A/R         | 557,442.34    |              |
|                        | UNAPPROPRIATED FUND BALA    |               |              |
| 100-0300-0000-0601-000 | FUND BALANCE                | 259,592.90    |              |
| 100-0300-0000-0601-004 | RESERVE FOR CONTINGENCIE    | 910,223.00    |              |
| 100-0300-0000-0601-005 | DESIGNATED FOR PREPAID IT   | 3,470.25      |              |
| 100-0300-0000-0601-006 | DESIGNATED FOR DEBT SVC R   | 369,738.52    |              |
| 100-0300-0000-0601-009 | PRIOR PERIOD ADJUSTMENTS    | 97,765.59     |              |
| 100-0300-0000-0601-999 | FUND BALANCE RESTRICTED I   | 16,495.67     |              |
|                        | REVENUE OVER EXPENDITUR     | ( 615,488.31) |              |
|                        |                             |               |              |
|                        | BALANCE - CURRENT DATE      | 1,041,797.62  |              |
|                        | TOTAL FUND EQUITY           |               | 1,599,239.96 |
|                        | TOTAL LIABILITIES AND EQUIT |               | 1,661,469.70 |



# CITY COUNCIL STAFF REPORT

Item 3.3

[CLICK HERE  
TO RETURN TO  
THE AGENDA](#)

May 26, 2016

**AGENDA SECTION:** Consent

**SUBJECT:** Consideration of Aerial Fireworks Display at the Chowchilla Fairgrounds

**PREPARED BY:** Harry Turner, Fire Chief

REVIEWED BY  
ADMINISTRATOR

REVIEWED BY  
ATTORNEY

REVIEWED BY  
FINANCE

## **RECOMMENDATION**

Approve aerial fireworks display for July 2, 2016 at Chowchilla Fairgrounds.  
Authorize Fire Chief to approve necessary documents for display (State and Local Permits).

## **HISTORY / BACKGROUND**

Historically the Chowchilla Lions Club has provided an annual aerial fireworks display for the community. Originally this event was held at the fairgrounds and later at Berenda Reservoir for Independence Day. Due to dry conditions and lack of water in the reservoir this event was moved back to the fairgrounds and has now been held there for the past several years.

The Chowchilla Lions Club representatives have met with City Staff and staff from Chowchilla Fair to discuss the option to again conduct this event at the fairgrounds as was done last year.

In previous years the fireworks have been shot from the southern side of the fairgrounds. With the addition of the race track and racetrack needing the former launch area for pit area as well as the desire for the racetrack promoter to have events on the same day as the fireworks, the location of discharge of fireworks was moved onto airport property to gain the required clearance from public access to the mortars. This modification worked well for years until the FAA further restricted airport uses and no longer would allow fireworks to be shot from the airport.

With the fairgrounds, Lions Club, and City working together, the Lions club has been able to bring the annual fireworks display back to the fairgrounds. The race promoter has agreed to not have a race event the same day as the fireworks display which will allow the clear and secure area required for the mortars. In placing the mortars on the fairgrounds property alleviates the concerns of the FAA regarding mortars on the airport property.

Additional items that were discussed in the above mentioned meeting were:

- A- The need for the City to post a NOTAM with FAA advising of the aerial fireworks display and its proximity to the airport.
- B- Lions Club representatives to check and remove any larger debris from the airport that would hinder the normal operation of the airport and/or planes using the airport
- C- Lions Club to arrange for City application for aerial fireworks display.
- D- Lions Club contractor (pyro technician) to obtain permit from State Fire Marshal's Office for aerial fireworks display.
- E- Pyro technician to provide insurance at required amounts and name City and Chowchilla Fairgrounds as additional insured's.

F- Fire department representative to inspect and approve mortars for safety and compliance prior to discharge.

G- Fire department to provide stand-by service aerial fireworks event.

**FINANCIAL ANALYSIS**

Staff and equipment costs to provide fire inspections and stand-by for event.

**SPECIAL INSTRUCTIONS: (for Clerk and staff)**

Verify receipt of City application, State application, and insurance certificates. Public Works (as airport manager) to post NOTAM for airport, notifying of aerial fireworks.

**ATTACHMENTS**

None.



# CITY COUNCIL STAFF REPORT

Item 6.1A

[CLICK HERE  
TO RETURN TO  
THE AGENDA](#)

May 26, 2016

**AGENDA SECTION:** New Business

**SUBJECT:** Authorization to Provide for the Refunding of a Portion of the Outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project)

**PREPARED BY:** Rod Pruett, Finance Director

REVIEWED BY  
ADMINISTRATOR

X

REVIEWED BY  
ATTORNEY

X

REVIEWED BY FINANCE X

## RECOMMENDATION

That the City Council provide authorization to provide for the refunding of a portion of the outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project):

1. Adopt Resolution No. \_\_\_\_\_, RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE REFUNDING OF A PORTION OF THE OUTSTANDING CHOWCHILLA PUBLIC FINANCING AUTHORITY 2005 REFUNDING LEASE REVENUE BONDS, SERIES A (CIVIC CENTER PROJECT) AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

## BACKGROUND

In 2005, the Chowchilla Public Financing Authority (the "Authority") issued its Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project) (the "2005 Bonds"), to finance and refinance capital projects of the City, including the costs of construction of City Hall. The 2005 Bonds are currently outstanding in the principal amount of \$4,815,000. The payment of debt service on the 2005 Bonds is derived from lease payment made by the City to the Authority under a lease agreement, by and between the Authority and the City (the "2005 Lease"), payable from the City's general fund.

The City has been advised by its financial advisor, Wulff, Hansen & Co., that, due to prevailing interest rates in the municipal bond market and for other reasons, the 2005 Bonds maturing on July 1, 2016, to and including July 1, 2022 (the "Callable 2005 Bonds") can be refunded for savings which will reduce the City's payment obligations under the 2005 Lease.

## DOCUMENTS

The financing will be structured as a private placement with an institutional purchaser (the "Purchaser") which will be the lowest cost alternative to the City, generating the highest level of savings.

Per the attached Resolution, the City Council will approve the forms and authorize execution of a Site and Facility Lease, a Lease Agreement, a Letter Agreement for Purchase and an Escrow Agreement.

The Site and Facility Lease and the Lease Agreement establish a lease/leaseback structure utilizing the Senior Center and the Event Center. Payments made by the City under the Lease Agreement will be assigned by the Authority to the Purchaser, which payments will be lower than the equivalent payments with respect to the Callable 2005 Bonds.

The Letter Agreement for Purchase is the documents that sets for the terms of the purchase by the Purchaser of the payments to be assigned to it.

The Escrow Agreement will establish the Escrow Account that will be used to redeem the Callable 2005 Bonds.

As the financing is structured as a private placement, no offering documents will be needed.

The forms of the Site and Facility Lease, the Lease Agreement, the Letter Agreement for Purchase and the Escrow Agreement are on file with the City Clerk. Bud Levine of Wulff Hansen & Co. will be at the meeting to answer any questions.

#### FISCAL IMPACT

By refunding the Callable 2005 Bonds are expected to generate debt service savings to the City of \$5,000 to \$7,000 annually, depending on the final interest rate offered by the Purchaser, net of all costs of issuance. As is the case with the 2005 Bonds, the City's obligation to make lease payments will be payable from the City's general fund. All fees and costs of the refunding are contingent and will be paid from the proceeds of the refunding.

#### ATTACHMENTS

Council Resolution  
Assignment agreement  
Escrow agreement  
Lease agreement  
Purchase letter  
Site and facility lease

**COUNCIL RESOLUTION # -16**

**A RESOLUTION FROM THE CITY COUNCIL OF THE CITY OF CHOWCHILLA, CALIFORNIA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE REFUNDING OF A PORTION OF THE OUTSTANDING CHOWCHILLA PUBLIC FINANCING AUTHORITY 2005 REFUNDING LEASE REVENUE BONDS, SERIES A (CIVIC CENTER PROJECT) AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

**RESOLVED**, by the City Council (the "Council") of the City of Chowchilla (the "City"), as follows:

**WHEREAS**, the Chowchilla Public Financing Authority (the "Authority"), has heretofore issued its Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project) (the "2005 Bonds"), to finance and refinance capital projects of the City, including the costs of construction of City Hall;

**WHEREAS**, the 2005 Bonds are currently outstanding in the principal amount of \$4,815,000;

**WHEREAS**, the payment of debt service on the 2005 Bonds is derived from lease payment made by the City to the Authority under a lease agreement, by and between the Authority and the City (the "2005 Lease"), payable from the City's general fund;

**WHEREAS**, the City has been advised by its financial advisor, Wulff Hansen & Co., that, due to prevailing interest rates in the municipal bond market and for other reasons, the 2005 Bonds maturing on July 1, 2016, to and including July 1, 2022 (the "Callable 2005 Bonds") can be refunded for savings which will reduce the City's payment obligations under the 2005 Lease and the City has determined to implement a lease financing for such purposes;

**WHEREAS**, it is in the public interest and for the public benefit that the City authorize and direct execution of the Lease Agreement (hereinafter defined) and certain other financing documents in connection therewith; and

**WHEREAS**, the documents below specified have been filed with the City and the members of the Council, with the aid of its staff, have reviewed said documents;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Chowchilla hereby finds and determines the following:

*Section 1.* The Council hereby approves the refunding of the Callable 2005 Bonds.

*Section 2.* The below-enumerated documents, in the forms on file with the City Clerk, be and are hereby approved, and the Mayor, the City Administrator or the Finance Director, or the designee thereof (each, a "Designated Officer"), are hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such officials, and the City Clerk is hereby authorized and directed to attest to such official's signature:

(a) a letter agreement for purchase and rate lock, by and between a purchaser to be determined following a competitive process (the "Purchaser") and the City, whereby the Purchaser agrees to acquire certain rights of the Authority, including but limited to the lease

payments to be made by the City under the Lease Agreement and the rights of the Authority under the Site and Facility Lease (hereinafter defined);

(b) a site and facility lease, by and between the City, as lessor, and the Authority, as lessee (the "Site and Facility Lease"), pursuant to which the City will lease certain existing real property and the improvements thereon (the "Property") to the Authority;

(c) a lease agreement, by and between the Authority, as lessor, and the City, as lessee (the "Lease Agreement"), pursuant to which the Authority will lease the Property back to the City and pursuant to which the City will agree to make semi-annual lease payments (the "Lease Payments"), so long as the term of the Lease Agreement does not extend beyond July 1, 2022, and so long as the payments under the Lease Agreement generate debt service savings to the City as compared to the payments with respect to the Callable 2005 Bonds;

(d) an escrow agreement, by and between the City and the U.S. Bank National Association, as escrow bank, relating to the defeasance of the Callable 2005 Bonds; and

(e) a placement agent letter, by and between Brandis Tallman LLC ("Brandis Tallman") and the City, with respect to Brandis Tallman's role as placement agent for the financing.

*Section 3.* The Mayor, the City Administrator, the Finance Director, the City Clerk and all other appropriate officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to affect the purposes of this resolution and the financing herein authorized.

*Section 4.* This Resolution shall take effect upon its adoption by this Council.

\*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*

**PASSED AND ADOPTED** by the City Council of the City of Chowchilla this 26th day of May, 2016 by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

APPROVED:

\_\_\_\_\_  
Waseem Ahmed, Mayor

ATTEST:

\_\_\_\_\_  
Joann McClendon, CMC  
City Clerk

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP  
900 Larkspur Landing Circle, Suite 270  
Larkspur, CA 94939-1726  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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## ASSIGNMENT AGREEMENT

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For Value Received, the CHOWCHILLA PUBLIC FINANCING AUTHORITY (the "Authority") without recourse does hereby sell, assign and transfer to \_\_\_\_\_, and its successors and assigns (the "Assignee"), (i) all rights, title and interest in and to the Lease Agreement, dated as of June 1, 2016, in the amounts shown on Exhibit A attached hereto, a memorandum of which has been recorded concurrently herewith, by and between the Authority, as sublessor, and the City of Chowchilla (the "City"), as sublessee (said Lease Agreement and any supplements, amendments, annexations, extensions or renewals thereof are referred to hereinafter as the "Lease Agreement"), as well as its rights to enforce payment of Lease Payments (as defined in the Lease Agreement) when due or otherwise to protect its interests and exercise all remedies in the event of a default or termination by the City under the Lease Agreement; provided that the Authority's rights to indemnification and payment or reimbursement for any costs or expenses thereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee, (ii) except for the Authority's obligation under Section 4 thereof, all of its rights, title and interest in and to the Site and Facility Lease, dated as of June 1, 2016, which has been recorded concurrently herewith, by and between the City, as lessor, and the Authority, as lessee (the "Site and Facility Lease"), and (iii) all moneys, sums and amounts now due or hereinafter to become due under the Lease Agreement. The Site and Facility Lease and the Lease Agreement delivered to the Assignee are duly executed duplicate originals that comprise the entire writing, obligation and agreement between the Authority and the City respecting the leases made thereunder and the lease payments made therefor.

The Assignee, hereby accepts the foregoing assignment. The above assignment is intended to be an absolute and unconditional assignment to the Assignee and is not intended as a loan by the Assignee to the Authority. Accordingly, in the event of bankruptcy of the Authority, the assigned property shall not be part of the Authority's estate. However, if the above assignment is deemed to be a loan by the Assignee to the Authority, then the Authority shall be deemed to have granted to the Assignee, and hereby grants to the Assignee, a continuing first priority security interest in the assigned property and all proceeds thereof as collateral security for all obligations of the Authority hereunder and all obligations of the City

under the Lease Agreement and this Assignment Agreement shall be deemed a security agreement with respect to such loan.

The Authority represents and warrants as follows:

(1) it has made no prior sale or assignment of any interest in the Site and Facility Lease and the Lease Agreement;

(2) that the Lease Agreement and the Site and Facility Lease are genuine and in all respects are what they purport to be;

(3) that the Assignee are not liable for and do not assume responsibility for the performance of any of the covenants, agreements, duties or obligations specified in the Lease Agreement to be kept, paid or performed by the Authority, with exception of such covenants, agreements, duties and obligations (if any) which are expressly made the responsibility of the Assignee under the Lease Agreement;

(4) that the Authority has the power, authority, and legal right to execute, deliver and perform this Assignment Agreement and this Assignment Agreement is a valid, binding, and enforceable obligation of the Authority, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles;

(5) that good and marketable title to the assigned property has been duly vested in the Assignee free and clear of any liens, security interests, encumbrances or other claims other than the rights of the City under the Lease Agreement, and the Authority has not assigned or transferred any of the assigned property or any interest in the assigned property to any party other than the Assignee;

(6) that this Assignment Agreement has been duly authorized by all necessary action on the part of the Authority; and

(7) that the Authority agrees that it (a) shall not have any right to amend, modify, compromise, release, terminate or permit prepayment of the Lease Agreement, and (b) shall not take any action that may impair the payment of Lease Payments or the validity or enforceability of the Lease Agreement.

The Authority further represents and warrants that as of the date of this Assignment Agreement, the Lease Agreement and the Site and Facility Lease are in full force and effect and the City is not in default of any of the terms set forth therein.

By its acceptance of this Assignment Agreement, the Assignee, represents and warrants (i) the price paid in consideration for assignment of the Site and Facility Lease and the Lease Agreement is \$\_\_\_\_\_ ; (ii) that the Assignee reasonably expects to hold its interests in the Lease Agreement for its own account and does not presently expect to sell, assign, or otherwise transfer its interests in the Lease Agreement, subject to the Assignee's right to dispose of or otherwise deal with its property (including its interest in the Lease Agreement) as it determines to be in its best interests from time to time; and (iii) that it will treat its interest in the Lease Agreement as an investment for federal income tax purposes.

This Assignment Agreement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in the State of California. Any provision of this Assignment Agreement found to be prohibited by law shall be

ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment Agreement.

This Assignment Agreement binds and inures to the benefit of the parties and their respective successors and assigns. In the event of litigation between the Authority and the Assignee arising under this Assignment Agreement, the prevailing party shall be entitled to recover from the other party all costs and expenses, including attorneys' fees which may be those of in-house counsel, incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions or provisions of this Assignment Agreement.

The descriptions of the Site and the Facility which are the subject of the Site and Facility Lease and the Lease Agreement are set forth in Exhibits B and C attached hereto and by this reference incorporated herein.

[Remainder of page intentionally left blank]

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

Dated as of June 1, 2016

CHOWCHILLA PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_

Brian Haddix  
Executive Director

Attest:

\_\_\_\_\_  
Joann McClendon, CMC  
Secretary

ACCEPTANCE OF ASSIGNMENT:

\_\_\_\_\_, as Assignee

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT A**  
**SCHEDULE OF LEASE PAYMENTS**

| Lease<br>Payment<br>Date | Principal<br>Component | Interest<br>Component | Total<br>Lease<br>Payment | Annual<br>Lease<br>Payment |
|--------------------------|------------------------|-----------------------|---------------------------|----------------------------|
| 1/1/17                   |                        |                       |                           |                            |
| 7/1/17                   |                        |                       |                           |                            |
| 1/1/18                   |                        |                       |                           |                            |
| 7/1/18                   |                        |                       |                           |                            |
| 1/1/19                   |                        |                       |                           |                            |
| 7/1/19                   |                        |                       |                           |                            |
| 1/1/20                   |                        |                       |                           |                            |
| 7/1/20                   |                        |                       |                           |                            |
| 1/1/21                   |                        |                       |                           |                            |
| 7/1/21                   |                        |                       |                           |                            |
| 1/1/22                   |                        |                       |                           |                            |
| 7/1/22                   |                        |                       |                           |                            |
| Total                    |                        |                       |                           |                            |

(1) The interest component of the Lease Payments is based on an interest rate of \_\_\_\_% per annum.

**EXHIBIT B**

**DESCRIPTION OF THE SITE**

All that certain real property situated in Madera County, State of California, described as follows:

## **EXHIBIT C**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of Fire Station No. 1, located on the Site at 240 North First Street, Chowchilla, California. The \_\_\_\_\_ square foot Facility was built in 1999 and includes \_\_\_\_\_.

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**ESCROW AGREEMENT**

**by and among the**

**CHOWCHILLA PUBLIC FINANCING AUTHORITY**

**the**

**CITY OF CHOWCHILLA**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank**

**Dated June 15, 2016**

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Relating to the defeasance of a portion of the  
Chowchilla Public Financing Authority  
2005 Refunding Lease Revenue Bonds, Series A  
(Civic Center Project)

## ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Escrow Agreement"), dated June 15, 2016, is by and between the CITY OF CHOWCHILLA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank").

### WITNESSETH:

WHEREAS, the Chowchilla Public Financing Authority (the "Authority") has heretofore issued its \$5,890,000 Chowchilla Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project), of which \$4,815,000 remains outstanding (the "2005 Bonds"), the proceeds of which were used to refinance the costs of the construction and equipping of a civic center facility (the "2005 Project");

WHEREAS, the 2005 Bonds were issued pursuant to the terms of an indenture, dated as of July 1, 2005, as amended (the "2005 Indenture"), by and between the Authority and U.S. bank National Association, as trustee thereunder (the "2005 Trustee");

WHEREAS, in order to provide for the repayment of the 2005 Bonds, the Authority leased certain real property and improvements (the "2005 Property") to the City pursuant to a lease agreement, dated as of July 1, 2005 (the "2005 Lease Agreement"), under which the City agreed to make lease payments to the Authority (the "2005 Lease Payments") from moneys in its General Fund and the City has budgeted and appropriated sufficient amounts in each year to pay the full amount of principal of and interest on the 2005 Bonds;

WHEREAS, the City has determined that it is in the best interests of the City at this time to provide for the payment and prepayment of a portion of the 2005 Lease Payments and, as a result thereof, to provide for the payment and redemption of the the 2005 Bonds maturing on July 1, 2017, to and including July 1, 2022 (the "Callable 2005 Bonds"), and to that end, the City proposes to enter into a new lease agreement, dated as of June 1, 2016, by and between the Authority and the City (the "Lease Agreement");

WHEREAS, the City proposes to provide for the payments described above and to appoint the Escrow Bank as their agent for the purpose of applying said deposit to provide for the prepayment of a portion of the 2005 Lease Payments in accordance with the instructions provided by this Escrow Agreement and of applying said prepaid 2005 Lease Payments to the redemption of the Callable 2005 Bonds and the Escrow Bank desires to accept said appointment;

WHEREAS, the City wishes to provide for the payment described above and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited;

WHEREAS, to obtain moneys to make such deposit and for other purposes, the Authority proposes to assign and transfer certain of its rights under the Lease Agreement to \_\_\_\_\_ (the "Assignee"), pursuant to that certain assignment agreement, dated as of June 1, 2016, by and between the Authority and the Assignee, whereby the Assignee will make a payment of \$\_\_\_\_\_ to or to the order of the City for such purpose;

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto do hereby agree as follows:

*Section 1. Discharge of Callable 2005 Bonds.* The City hereby irrevocably elects to provide for the defeasance of the Callable 2005 Bonds.

*Section 2. Appointment of Escrow Bank.* The City hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

*Section 3. Establishment of Escrow Fund.* There is hereby created by the City with, and to be held by, the Escrow Bank, as security for the defeasance of the Callable 2005 Bonds as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Bank on behalf of the City and for the benefit of the owners of the Callable 2005 Bonds, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall be held as a special fund for the payment and redemption of the Callable 2005 Bonds. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to pay and redeem the Callable 2005 Bonds, the Escrow Bank shall notify the City of such fact and the City shall immediately cure such deficiency. The Escrow Bank shall have no liability for such deficiency.

*Section 4. Deposit into Escrow Fund.*

(a) The City shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$1,276,100.98 in immediately available funds, derived as follows:

(i) \$1,077,224.35 from amounts paid by the Assignee;

(ii) \$13,273.50 from amounts on deposit in the reserve account held by the 2005 Trustee for the 2005 Bonds (the "2005 Reserve Account"),

(iii) \$25,603.13 from amounts on deposit in the interest account held by the 2005 Trustee for the 2005 Bonds (the "2005 Interest Account"), and

(iv) \$160,000.00 from amounts on deposit in the principal account held by the 2005 Trustee for the 2005 Bonds (the "2005 Principal Account")

(b) All amounts on deposit in the Escrow Fund shall be held in cash, uninvested.

(c) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(d) Any money left on deposit in the Escrow Fund after the redemption of the Callable 2005 Bonds shall be transferred to the City.

*Section 5. Instructions as to Application of Deposit.* The moneys deposited in the Escrow Fund pursuant to Section 4 shall be applied by the Escrow Bank for the sole purpose of paying the principal of and interest due on the Callable 2005 Bonds on July 1, 2016, and of redeeming the then outstanding Callable 2005 Bonds in full on July 5, 2016, at a redemption price equal to

100% of the par amount thereof, plus accrued interest to such date, as set forth in Exhibit A attached hereto and by this reference incorporated herein.

*Section 6. Compensation to Escrow Bank.* 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, prepayment 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.

*Section 7. Application of 2005 Funds.* On the date of deposit of amounts in the Escrow Fund pursuant to Section 4, the Escrow Bank, as 2005 Trustee, is hereby directed to (a) withdraw \$13,273.50 on deposit in the 2005 Reserve Account and transfer such sum to the Escrow Fund, (b) withdraw \$25,603.13 on deposit in the 2005 Interest Account and transfer such sum to the Escrow Fund, and (c) withdraw \$160,000.00 on deposit in the 2005 Principal Account and transfer such sum to the Escrow Fund.

*Section 8. Application of Certain Terms of 2005 Indenture.* All of the terms of the 2005 Indenture relating to the making of payments of principal and interest with respect to the 2005 Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the 2005 Indenture relating to the limitations from liability and protections afforded the 2005 Trustee and the resignation and removal of the 2005 Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

*Section 9. Liabilities and Obligations of Escrow Bank.* The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the City shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

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 deposited therein, the sufficiency of the uninvested moneys held hereunder to accomplish the purposes set forth herein, or any payment, transfer or other application of moneys 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 contained in the "whereas" clauses herein shall be taken as the statement of the City, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the uninvested moneys to accomplish the purposes set forth herein 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 in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, 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 in respect of 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 (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an

opinion of counsel) may be deemed to be conclusively established by a written certification of the City. The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

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" means mean the following communications methods: S.W.I.F.T., 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.

The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents, servants, employees, directors and officers from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow

Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the City shall not be required to indemnify the Escrow Bank against its own negligence or willful misconduct. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

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 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 City may remove the Escrow Bank initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having 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 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 9 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Escrow Bank may at any time resign by giving 30 days written notice of resignation to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the City, the resigning Escrow Bank and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor.

*Section 10. Amendment.* This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the Callable 2005 Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, or (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the Callable 2005 Bonds or the Assignees, and that such

amendment will not cause interest on the 2005 Bonds or with respect to the Lease Agreement to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the City to each rating agency then rating the 2005 Bonds.

*Section 11. Severability.* If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2005 Bonds.

*Section 12. Notice of Escrow Bank and City.* Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank as specified by the 2005 Trustee in accordance with the provisions of the 2005 Indenture. Any notice to or demand upon the City shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2005 Indenture(or such other address as may have been filed in writing by the City with the Escrow Bank).

*Section 13. Merger or Consolidation of Escrow Bank.* 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, provided such company shall be eligible to act as trustee under the 2005 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

*Section 14. Execution in Several Counterparts.* This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

*Section 15. Business Days.* Whenever any act is required by this Escrow Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day for the Escrow Bank, then such act may be done on the next succeeding business day.

*Section 16. Governing Law.* This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

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

CITY OF CHOWCHILLA

By \_\_\_\_\_  
Brian Haddix  
City Administrator

Attest:

\_\_\_\_\_  
Joann McClendon  
City Clerk

U.S. BANK NATIONAL ASSOCIATION, as  
Escrow Bank

By \_\_\_\_\_  
Michelle Knutson  
Account Manager

## EXHIBIT A

### PAYMENT AND REDEMPTION SCHEDULE

| Date     | Maturing<br>Principal | Called<br>Principal | Interest    | Redemption<br>Premium | Total<br>Payment |
|----------|-----------------------|---------------------|-------------|-----------------------|------------------|
| 07/01/16 | \$160,000             | —                   | \$25,603.13 | —                     | \$185,603.13     |
| 07/05/16 | —                     | \$1,090,000         | 497.85      | —                     | 1,090,497.85     |

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**LEASE AGREEMENT**

**Dated as of June 1, 2016**

**by and between the**

**CHOWCHILLA PUBLIC FINANCING AUTHORITY, as Sublessor**

**and the**

**CITY OF CHOWCHILLA, as Sublessee**

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## LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease Agreement"), dated as of June 1, 2016, is by and between the CHOWCHILLA PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under the laws of the State of California, as sublessor (the "Authority"), and the CITY OF CHOWCHILLA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California, as sublessee (the "City");

### WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of June 1, 2016 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in Madera County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Authority, all for the purpose of enabling the City to refund a portion of the outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project);

WHEREAS, the Authority proposes to lease the Property back to the City pursuant to this Lease Agreement and to assign all of its rights, title and interest in, to and under this Lease Agreement, including its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City and its rights under the Site and Facility Lease, to \_\_\_\_\_ (the "Assignee"), pursuant to that certain assignment agreement, dated as of June 1, 2016, by and between the Authority and the Assignee; and

WHEREAS, the City and the Authority have agreed to enter into this Lease Agreement providing for Lease Payments with an aggregate principal component in the amount of \$\_\_\_\_\_ for the purpose of implementing the financing transactions described above.

### AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS; RULES OF INTERPRETATION

Section 1.1. Definitions. All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Lease Agreement.

*"Additional Payments"* means the amounts specified as such in Section 4.3(b) of this Lease Agreement.

*"Applicable Environmental Laws"* means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC Sections 9601 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 USC Sections 6901 *et seq.*; the Federal Water Pollution Control Act, 33 USC Sections 1251 *et seq.*; the Clean Air Act, 42 USC Sections 7401 *et seq.*; the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code Sections 25100 *et seq.*; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code Sections 25300 *et seq.*; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code Sections 1300 *et seq.*; the Air Resources Act, California Health & Safety Code Sections 3900 *et seq.*; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 *et seq.*; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (a) the existence, cleanup, and/or remedy of contamination on property;
- (b) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (c) the control of hazardous wastes; or
- (d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

*"Applicable Law"* means (a) all applicable common law and principles of equity and (b) all applicable provisions of all (i) constitutions, statutes, rules, regulations and orders of all Governmental Authorities, (ii) Applicable Environmental Laws, (iii) applicable seismic building code requirements at the time of construction, and (iv) orders, decisions, judgments, writs, injunctions and decrees of all courts (whether at law or in equity) and arbitrators.

*"Assignee"* means initially, \_\_\_\_\_, as assignees of all rights, title and interests of the Authority hereunder, and (b) any other entity to whom the rights of the Authority hereunder are assigned, including subsequent assignees of the Assignee.

*"Assignment Agreement"* means the Assignment Agreement, dated as of June 1, 2016, by and between the Authority, as assignor, and the Assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

*"Bond Counsel"* means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

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

*"Callable 2005 Bonds"* means the 2005 Bonds maturing on July 1, 216, to and including July 1, 2022.

*"Closing Date"* means the date this Lease Agreement or a memorandum thereof is recorded in the office of the County Recorder of the County of Madera.

*"Contract"* means any indenture, trust agreement, contract, agreement (other than this Lease Agreement), other contractual restriction, lease, mortgage or instrument.

*"Corporation"* means the Chowchilla Public Financing Authority, a joint exercise of powers entity, organized and existing under the laws of the State.

*"Corporation Representative"* means the President, the Vice President, the Executive Director or the Treasurer or the designee of any such official, or any other person authorized by resolution of the Authority delivered to the Assignee to act on behalf of the Authority under or with respect to the Site and Facility Lease, the Lease Agreement and the Assignment Agreement.

*"City"* means the City of Chowchilla, a municipal corporation and general law city organized and existing under the laws of the State.

*"District Representative"* means the President of the Board, the Superintendent, or the designee of any such official, or any other person authorized by resolution delivered to the Authority and the Assignee to act on behalf of the City under or with respect to the Site and Facility Lease and this Lease Agreement.

*"Escrow Agreement"* means that certain escrow agreement, dated June 15, 2016, by and between the City and the Escrow Bank, relating to the refunding of the Callable 2005 Bonds.

*"Escrow Bank"* means U.S. Bank National Association, as escrow bank under the Escrow Agreement.

*"Escrow Fund"* means the escrow fund established by and held by the Escrow Bank under the Escrow Agreement.

*"Event of Default"* means any of the events of default as defined in Section 8.1.

*"Facility"* means those certain existing facilities more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to the Lease Agreement.

*"Federal Securities"* means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

*"Fiscal Year"* means each twelve-month period during the Term of this Lease Agreement commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the City as its fiscal year period.

*"Governmental Authority"* means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, city or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or

functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

*“Hazardous Substance”* means any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 *et seq.*).

*“Lease Agreement ”* means this Lease Agreement, dated as of June 1, 2016, between the Authority and the City.

*“Lease Payment Date”* means January 1 and July 1 in each year, commencing January 1, 2017, and continuing to and including the date on which the Lease Payments are paid in full.

*“Lease Payments”* means all payments required to be paid by the City under Section 4.3, including any prepayment thereof under Sections 9.2 or 9.3.

*“Material Adverse Effect”* means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the City, (b) the ability of the City to carry out its business in the manner conducted as of the date of this Lease Agreement or to meet or perform its obligations under this Lease Agreement on a timely basis, (c) the validity or enforceability of this Lease Agreement, or (d) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

*“Material Litigation”* means any action, suit, proceeding, inquiry or investigation against the City in any court or before any arbitrator of any kind or before or by any Governmental Authority, (a) if determined adversely to the City, may have a Material Adverse Effect, (b) seek to restrain or enjoin any of the transactions contemplated by this Lease Agreement, or (c) may adversely affect (i) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (ii) the ability of the City to perform its obligations under this Lease Agreement.

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

*“Permitted Encumbrances”* means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article VI of this Lease Agreement; (b) the Site and Facility Lease, this Lease Agreement and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy issued with respect to the Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Property for its intended purposes.

*“Property”* means, collectively, the Site and the Facility.

*"Rental Period"* means each period during the Term of the Lease commencing on and including July 2 in each year and extending to and including the next succeeding July 1. The first Rental Period begins on the Closing Date and ends on July 1, 2016.

*"Site"* means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement.

*"Site and Facility Lease"* means the Site and Facility Lease, dated as of June 1, 2016, by and between the City, as lessor, and the Authority, as lessee, together with any duly authorized and executed amendments thereto.

*"State"* means the State of California.

*"Tax Code"* means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

*"Term of this Lease Agreement"* or *"Term"* means the time during which this Lease Agreement is in effect, as provided in Section 4.2.

*"2005 Bonds"* means the Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project).

#### Section 1.2. Interpretation.

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

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

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### COVENANTS, REPRESENTATIONS AND WARRANTIES

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

(a) *Due Organization and Existence*. The City is a municipal corporation and general law city, organized and existing under and by virtue of the laws of the State, has full legal right, power and authority under the laws of the State to enter into the Escrow Agreement, the Site and Facility Lease and this Lease Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery by the City of the Escrow Agreement, the Site and Facility Lease and this Lease Agreement.

(b) *Due Execution*. The representative of the City executing the Escrow Agreement, the Site and Facility Lease and this Lease Agreement has been fully authorized to execute the same by a resolution duly adopted by the City Board of the City.

(c) *Valid, Binding and Enforceable Obligations*. The Escrow Agreement, the Site and Facility Lease and this Lease Agreement have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding agreements of the City enforceable against the City in accordance with their respective terms.

(d) *No Conflicts*. The execution and delivery of the Escrow Agreement, the Site and Facility Lease and this Lease Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Escrow Agreement, the Site and Facility Lease or this Lease Agreement or the financial condition, assets, properties or operations of the City.

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Escrow Agreement, the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation*. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the City or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a Material Adverse Effect upon the consummation of the transactions contemplated by or the validity of the Escrow Agreement, the Site and Facility Lease and this Lease Agreement or upon the

financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would have a Material Adverse Effect on the consummation of the transactions contemplated by this Lease Agreement, or the financial condition, assets, properties or operations of the City.

(g) *Sufficient Funds*. The City reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement.

(h) *No Defaults*. The City has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, or other debt obligations.

(i) *Fee Title*. The City is the owner in fee of title to the Property. No lien or encumbrance on the Property materially impairs the City's use of the Property for the purposes for which it is, or may reasonably be expected to be, held.

(j) *Use of the Property*. During the term of this Lease Agreement, the Property will be used by the City only for the purpose of performing one or more governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

(k) *Change in Financial Condition*. The City has experienced no material change in its financial condition since June 30, 2015.

(l) *Hazardous Substances*. The Property is free of all Hazardous Substances, and the City is in full compliance with all Applicable Environmental Laws.

(m) *Flooding Risk*. The Property is not located in a 100-year flood zone and has never been subject to material damage from flooding.

(n) *Value of Property*. The value of the Property (real property replacement cost) is not less than \$1,500,000.

(o) *Essential to District Operations*. The Property is essential to the City's efficient and economic operations and the lease thereof for use by the City is in the best interest of the City.

(p) *Financial Statements*. The statement of financial position of the City as of June 30, 2015, and the related statement of activities and statement of cash flows and changes in financial position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Assignee, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the City at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the period of such statements, there has been no (i) change which would have a Material Adverse Effect and (ii) no material increase in the indebtedness of the City.

(q) *No Material Adverse Change*. Since the most current date of the information, financial or otherwise, supplied by the City to the Assignee:

(i) There has been no change in the assets, liabilities, financial position or results of operations of the City which might reasonably be anticipated to cause a Material Adverse Effect.

(ii) The City has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect.

(iii) The City has not (A) incurred any material indebtedness, other than the Lease Payments, and trade accounts payable arising in the ordinary course of the City's business and not past due, or (B) guaranteed the indebtedness of any other person.

(r) *Accuracy of Information.* All information, reports and other papers and data furnished by the City to the Assignee were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon in entering into the transactions contemplated by this Lease Agreement. No fact is known to the City which has had or, so far as the City can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Assignee or in other such information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the Closing Date. Any financial, budget and other projections furnished to the Assignee by the City or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the City's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Assignee in connection with the negotiation, preparation or execution of this Lease Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(s) *Facility.* The Facility complies with all applicable restrictive covenants, zoning ordinances, building laws and other Applicable Laws (including without limitation, the Americans with Disabilities Act, as amended).

Section 2.2. Covenants, Representations and Warranties of the Authority. The Authority makes the following covenants, representations and warranties to the City as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence.* The Authority is a joint exercise of powers entity, duly organized and existing under the laws of the State, has full legal right, power and authority to enter into the Site and Facility Lease, this Lease Agreement and the Assignment Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the Authority has duly authorized the execution and delivery by the Authority of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement.

(b) *Due Execution.* The representative of the Authority executing the Site and Facility Lease, this Lease Agreement and the Assignment Agreement is fully authorized to execute the same under official action taken by the Board of Directors of the Authority.

(c) *Valid, Binding and Enforceable Obligations.* The Site and Facility Lease, this Lease Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement, the consummation of the transactions herein and

therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Authority.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site and Facility Lease, this Lease Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the Authority or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease, this Lease Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement or the Assignment Agreement or the financial condition, assets, properties or operations of the Authority.

## ARTICLE III

### DEPOSIT AND APPLICATION OF FUNDS

Section 3.1. Deposit of and Application of Funds. On the Closing Date, from the amounts paid by the Assignee of \$\_\_\_\_\_ (which represents the principal amount of this Lease Agreement of \$\_\_\_\_\_ less the Assignee's fee of \$\_\_\_\_\_), the Authority shall cause (a) the amount of \$\_\_\_\_\_ to be transferred to the Escrow Bank for deposit in the Escrow Fund and applied to the defeasance and refunding of the Callable 2005 Bonds. Such amounts shall be derived from amounts paid by the Assignee under the Assignment Agreement. In addition, a portion of the amounts paid by the Assignee under the Assignment Agreement shall be applied to pay financing costs of the transaction in the amount of \$\_\_\_\_\_.

## ARTICLE IV

### LEASE OF PROPERTY; LEASE PAYMENTS

#### Section 4.1. Sublease of Property by the Authority Back to the City.

(a) The Authority hereby subleases the Property to the City, and the City hereby subleases the Property from the Authority, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the City to the Authority pursuant to the Site and Facility Lease shall not affect or result in a merger of the City's subleasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Section 4.2. Term. The Term of this Lease Agreement commences on the date of recordation of this Lease Agreement or a memorandum hereof and ends on July 1, 2022, or the date on which all of the Lease Payments have been paid in full pursuant to the terms of this Lease Agreement. If on July 1, 2022, the Lease Payments payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental interruption insurance or other sources, or the City shall have defaulted in its payment of Lease Payments hereunder or any Event of Default has occurred and continues without cure by the City, then the term of this Lease Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, as necessary to accommodate the final payment of all Lease Payments due hereunder, not to exceed ten (10) years. The provisions of this Section 4.2 are subject to the provisions of Section 6.1 relating to the taking in eminent domain of the Property or any portion thereof.

#### Section 4.3. Lease Payments.

(a) *Obligation to Pay.* Subject to the provisions of Sections 6.1 and 6.3 and the provisions of Article IX, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the amounts specified in Exhibit C attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Exhibit C; *provided, however,* that if any Lease Payment Date is not a Business Day, such Lease Payment shall be due on the next succeeding Business Day. The Lease Payments payable in any Rental Period with respect to the Property shall be for the use of the Property during such Rental Period.

The interest component of the Lease Payments shall be calculated based on an interest rate of \_\_\_% per annum.

If, by action or inaction of the City, the interest component of the Lease Payments becomes includable in the gross income of the Assignee for federal income tax purposes under the Code based upon a final determination thereof by the Internal Revenue Service (the "Date of Taxability"), the interest component of the Lease Payments from the from and after the Date of Taxability shall be calculated based on the then applicable interest rate per annum divided by 0. \_\_%.

(b) *Additional Payments.* In addition to the Lease Payments set forth herein, the City agrees to pay as Additional Payments all of the following:

(i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and

gross receipts taxes, if any, levied upon the Property or upon any interest of the Authority therein or in this Lease Agreement; provided, however, the City may, at the City's expense and in its name, in good faith contest any such taxes and assessments and, in the event of such contest, may permit such taxes and assessments to remain unpaid during the period of such contest and appeal therefrom unless the Authority shall notify the City that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any portion thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes and assessments or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority;

(ii) insurance premiums, if any, on all insurance required under the provisions of Article V hereof;

(iii) any other reasonable fees, costs or expenses incurred by the Authority in connection with the execution, performance or enforcement of this Lease Agreement or any of the transactions contemplated hereby or related to the Property, including, without limitation, any amounts which may become due; provided, however, the City shall not be responsible for any costs incurred by the Authority associated with any assignment made by the Assignee; and

(iv) any amounts required to be paid as rebate to the United States pursuant to the Tax Certificate.

Amounts constituting Additional Payments payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Authority to the City stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) *Effect of Prepayment.* If the City prepays the Lease Payments in part but not in whole under Section 9.3, the principal components of the remaining Lease Payments will be reduced on a pro rata basis; and the interest component of each remaining Lease Payment will be reduced on a pro rata basis.

(d) *Rate on Upon Event of Default.* If the City fails to make any of the payments required in this Section 4.3 for more than ten days after the due date for payment, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay a rate equal to the rates specified in paragraph (a) above, plus 3% from the date of default to the date of payment.

(e) *Fair Rental Value.* The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period, and will be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

(f) *Source of Payments; Budget and Appropriation.* The Lease Payments are payable from any source of legally available funds of the City, subject to the provisions of Sections 6.1, 6.3 and 9.1. The City covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City herein contained constitute duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

(g) *Allocation of Lease Payments.* All Lease Payments received shall be applied first to the interest components of the Lease Payments due hereunder, then to the principal components of the Lease Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

(h) *No Offsets.* Notwithstanding any dispute between the Authority, or Assignee as the Authority's assignee, and the City, the City shall make all Lease Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments pending the final resolution of such dispute.

(i) *Assignment Agreement.* The City understands and agrees that all Lease Payments have been assigned by the Authority to the Assignee under the Assignment Agreement executed concurrently herewith, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay to the Assignee, all payments payable by the City under this Section 4.3 and all amounts payable by the City under Article IX. Lease Payments shall be paid to the Assignee pursuant to an invoice to be transmitted to the City by the Assignee not less than thirty (30) days prior to each Lease Payment Date.

Section 4.4. Quiet Enjoyment. Throughout the Term of this Lease Agreement, the Authority will provide the City with quiet use and enjoyment of the Property and the City will peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority and the Assignee have the right to inspect the Property as provided in Sections 5.12(c) and 7.2.

Section 4.5. Title. At all times during the Term of this Lease Agreement, the City shall hold title to the Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

Upon the termination of this Lease Agreement (other than under Section 8.2(b) hereof), all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the City. Upon the payment in full of all Lease Payments allocable to the Property, or upon the deposit by the City of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer.

Section 4.6. Release of Excess Property. The City may, at any time and from time to time, release any portion of the Property (the "Released Property") from the Lease, with the prior written consent of the Assignee, which consent shall be at the Assignee's sole discretion, and

upon satisfaction of all of the following requirements which are conditions precedent to such release:

(a) The City shall certify to the Authority and the Assignee that no Event of Default has occurred and is continuing, and no event giving rise to an abatement of Lease Payments under Section 6.3 has occurred or is continuing with respect to the Property to be remaining following release of the Released Property;

(b) The City shall file with the Authority and the Assignee, and cause to be recorded in the office of the Madera County Recorder, an amendment to this Lease Agreement which deletes the Released Property from the description of the Property;

(c) The City shall file with the Authority and the Assignee a written certificate of the City stating the City's determination that the estimated value of the real property which will remain leased under this Lease Agreement following such release is at least equal to the original principal components of the Lease Payments and upon request of the Assignee, the City shall provide to the Assignee additional information and documents to evidence the value of the remaining portion of the Property;

(d) The City shall file with the Authority and the Assignee a written certificate of the City stating the City's determination that the estimated fair rental value, for each remaining Rental Period and in the aggregate, of the Property remaining after release of the Released Property is at least equal to the remaining Lease Payments for each remaining Rental Period and in the aggregate; and

(e) The City shall file with the Authority and the Assignee such other information, documents and instruments as the Authority or the Assignee shall reasonably request, including (if requested by the Assignee) evidence of the insurable value of the Property to be remaining following release of the Released Property, indicating that such value is in excess of the then unpaid principal component of the Lease Payments and such endorsements to the title policy delivered on the Closing Date.

Upon the satisfaction of all such conditions precedent, the Term of this Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City shall execute, deliver and cause to be recorded all documents required to discharge this Lease Agreement of record against the Released Property.

Section 4.7. Substitution of Property. (a) In the event of damage or destruction of the Property due to earthquake or other uninsured casualty for which rental interruption insurance is not available or in the event that following the condemnation of all or a portion of the Property the fair rental value of the Property remaining after such condemnation is less than the remaining Lease Payments due under this Lease Agreement, the City shall substitute under the Site and Facility Lease and this Lease Agreement one or more parcels of unimpaired and unencumbered real property, the fair rental value of which, for each remaining Rental Period and in the aggregate, shall be at least equal to the remaining Lease Payments hereunder.

(b) If for any reason the City is unable to so substitute real property for the Property with a fair rental value at least equal to the remaining Lease Payments hereunder, the City shall use its best efforts to obtain other financing in an amount necessary to prepay the principal component of the Lease Payments not supported by the fair rental value of the substituted property, if any.

## ARTICLE V

### MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property are the sole responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease Agreement.

The City will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City is obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in its reasonable opinion, by nonpayment of any such items the interest of the Authority in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City will promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority. The City shall promptly notify the Assignee of any tax, assessment, utility or other charge it elects to contest.

Section 5.2. Modification of Property. The City has the right, at its own expense, to make additions, modifications and improvements to the Property or any portion thereof. All additions, modifications and improvements to the Property will thereafter comprise part of the Property and become subject to the provisions of this Lease Agreement. Such additions, modifications and improvements may not in any way damage the Property, or cause the Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

Section 5.3. Public Liability Insurance. The City shall maintain or cause to be maintained throughout the Term of this Lease Agreement a standard comprehensive general liability insurance policy or policies in protection of the City, the Assignee and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Such policy or policies must provide coverage with limits of at least \$1,000,000 per occurrence, \$3,000,000 in the aggregate, for bodily injury and property damage coverage, and

excess liability umbrella coverage of at least \$5,000,000, and in all events in form and amount (including any deductibles) satisfactory to the Assignee. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including, with Assignee' prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 5.4. Casualty Insurance. The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Property and owned by the City, in an amount at least equal to the greater of the replacement value of the insured buildings and the aggregate principal amount of the Lease Payments outstanding, with a lender's loss payable endorsement. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Such insurance shall be subject to a deductible of not to exceed \$250,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including, with the Assignee' prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.5. Rental Interruption Insurance. The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance; provided that such rental interruption insurance shall not be self-insured by the City. The City will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.6. Worker's Compensation Insurance. If required by applicable California law, the City shall carry worker's compensation insurance covering all employees on, in, near or about the Property and, upon request, shall furnish to the Authority certificates evidencing such coverage throughout the Term of this Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including a self insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance.

Section 5.7. Recordation Hereof; Title Insurance. On or before the Closing Date, the City shall, at its expense, (a) cause this Lease Agreement, the Site and Facility Lease and the Assignment Agreement, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Madera County Recorder with respect to the Property, and (b) obtain a CLTA title insurance policy insuring the Assignee' interests in the leasehold estate established under the Site and Facility Lease and hereunder in the Property, subject only to Permitted Encumbrances, in an amount equal to the original principal components of the Lease Payments. The City will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.8. Insurance Net Proceeds; Form of Policies. All insurance policies (or riders) required by this Article V and provided by third party insurance carriers shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 and provided by third party insurance carriers shall name the City and the Assignee as insured parties and the Assignee as loss payees and shall include a lender's loss payable endorsement for the benefit of the Assignee. Prior to the Closing Date, the City will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the City will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the City shall notify the Assignee of such fact.

Section 5.9. Installation of District's Personal Property. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City, in which the Authority has no interest, and may be modified or removed by the City at any time. The City must repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement prevents the City from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Property.

Section 5.10. Liens. The City will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Assignee do not materially and adversely affect the leasehold estate in the Property hereunder and for which the Assignee provides its prior written approval, which approval shall be at Assignee's sole discretion. Except as expressly provided in this Article V, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City will reimburse the Assignee for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Advances. If the City fails to perform any of its obligations under this Article V, the Authority may take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.3(c).

Section 5.12. Environmental Covenants.

(a) *Compliance with Laws; No Hazardous Substances.* The City will comply with all Applicable Environmental Laws with respect to the Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Property.

(b) *Notification of Assignee.* The City will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Property and any operations conducted thereon or any conditions existing thereon to the Assignee, and the City will notify the Assignee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Assignee.

(c) *Access for Inspection.* The City will permit the Assignee, its agents, or any experts designated by the Assignee to have full access to the Property during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Assignee has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

Section 5.13. District Consent to Assignment Agreement. The Authority's rights under this Lease Agreement (excluding the right to receive notices, the right to reimbursement of costs and to indemnification), including the right to receive and enforce payment of the Lease Payments, and the Site and Facility Lease, are being assigned to the Assignee pursuant to the Assignment Agreement. The City hereby consents to such assignment and to any additional assignment of such rights by the Assignee or its assignees. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Assignee or its assignees to protect their interests in the Property and in this Lease Agreement.

## ARTICLE VI

### EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. If all of the Property shall be taken permanently under the power of eminent domain or sold to a governmental entity threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments in an amount equal to the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the City and the Assignee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

#### Section 6.2. Application of Net Proceeds.

##### (a) *From Insurance Award*.

(i) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the City in the event of any such damage or destruction shall be deposited by the City promptly upon receipt thereof in a special fund with the Assignee designated as the "Insurance and Condemnation Fund."

(ii) Within ninety (90) days following the date of such deposit, the City shall determine and notify the Authority and the Assignee in writing of its determination either (A) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the City and the Net Proceeds, together with other moneys available therefor, are sufficient to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 9.3 hereof, or (B) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property and the fair rental value of the Property following such repair, restoration, replacement, modification or improvement will at least equal the unpaid principal component of the Lease Payments.

(iii) In the event the City's determination is as set forth in clause (A) of subparagraph (ii) above, such Net Proceeds shall be promptly applied to the prepayment of Lease Payments and other amounts pursuant to Section 9.3 of this Lease Agreement; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be so applied only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments, all accrued and unpaid interest, Prepayment Premiums described in Section 9.2, and all other costs related to such prepayments pursuant to Section 9.3 of this Lease Agreement and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be applied to the prepayment of Lease Payments only if the resulting Lease Payments following such prepayment from Net Proceeds represent fair consideration for the remaining portions of the Property and otherwise such Net Proceeds shall be applied to the prompt replacement, repair,

restoration, modification or improvement of the Property, evidenced by a certificate signed by a District Representative.

(iv) In the event the City's determination is as set forth in clause (B) of subparagraph (ii) above and the City certifies to the Assignee that such repair or replacement can be completed within 24 months, such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the City, and until the Property has been restored to its prior condition, the City shall not place any lien or encumbrance on the Property that is senior to this Lease Agreement without the prior written consent of the Assignee, at its sole discretion.

(b) *From Eminent Domain Award.* If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited by the City in the Insurance and Condemnation Fund and shall be applied and disbursed as follows:

(i) If the City has given written notice to the Authority and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are not needed for repair or rehabilitation of the Property, the City shall so certify to the Authority and the Assignee, and the City shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

(ii) If the City has given written notice to the Authority and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Property, the City shall so certify to the Authority and the Assignee, and the City shall apply such amounts for such repair or rehabilitation.

(iii) If (A) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Authority and the Assignee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under the Lease Agreement or (B) all of the Property shall have been taken in such eminent domain proceedings, then the City shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

(iv) In making any determination under this Section 6.2(b), the City may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Authority and the Assignee. Any such determination by the City shall be final.

(c) *From Title Insurance.* The Net Proceeds from a title insurance award shall be deposited by the City in the Insurance and Condemnation Fund and credited towards the prepayment of Lease Payments required to be paid pursuant to Section 9.3 of this Lease Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or destruction,

there is substantial interference with the use and occupancy by the City of the Property or any portion thereof to the extent to be agreed upon by the City and the Assignee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit C, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon an appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of a District Representative to the Authority and the Assignee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Insurance and Condemnation Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

## ARTICLE VII

### OTHER COVENANTS OF THE CITY

Section 7.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE CITY LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event is the Authority liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease Agreement for the existence, furnishing, functioning or use of the Property by the City.

Section 7.2. Access to the Property; Grant and Conveyance of Right of Entry. The City agrees that the Authority, and the Authority's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the City, to enter upon and to examine and inspect (to the extent permitted by law and public policy) the Property or any part thereof. The City further agrees that the Authority, and the Authority's successors or assigns shall have such rights of access to the Property or any component thereof, following at least 48 hours written notice provided to the City, as may be reasonably necessary to cause the proper maintenance of the Property if the City fails to perform its obligations hereunder. Neither the Authority nor any of its assigns has any obligation to cause such proper maintenance.

The City further grants, conveys and confirms to the Authority, for the use, benefit and enjoyment of the Authority, its successors and assigns in interest to the Property, including the Assignee, and its sublessees, and their respective employees, invitees, agents, independent contractors, patrons, customers, guests and members of the public visiting the Property, a right of entry which shall be irrevocable for the Term of this Lease Agreement over, across and under the property of the City adjacent to the Property to and from the Property for the purpose of: (a) ingress, egress, passage or access to and from the Property by pedestrian or vehicular traffic; (b) installation, maintenance and replacement of utility wires, cables, conduits and pipes; and (c) other purposes and uses necessary or desirable for access to and from and for operation and maintenance of the Property.

Section 7.3. Release and Indemnification Covenants. The City hereby indemnifies the Authority, the Assignee and their respective directors, officers, agents, employees, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the City or the City's employees, agents, contractors, invitees or licensees, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any intentional misconduct or negligence of any sublessee of the City with respect to the Property, (e) the acquisition, construction, improvement and equipping of the Property, (f) the clean-up of any Hazardous Substances or toxic wastes from the Property, or (g) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or gross negligence under this Lease Agreement by the Authority, the Assignee, or their respective officers, agents, employees, successors or assigns. The City and the Authority

each agree to promptly give notice to each other and the Assignee of any claim or liability hereby indemnified against following learning thereof.

Section 7.4. Assignment by the Authority. The Authority's rights, title and interests under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City hereunder, have been assigned to the Assignee; provided that the Authority's rights to indemnification and payment or reimbursement for any costs or expenses hereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee. The City hereby consents to such assignment. Whenever in this Lease Agreement any reference is made to the Authority, such reference shall be deemed to refer to the Assignee (including its assignees).

The Assignee may make additional assignments of its rights, title and interests herein, but no such assignment will be effective as against the City unless and until the Assignee has filed with the City at least five (5) Business Days' prior written notice thereof and an executed copy of an investor's letter addressed to the City and the Authority substantially in the form of the letter delivered by the Assignee on the Closing Date. The City shall pay all Lease Payments hereunder to the Assignee, as provided in Section 4.3(h) hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the City. During the Term of this Lease Agreement, the City will keep a complete and accurate record of all such notices of assignment.

Section 7.5. Assignment and Subleasing by the City. This Lease Agreement may not be assigned, mortgaged, pledged or transferred by the City. The City may sublease the Property, or any portion thereof, with the prior written consent of the Assignee, at the Assignee' sole discretion, subject to all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City, and any sublease shall be subject and subordinate to this Lease Agreement.

(b) The City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Assignee a true and complete copy of such sublease.

(c) No such sublease by the City may cause the Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State.

(d) The City shall furnish the Authority and the Assignee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State.

(e) Any such sublease shall be subject and subordinate in all respects to the Site and Facility Lease and this Lease Agreement.

Notwithstanding the foregoing, in connection with any sublease entered into for financing purposes, the principal component of the then remaining Lease Payments plus the principal component of the sublease payments shall not exceed the fair market value of the Property.

Section 7.6. Amendment of Lease Agreement. This Lease Agreement may be amended with the prior written consent of the Authority and the Assignee (at the Assignee' sole discretion) provided such amendment does not, in the Assignee' sole judgment, adversely affect the Assignee.

Section 7.7. Tax Covenants.

(a) *Generally.* The City will 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 components of the Lease Payments to become includable in gross income of the Assignee for federal income tax purposes and will deliver a tax certificate on the Closing Date.

(b) *Private Activity Bond Limitation.* The City will ensure that the proceeds of the Lease Payments are not so used as to cause the City's obligations hereunder to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) *No Arbitrage.* The City will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Lease Payments which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Lease Payments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) *Arbitrage Rebate.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Lease Payments.

(f) *Bank Qualification.* The City hereby designates this Lease for purposes of paragraph (3) of section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), this Lease Agreement, has been or will be issued by the City, including all subordinate entities of the City, during the calendar year 2016.

Section 7.8. Financial Statements; Budgets; Other Information. Within two hundred ten (210) days following the end of each Fiscal Year of the City during the Term of this Lease Agreement, the City will provide the Authority and the Assignee with a copy of its audited financial statements for such Fiscal Year. Such audited financial statements shall include the City's Comprehensive Annual Financial Report ("CAFR"), including such information as is required by applicable Government Accounting Standards Board pronouncements and applicable State law. Within thirty (30) days of the end of each fiscal year, the City will provide the Assignee with a copy of its annual budget. The City hereby agrees to provide the Assignee with such other information as may be reasonably requested by the Assignee.

Section 7.9. Records and Accounts. The City covenants and agrees that it shall keep proper books of record and accounts of its operations in accordance with GASB, in which complete and correct entries shall be made of all transactions relating to the City. Said books and records shall at all reasonable times be subject to the inspection of the Assignee upon 72 hours' prior notice.

Section 7.10. Observance of Laws and Regulations. The City will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations, regulations or Applicable Laws now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board, commission or Governmental Authority having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the City, including the City's right to exist and carry on business as a municipal corporation and general law city, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.11. Notices. During the Term of this Lease Agreement, the City shall provide to the Assignee:

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

(b) prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority.

(c) with reasonable promptness, such other information respecting the City, and the operations, affairs and financial condition of the City as the Assignee may from time to time reasonably request.

(d) Notices of filings with the Municipal Securities Regulatory Board's EMMA system, other than regular annual filings.

(e) Notice of an event that could cause a Material Adverse Effect.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. Any one or more of the following events constitutes an Event of Default hereunder:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein, including the failure to prepay the Lease Payments if requested by the Assignee pursuant to Section 9.4 hereof.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Assignee. However, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, the Authority and the Assignee shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 60 days) if corrective action is instituted by the City within such 30-day period and diligently pursued until the default is corrected.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar federal or State act now existing or which may hereafter be enacted.

(d) Any statement, representation or warranty made by the City in or pursuant to this Lease Agreement or its execution, delivery or performance shall have been false, incorrect, misleading or breached in any material respect on the date when made.

(e) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which the City is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by the Assignee or any affiliate of the Assignee, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$500,000.

(f) Any default by the City to observe any covenant, condition or agreement on its part to be observed or performed under the Site and Facility Lease.

(g) Any court of competent jurisdiction shall find or rule that the Site and Facility Lease or this Lease Agreement is not valid or binding against the City.

(h) The City abandons any part of the Property.

Section 8.2. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease Agreement; provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a

condition and upon the breach thereof the Authority may exercise any and all rights granted hereunder; provided, that no termination of this Lease Agreement shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise any one or more of the following remedies:

(a) *Enforcement of Payments Without Termination.* If the Authority does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, if the Authority is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in Madera County for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City agrees to surrender and quit possession of the Property upon demand of the Authority for the purpose of enabling the Property to be re-let under this paragraph. Any rental obtained by the Authority in excess of the sum of Lease Payments plus costs and expenses incurred by the Authority for its services in re-leasing the Property shall be paid to the City.

(b) *Termination of Lease.* If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease Agreement and re-lease all or any portion of the Property, subject to the Site and Facility Lease. If the Authority terminates this Lease Agreement at its option and in the manner hereinafter provided due to a default by the City (and notwithstanding any re-entry upon the Property by the Authority in any manner whatsoever or the re-leasing of the Property), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Authority from such re-leasing shall be applied by the Authority to Lease Payments due under this Lease Agreement. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Property, or of

the remainder of the Term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(c) *Proceedings at Law or In Equity*. If an Event of Default occurs and continues hereunder, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

(d) *Remedies under the Site and Facility Lease*. If an Event of Default occurs and continues hereunder, the Authority may exercise its rights under the Site and Facility Lease.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Lease Agreement defaults under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party (including the Assignee) the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the nondefaulting party.

Section 8.5. No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease Agreement is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.6. Assignee to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Assignee, to which assignment the City hereby consents.

## ARTICLE IX

### PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Assignee or a fiduciary reasonably satisfactory to the Assignee, in trust, an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Assignee, which cash so held is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit C, or (b) invested in whole in non-callable Federal Securities maturing not later than the dates such funds will be required to make Lease Payments or any prepayment in an amount which is sufficient, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Assignee and addressed and delivered to the Assignee), together with interest to accrue thereon and without reinvestment and together with any cash which is so deposited, to pay such Lease Payments when due under Section 4.3(a) or when due on any optional prepayment date under Section 9.2, as the City instructs at the time of said deposit; *provided, however*, that at or prior to the date on which any such security deposit is established, the City shall deliver to the Assignee an opinion of Bond Counsel (in form and substance acceptable to the Assignee) to the effect that any such security deposit will not adversely affect the excludability of the interest component of Lease Payments from gross income of the Assignee for federal income tax purposes. In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (i) the Term of this Lease Agreement shall continue, (ii) all obligations of the City under this Lease Agreement, and all security provided by this Lease Agreement for said obligations, shall thereupon cease and terminate, excepting only (A) the obligation of the City to make, or cause to be made, all of the Lease Payments from such security deposit and, to the extent of any deficiency, as rent payable from other legally available funds of the City, and (B) the release and indemnification obligations of the City under subparagraphs (f) and (g) of Section 7.3, and (iii) under Section 4.5, the Authority's leasehold interest in the Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. The City hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Assignee. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement and, notwithstanding anything to the contrary herein, Lease Payments therefrom shall not be subject to abatement under Section 6.3 hereof to the extent payable from the funds held by the Assignee or the fiduciary as described in the first sentence of this Section 9.1.

Section 9.2. Optional Prepayment. The City may prepay the principal component of the Lease Payments in full or in part, on any date on and after July 1, \_\_\_\_, upon at least 30 days' notice to the Assignee, at a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Section 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part in such order of prepayment as shall be selected by the City on any date, together with any accrued and unpaid interest, and any other costs related to such prepayment, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under Section 6.2. The City and the Authority hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the City's obligations under this Section 9.3.



ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City and the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City: City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610  
Attention: City Administrator  
Telephone: (559) 665-8615

If to the Authority: Chowchilla Public Financing Authority  
c/o City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610  
Attention: City Administrator  
Telephone: (559) 665-8615

If to the Assignee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Telephone: (\_\_\_\_) \_\_\_\_-\_\_\_\_

Section 10.2. Binding Effect. This Lease Agreement inures to the benefit of and is binding upon the Authority, the City and their respective successors and assigns.

Section 10.3. Severability. If any provision of this Lease Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease Agreement is a "net-net-net lease" and the City hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended to be so or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 10.7. Applicable Law. This Lease Agreement is governed by and construed in accordance with the laws of the State.

Section 10.8. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Lease Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Authority and the City have caused this Lease Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CHOWCHILLA PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_  
Brian Haddix  
Executive Director

Attest:

\_\_\_\_\_  
Joann McClendon, CMC  
Secretary

CITY OF CHOWCHILLA

By \_\_\_\_\_  
Brian Haddix  
City Administrator

Attest:

\_\_\_\_\_  
Joann McClendon, CMC  
City Clerk

**EXHIBIT A**

**DESCRIPTION OF THE SITE**

All that certain real property situated in Madera County, State of California, described as follows:

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of Fire Station No. 1, located on the Site at 240 North First Street, Chowchilla, California. The \_\_\_\_\_ square foot Facility was built in 1999 and includes \_\_\_\_\_.

**EXHIBIT A**

**SCHEDULE OF LEASE PAYMENTS**

| <u>Lease<br/>Payment<br/>Date</u> | <u>Principal<br/>Component</u> | <u>Interest<br/>Component</u> | <u>Total<br/>Lease<br/>Payment</u> | <u>Annual<br/>Lease<br/>Payment</u> |
|-----------------------------------|--------------------------------|-------------------------------|------------------------------------|-------------------------------------|
| 1/1/17                            |                                |                               |                                    |                                     |
| 7/1/17                            |                                |                               |                                    |                                     |
| 1/1/18                            |                                |                               |                                    |                                     |
| 7/1/18                            |                                |                               |                                    |                                     |
| 1/1/19                            |                                |                               |                                    |                                     |
| 7/1/19                            |                                |                               |                                    |                                     |
| 1/1/20                            |                                |                               |                                    |                                     |
| 7/1/20                            |                                |                               |                                    |                                     |
| 1/1/21                            |                                |                               |                                    |                                     |
| 7/1/21                            |                                |                               |                                    |                                     |
| 1/1/22                            |                                |                               |                                    |                                     |
| 7/1/22                            |                                |                               |                                    |                                     |
| Total                             |                                |                               |                                    |                                     |

(1) The interest component of the Lease Payments is based on an interest rate of \_\_\_\_% per annum.

**LETTER AGREEMENT FOR PURCHASE**

June 1, 2016

City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610  
Attention: City Administrator

Re: \$\_\_\_\_\_ Lease Agreement, dated as of June 1, 2016, by and between the Chowchilla Public Financing Authority and the City of Chowchilla, assigned to \_\_\_\_\_

---

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Purchaser"), offers, upon the following terms, to acquire (i) the rights, title and interest of Chowchilla Public Financing Authority (the "Authority") under the Lease Agreement (hereinafter defined), including its rights to receive Lease Payments to be made by the City of Chowchilla (the "City") under the Lease Agreement, dated as of June 1, 2016 (the "Lease Agreement"), by and between the City and the Authority; provided that the Authority's rights to indemnification and payment or reimbursement for any costs or expenses thereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Purchaser, as assignee, to the extent such rights accrue to the Purchaser, by entering into an assignment agreement, dated as of June 1, 2016 (the "Assignment Agreement"), with the Authority, and (ii) except for the Authority's obligation under Section 4 thereof, the rights, title and interest of the Authority under the Site and Facility Lease, dated as of June 1, 2016 (the "Site and Facility Lease"), by and between the City and the Authority.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Lease Agreement.

1. *Purchase and Purchase Price; Terms of Corporation's Obligations.* The City and the Authority agree to execute and deliver the Site and Facility Lease and the Lease Agreement, and the Purchaser agrees to purchase the Authority's rights, title and interest under the Lease Agreement, as described more specifically above and in the Assignment Agreement, at an aggregate purchase price of \$\_\_\_\_\_. The Lease Payments under the Lease Agreement and the interest rates applicable thereto shall be as shown in Exhibits A hereto.

The City acknowledges that:

(a) The Purchaser is acting in this transaction solely for its own loan account and not as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter, placement agent, or municipal advisor;

(b) The Purchaser has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the City (including to any financial advisor or placement agent engaged by the City) with respect to the structuring of the financing or the execution and delivery of the Lease Agreement;

(c) The Purchaser has no fiduciary duty pursuant to section 15B of the Securities Exchange Act of 1934, as amended, to the City with respect to the transactions relating to the structuring of the financing or the execution and delivery of the Lease Agreement and the discussions, undertakings, and procedures leading thereto;

(d) Each of the City, its financial advisor and its placement agent (if any) has sought and shall seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the lease financing transaction from its financial, legal, and other advisors (and not the Purchaser or its affiliates) to the extent that the City, its financial advisor or its placement agent (if any) desires to, should, or needs to obtain such advice;

(e) The Purchaser has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to the City's financial advisor or placement agent (if any), or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the City's financial advisor or placement agent, with respect to any such matters; and

(f) the transactions between the City and the Purchaser is an arm's length, commercial transaction in which the Purchaser is acting and have acted solely as a principal and for its own interest, and the Purchaser has not made recommendations to the City with respect to the transactions relating to the Lease Agreement.

2. *Use of Funds.* The purchase price paid by the Purchaser shall be used by the Authority to pay the City an advance rental of \$\_\_\_\_\_, pursuant to Section 4 of the Site and Facility Lease. The City shall use such advance rental payment received from the Authority to (a) defease and refund a portion of the outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project) (the "2005 Bonds"), and (b) pay the costs related to the preparation, execution and delivery of the Lease Agreement, the Site and Facility Lease, the Assignment Agreement and documents related to the defeasance and refunding of the 2005 Bonds to be refunded.

3. *Disposition of Proceeds.*

(a) On the Closing Date, the Purchaser shall retain the sum of \$\_\_\_\_\_ as its Purchaser's fee.

(b) On the Closing Date, the Purchaser shall transfer, via wire transfer, to U.S. Bank National Association, as escrow bank (the "Escrow Bank"), the amount of \$1,077,224.35 to be deposited in the Fund and applied to the defeasance and refunding of the 2005 Bonds to be refunded. Wire information will be provided prior to the Closing Date.

(c) On the Closing Date, the Purchaser shall transfer, via wire transfer the total amount of \$\_\_\_\_\_ to the following recipients in payment of the costs of the financing transaction, allocated as follows:

(i) to Quint & Thimmig LLP, as bond counsel, \$10,000.00 (invoice with wire information to be provided prior to the Closing Date);

(ii) to Wulff Hansen & Co., as financial advisor, \$7,500.00 (invoice with wire information to be provided prior to the Closing Date);

(iii) to Brandis Tallman LLC, as placement agent, \$7,500.00 (invoice with wire information to be provided prior to the Closing Date);

(iv) to \_\_\_\_\_, as a counsel to the Purchaser, \$\_\_\_\_\_ (invoice with wire information to be provided prior to the Closing Date);

(v) to the Escrow Bank, \$750.00 (invoice with wire information to be provided prior to the Closing Date);

(vi) to Stewart Title Guaranty Company, as title insurer, \$\_\_\_\_\_ (invoice with wire information to be provided prior to the Closing Date); and

(viii) to the City, \$\_\_\_\_\_, to be applied to the payment of the fee of the California Debt and Investment Advisory Commission, to District's costs of the transaction or applied to make the first Lease Payment. Wire instructions to be provided prior to the Closing Date.

4. *Closing.* At 8:00 a.m. California Time, on June 15, 2016, or at such other time or on such earlier or later date as the Purchaser, the Authority and the City mutually agree upon (the "Closing Date"), the City will deliver (or cause to be delivered) the Site and Facility Lease and the Lease Agreement executed by the City and the Authority, and the Assignment Agreement executed by the Authority and the Purchaser, and the Purchaser will pay the purchase price for the Authority's rights, title and interest in the Site and Facility Lease and the Lease Agreement as set forth in Section 1 hereof in federal or other immediately available funds.

5. *Representations and Warranties of the City.* The City represents and warrants to the Purchaser that:

(a) The City is a municipal corporation and general law city organized and existing under the Constitution and the laws of the State of California (the "State"), and has all necessary power and authority to enter into and perform its duties under this Agreement and the Site and Facility Lease and the Lease Agreement (collectively, the "District Documents").

(b) To the best knowledge of the City, neither the execution and delivery of the City Documents, nor the execution of this Agreement, and compliance with the provisions on the City's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

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

(d) There is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the City required for the execution and delivery of the City Documents or the consummation by the City of the other transactions contemplated by the City Documents.

(e) To the best knowledge of the City, there is, and on the Closing Date (as hereinafter defined) there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the payments to be made pursuant to the Lease Agreement, or in any way contesting or affecting the validity of the City Documents or the authority of the City to approve this Agreement, or enter into the City Documents or contesting the powers of the City to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the City in connection with any action contemplated by this Agreement or to restrain or enjoin the payment of Lease Payments, nor is there any basis for any such action, suit, proceeding or investigation.

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

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

(h) The City will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Purchaser and this Agreement.

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

(j) As of the time of acceptance hereof and as of the Closing Date the City does not and will not have outstanding any indebtedness which is secured by a lien on the City's general fund except as disclosed to the Purchaser.

(k) The financial statements of, and other financial information regarding the City delivered to the Purchaser 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 the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied.

(l) Between the date of this Agreement and the date of Closing Date, the City will not, without the prior written consent of the Purchaser, offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by a lien on the City's general fund.

(m) The City acknowledges that Purchaser will treat the acquisition of the Authority's rights in the Lease Agreement as a loan.

6. *Conditions Precedent to the Closing.* Other conditions precedent to the Closing are:

(a) The delivery by the City of a certified copy of (i) the resolution of the City Council authorizing the execution and delivery by the City of the Site and Facility Lease and the Lease Agreement, together with an incumbency certificate of the City, and (ii) the resolution of the Board of Directors of the Authority authorizing the execution and delivery by the Authority of the Site and Facility Lease, the Lease Agreement and the Assignment Agreement, together with an incumbency certificate of the Authority;

(b) The delivery by the City of the fully executed Site and Facility Lease, Lease Agreement and Assignment Agreement in form and substance acceptable to the Purchaser;

(c) The execution and delivery by the City of an Internal Revenue Service Form 8038-G in a form acceptable to Special Counsel and the Purchaser;

(d) Delivery of a legal opinion addressed to the City, with a reliance letter to the Purchaser, dated the Closing Date, of Quint & Thimmig LLP, as Special Counsel, with respect to (i) the validity and enforceability of the Lease Agreement, the Site and Facility Lease, and the Assignment Agreement by and against the City and the Authority (as applicable), (ii) the tax-exempt status of the interest component of the Lease Payments, and (iii) such other matters as may be requested by the Purchaser in form and substance acceptable to the Purchaser;

(e) The delivery of a certificate dated the Closing Date and signed by the Superintendent, or such other officer of the City as the City Council of the City may approve, to the effect that:

(i) to the best knowledge of the City, there are no actions or proceedings against the City pending and notice of which has been served on the City or threatened that materially adversely affect the City's ability to pay the Lease Payments or to perform its obligations under the Site and Facility Lease and Lease Agreement;

(ii) the representations and warranties of the City contained in this agreement and the Lease Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and

(iii) that the City acknowledges receipt from the Purchaser of the purchase price for the City's obligations under the Lease Agreement, including the Lease Payments;

(f) The delivery by the City of a title policy for the property that is the subject of the Site and Facility Lease and Lease Agreement in form acceptable to the Purchaser;

(g) The execution and delivery by the City of a certificate as to arbitrage; and

(h) The delivery by the Purchaser of an investor letter in form and substance as attached hereto as Exhibit B.

(i) Such other documents as may be reasonably requested by the Purchaser.

7. *Events Permitting the Purchaser to Terminate.* The Purchaser may terminate its obligation to purchase the Authority's rights, title and interest under the Site and Facility Lease and the Lease Agreement before the Closing Date if any of the following occurs:

(a) any legislative, executive or regulatory action (including the introduction of legislation) or any court decision that, in the judgment of the Purchaser, casts sufficient doubt on the legality of or the tax-exempt status of the interest component of obligations such as those represented by the Lease Agreement and the Lease Payments so as to materially impair the marketability or to materially reduce the market price of such obligations, in the reasonable opinion of the Purchaser;

(b) any action by the Securities and Exchange Commission or a court that would require registration of the Lease Agreement under the Securities Act of 1933, as amended;

(c) any event occurs or becomes known that has a material adverse effect on the financial condition of the City or on the ability of the City or the Authority to perform under the Site and Facility Lease, the Lease Agreement or the Assignment Agreement; or

(d) any of the representations or warranties of the City made in this Letter Agreement for Purchase are determined by the Purchaser to be untrue or materially inaccurate.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Letter Agreement for Purchase by their officers thereunto duly authorized as of the day and year first above written.

\_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

The foregoing is hereby agreed to and accepted as of the date first above written:

CITY OF CHOWCHILLA

By \_\_\_\_\_  
Brian Haddix  
City Administrator

**EXHIBIT A**  
**SCHEDULE OF LEASE PAYMENTS**

| Lease<br>Payment<br>Date | Principal<br>Component | Interest<br>Component | Total<br>Lease<br>Payment | Annual<br>Lease<br>Payment |
|--------------------------|------------------------|-----------------------|---------------------------|----------------------------|
| 1/1/17                   |                        |                       |                           |                            |
| 7/1/17                   |                        |                       |                           |                            |
| 1/1/18                   |                        |                       |                           |                            |
| 7/1/18                   |                        |                       |                           |                            |
| 1/1/19                   |                        |                       |                           |                            |
| 7/1/19                   |                        |                       |                           |                            |
| 1/1/20                   |                        |                       |                           |                            |
| 7/1/20                   |                        |                       |                           |                            |
| 1/1/21                   |                        |                       |                           |                            |
| 7/1/21                   |                        |                       |                           |                            |
| 1/1/22                   |                        |                       |                           |                            |
| 7/1/22                   |                        |                       |                           |                            |
| Total                    |                        |                       |                           |                            |

(1) The interest component of the Lease Payments is based on an interest rate of \_\_\_\_% per annum.

## EXHIBIT B

### FORM OF PURCHASER'S LETTER

City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610  
Attention: City Administrator

Re: \$\_\_\_\_\_ Lease Agreement, dated as of June 1, 2016, by and between the Chowchilla Public Financing Authority and the City of Chowchilla, assigned to \_\_\_\_\_

---

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Purchaser"), has agreed to acquire (i) the rights, title and interest of Chowchilla Public Financing Authority (the "Authority") under the Lease Agreement, dated as of June 1, 2016 (the "Lease Agreement"), by and between the City of Chowchilla (the "City") and the Authority, including its rights to receive lease payments to be made by the City under the Lease Agreement. In connection with such purchase, the Purchaser hereby agrees and certifies to the Authority and the City that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Lease Agreement to be able to evaluate the risks and merits of the investment represented by the purchase of the rights, title and interest of the Authority under the Lease Agreement.

(b) The Purchaser is acquiring the rights, title and interest of the Authority under the Lease Agreement for its own account and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the rights, title and interest of the Authority under the Lease Agreement or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of such rights, title and interest under the Lease Agreement *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the rights, title and interest under the Lease Agreement in accordance with the Lease Agreement. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the rights, title and interest of the Authority under the Lease Agreement.

(c) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the City and the Lease Agreement and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the City set forth in the Lease Agreement and in the information set forth in any materials submitted to the Purchaser by the City. The City has furnished to the Purchaser all the information which the Purchaser, as a reasonable investor, has requested of the City as a result of the Purchaser having attached significance thereto in making its investment decision with respect to the Lease Agreement, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the City and the Lease Agreement. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the rights, title and interest of the Authority under the Lease Agreement.

(d) The Purchaser understands that the Lease Agreement has not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Lease Agreement by it, and further acknowledges that any current exemption from registration of the Lease Agreement does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the rights, title and interest of the Authority under the Lease Agreement and to execute any instruments and documents required to be executed by the Purchaser in connection with the purchase of the rights, title and interest of the Authority under the Lease Agreement. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein on behalf of the Purchaser.

(f) The Purchaser acknowledges that rights, title and interest of the Authority under the Lease Agreement are transferable with certain requirements, as described in the Lease Agreement.

(g) The Purchaser acknowledges that the Lease Agreement is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the City has not undertaken to provide any continuing disclosure with respect to the Lease Agreement but that the City has agreed to provide other ongoing information to the Purchaser.

(h) The Purchaser intends to treat the acquisition of the Authority's rights in the Lease Agreement as a loan.

\_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP  
900 Larkspur Landing Circle, Suite 270  
Larkspur, CA 94939-1726  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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**SITE AND FACILITY LEASE**

**Dated as of June 1, 2016**

**by and between the**

**CITY OF CHOWCHILLA, as Lessor**

**and the**

**CHOWCHILLA PUBLIC FINANCING AUTHORITY, as Lessee**

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## SITE AND FACILITY LEASE

THIS SITE AND FACILITY LEASE (this "Site and Facility Lease"), dated as of June 1, 2016, is by and between the CITY OF CHOWCHILLA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California (the "City"), as lessor, and the CHOWCHILLA PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Authority"), as lessee;

### WITNESSETH:

WHEREAS, pursuant to this Site and Facility Lease, the City proposes to lease those certain parcels of real property situated in Madera County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Authority, all for the purpose of enabling the City to refund a portion of the outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project);

WHEREAS, the Authority proposes to lease the Property back to the City pursuant to that certain Lease Agreement, dated as of June 1, 2016, a memorandum of which is recorded concurrently herewith (the "Lease Agreement") and to assign all of its rights, title and interest in, to and under this Site and Facility Lease and the Lease Agreement, including its right to receive lease payments under the Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under the Lease Agreement in the event of a default thereunder by the City, to \_\_\_\_\_ (the "Assignee"), pursuant to that certain assignment agreement, dated as of June 1, 2016, by and between the Authority and the Assignee (the "Assignment Agreement"), and recorded concurrently herewith;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site and Facility Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site and Facility Lease. The City hereby leases to the Authority and the Authority hereby leases from the City, on the terms and conditions hereinafter set forth, the Property.

Section 3. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the Office of the County Recorder of the County of Madera, State of California, and shall end on July 1, 2022, unless such term is extended or sooner terminated as hereinafter provided. If, on July 1, 2022, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid by reason of abatement, default or otherwise, or provision shall not have been made for their payment in accordance with the Lease Agreement, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment, but in no event later than July 1, 2032. If, prior to July 1, 2022, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Site and Facility Lease shall end.

Section 4. Advance Rental Payment. The City agrees to lease the Property to the Authority in consideration of the payment by the Authority of an advance rental payment of \$\_\_\_\_\_. The City and the Authority agree that by reason of the assignment of the Lease Payments to the Assignee under and pursuant to the Assignment Agreement, the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

Section 5. Purpose. The Authority shall use the Property solely for the purpose of leasing the Property to the City pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the City under the Lease Agreement, the Authority and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. District's Interest in the Property. The City covenants that it is the owner in fee of the Property.

Section 7. District Representations and Certifications to the Authority and the Assignee. The City hereby certifies and represents, warrants, covenants and agrees as follows:

(a) This Site and Facility Lease is in full force and effect, and there have been no amendments, modifications, changes or additions since its execution.

(b) To the best of the City's knowledge, the Authority is not and will not be, in any respect, in default under the terms and provisions of this Site and Facility Lease. Further, to the best of the City's knowledge, the City knows of no event which would, currently or with the passage of time or giving of notice, or both, constitute a default under the terms of this Site and Facility Lease by either the Authority or the City.

(c) The City has not currently encumbered its fee interest in the Property to any lender or financial institution, whether by way of mortgage, deed of trust or other security instruments, except for this Site and Facility Lease and the Lease Agreement which is being recorded concurrently herewith and Permitted Encumbrances (as defined in the Trust Agreement).

(d) The City acknowledges hereby consents to the Lease Agreement.

(e) Upon the Event of Default under the Lease Agreement, the City will standstill and allow the Authority or the Assignee to pursue any and all remedies available to the Authority or Assignee under either this Site and Facility Lease or the Lease Agreement.

(f) Except for the rental payment referenced in Section 4, no additional rent is or will be due under this Site and Facility Lease by the Authority through the term of this Site and Facility Lease and the Authority has satisfied all of its obligations under this Site and Facility Lease.

(g) During the term of the Site and Facility Lease, the City will not consent to any amendment, modification or termination of this Site and Facility Lease without the prior written consent of the Assignee.

(h) During the term of this Site and Facility Lease, the City will not encumber its interest in the Site without the prior written consent of the Assignee.

(i) The City acknowledges that this Site and Facility Lease cannot be terminated by the City for any reason, except according to Section 3.

(j) Notwithstanding any Site and Facility Lease provisions to the contrary, policies of fire, casualty, and extended coverage insurance shall be carried and maintained by the City in accordance with the terms of the Lease Agreement covering the building or buildings constructed on the Site, with a loss payable clause to Assignee.

Section 8. Assignments and Subleases. Unless the City shall be in default under the Lease Agreement, the Authority may not assign its rights under this Site and Facility Lease or sublet the Property, except as provided in the Lease Agreement and the Assignment Agreement, without the written consent of the City and the Assignee. The City consents to the assignment of the Authority's interest in this Site and Facility Lease to the Assignee. If the City is in default under the Lease Agreement, the Assignee (including their successors and assigns under the Lease Agreement) may fully and freely assign and sublease the Property or any portion thereof, subject to this Site and Facility Lease.

Section 9. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 10. Termination. The Authority agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the City.

Section 11. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the City shall have no right to terminate this Site and Facility Lease as a remedy for such default. Notwithstanding the foregoing, so long as the Lease Agreement remains in effect, the City will continue to pay the Lease Payments to the Assignee.

In the event of the occurrence of an Event of Default under the Lease Agreement or a breach or default of the certifications and representations, warranties and covenants of the City contained in Section 7, the Authority and/or the Assignee may (i) exercise the remedies provided in the Lease Agreement, (ii) use the Property for any lawful purpose, subject to any applicable legal limitations or restrictions, and (iii) exercise all options provided herein.

Section 12. Quiet Enjoyment. The Authority, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy all of the Property subject to the provisions of the Lease Agreement.

Section 13. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Authority are solely liabilities of the Authority and the City hereby releases each and every Boardmember, director, officer, employee and agent of the Authority of and from any personal or individual liability under this Site and Facility Lease. No Boardmember, director, officer, employee or agent of the Authority shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Authority hereunder.

Section 14. Taxes. All assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Property or the Authority's interest in the

Property created by this Site and Facility Lease (including both land and improvements) will be paid by the City in accordance with the Lease Agreement.

Section 15. Eminent Domain. In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid principal component of the Lease Payments, any then unpaid interest component of the Lease Payments and any premium due with respect to the prepayment of Lease Payments to the date such amounts are remitted to the Authority or its assignee, and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the City. The City hereby waives, to the extent permitted by law, any and all rights that it has or may hereafter have to acquire the interest of the Authority in and to the Property through the eminent domain powers of the City. However, the City hereby agrees, to the extent permitted by law, that the compensation to be paid in any condemnation proceedings brought by or on behalf of the City with respect to the Property shall be in an amount not less than the total unpaid principal component of Lease Payments, the interest component of Lease Payments accrued to the date of payment of all Lease Payments and any premium due with respect to the prepayment of Lease Payments under the Lease Agreement.

Section 16. Use of the Proceeds. The City and the Authority hereby agree that the lease to the Authority of the City's right and interest in the Property pursuant to Section 2 serves the public purposes of the City.

Section 17. Attorneys' Fees, Costs and Expenses. In any civil action or proceeding arising from or relating to this Site and Facility Lease or a party's performance under this Site and Facility Lease, the prevailing party shall be awarded its reasonable attorneys' fees, costs and expenses, including the reasonable attorneys' fees, costs and expenses incurred in collecting or executing upon any judgment, order or award.

Section 18. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, at the addresses set forth in the Lease Agreement, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 20. Binding Effect. This Site and Facility Lease shall inure to the benefit of and shall be binding upon the City and the Authority and their respective successors and assigns. The Assignee are hereby made third party beneficiaries hereunder with all rights of a third party beneficiary.

Section 21. Amendment. This Site and Facility Lease may not be amended except as permitted under the Lease Agreement.

Section 21. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 22. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

Section 23. No Merger. Neither this Site and Facility Lease, the Lease Agreement nor any provisions hereof or thereof shall be construed to effect a merger of the title of the City to the Property under this Site and Facility Lease and the City's leasehold interest therein under the Lease Agreement.

Section 24. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City and the Authority have caused this Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF CHOWCHILLA

By \_\_\_\_\_  
Brian Haddix  
City Administrator

Attest:

\_\_\_\_\_  
Joann McClendon  
City Clerk

CHOWCHILLA PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_  
Brian Haddix  
Executive Director

Attest:

\_\_\_\_\_  
Joann McClendon  
Secretary

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

**EXHIBIT A**

**DESCRIPTION OF THE SITE**

All that certain real property situated in Madera County, State of California, described as follows:

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of Fire Station No. 1, located on the Site at 240 North First Street, Chowchilla, California. The \_\_\_\_\_ square foot Facility was built in 1999 and includes \_\_\_\_\_.



# CHOWCHILLA PUBLIC FINANCING AUTHORITY STAFF REPORT

Item 6.1B

[CLICK HERE  
TO RETURN TO  
THE AGENDA](#)

May 26, 2016

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**AGENDA SECTION:** New Business

**SUBJECT:** Authorization to Provide for the Refunding of a Portion of the Outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project)

**PREPARED BY:** Rod Pruett, City Finance Director

REVIEWED BY  
ADMINISTRATOR

X

REVIEWED BY  
ATTORNEY

X

REVIEWED BY FINANCE X

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## RECOMMENDATION

That the Authority provide authorization to provide for the refunding of a portion of the outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project):

1. Adopt Resolution No. \_\_\_\_\_, RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE REFUNDING OF THE CITY OF CHOWCHILLA'S OUTSTANDING CERTIFICATES OF PARTICIPATION (2005 REFINANCING PROJECT) AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

## BACKGROUND

In 2005, the Authority issued its Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project) (the "2005 Bonds"), to finance and refinance capital projects of the City of Chowchilla (the "City"), including the costs of construction of City Hall. The 2005 Bonds are currently outstanding in the principal amount of \$4,815,000. The payment of debt service on the 2005 Bonds is derived from lease payment made by the City to the Authority under a lease agreement, by and between the Authority and the City (the "2005 Lease"), payable from the City's general fund.

The City has been advised by its financial advisor, Wulff, Hansen & Co., that, due to prevailing interest rates in the municipal bond market and for other reasons, the 2005 Bonds maturing on July 1, 2016, to and including July 1, 2022 (the "Callable 2005 Bonds") can be refunded for savings which will reduce the City's payment obligations under the 2005 Lease.

## DOCUMENTS

The financing will be structured as a private placement with an institutional purchaser (the "Purchaser") which will be the lowest cost alternative to the City, generating the highest level of savings.

Per the attached Resolution, the Authority will approve the forms and authorize execution of a Site and Facility Lease, a Lease Agreement, an Assignment Agreement and an Escrow Agreement.

The Site and Facility Lease and the Lease Agreement establish a lease/leaseback structure utilizing the Senior Center and the Event Center. Payments made by the City under the Lease Agreement will be assigned by the Authority to the Purchaser under the Assignment Agreement, which payments will be lower than the equivalent payments with respect to the Callable 2005 Bonds.

The Escrow Agreement will establish the Escrow Account that will be used to redeem the Callable 2005 Bonds.

As the financing is structured as a private placement, no offering documents will be needed.

The forms of the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Escrow Agreement are on file with the Secretary. Bud Levine of Wulff Hansen & Co. will be at the meeting to answer any questions.

#### FISCAL IMPACT

By refunding the Callable 2005 Bonds are expected to generate debt service savings to the City of \$5,000 to \$7,000 annually, depending on the final interest rate offered by the Purchaser, net of all costs of issuance. As is the case with the 2005 Bonds, the City's obligation to make lease payments will be payable from the City's general fund. All fees and costs of the refunding are contingent and will be paid from the proceeds of the refunding.

#### ATTACHMENTS

Public Financing Authority Resolution  
Assignment agreement  
Escrow agreement  
Lease agreement  
Purchase letter  
Site and facility lease

**CHOWCHILLA PUBLIC FINANCING AUTHORITY RESOLUTION # -16**

**A RESOLUTION OF THE PUBLIC FINANCING AUTHORITY OF THE CITY OF CHOWCHILLA, CALIFORNIA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE REFUNDING OF THE CITY OF CHOWCHILLA'S OUTSTANDING CERTIFICATES OF PARTICIPATION (2005 REFINANCING PROJECT) AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

**RESOLVED**, by the Board of Directors (the "Board") of the Chowchilla Public Financing Authority (the "Authority"), as follows:

**WHEREAS**, the Authority has heretofore issued its Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project) (the "2005 Bonds"), to finance and refinance capital projects of the City of Chowchilla (the "City"), including the costs of construction of City Hall;

**WHEREAS**, the 2005 Bonds are currently outstanding in the principal amount of \$4,815,000;

**WHEREAS**, the payment of debt service on the 2005 Bonds is derived from lease payment made by the City to the Authority under a lease agreement, by and between the Authority and the City (the "2005 Lease"), payable from the City's general fund;

**WHEREAS**, the City has been advised by its financial advisor, Wulff Hansen & Co., that, due to prevailing interest rates in the municipal bond market and for other reasons, the 2005 Bonds maturing on July 1, 2016, to and including July 1, 2022 (the "Callable 2005 Bonds") can be refunded for savings which will reduce the City's payment obligations under the 2005 Lease and the City has determined to implement a lease financing for such purposes;

**WHEREAS**, it is in the public interest and for the public benefit that the Authority authorize and direct execution of certain financing documents in connection therewith; and

**WHEREAS**, the documents below specified shall be filed with the Authority and the members of the Board, with the aid of its staff, shall review said documents;

**NOW, THEREFORE, BE IT RESOLVED** that the Public Financing Authority of the City of Chowchilla hereby finds and determines the following:

*Section 1.* The below-enumerated documents, substantially in the forms on file with the Secretary, be and are hereby approved, and the Chair, the Executive Director, the Treasurer, or any designee thereof, is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, the execution thereof to be conclusive evidence of such approval, and the Secretary is hereby authorized and directed to attest to such official's signature:

(a) a site and facility lease, by and between the City, as lessor, and the Authority, as lessee (the "Site and Facility Lease"), pursuant to which the City will lease certain existing real property and the improvements thereon (the "Property") to the Authority;

(b) a lease agreement, by and between the Authority, as lessor, and the City, as lessee (the "Lease Agreement"), pursuant to which the Authority will lease the Property back to the City and pursuant to which the City will agree to make semi-annual lease payments (the "Lease Payments"); and

(c) an assignment agreement, by and between the Authority and a purchaser to be determined following a competitive process, as assignee (the "Purchaser"), pursuant to which the Authority will assign to the Purchaser certain of its rights under the Site and Facility Lease and the Lease Agreement, including its right to receive a portion of the Lease Payments thereunder.

*Section 2.* The Chair, the Executive Director, the Treasurer, the Secretary and other officials of the Authority are hereby authorized and directed to execute such other agreements, documents and certificates and to take such other actions as may be necessary to affect the purposes of this resolution and the lease financing herein authorized.

*Section 3.* This Resolution shall take effect upon its adoption by the Board.

\* \* \* \* \*

**PASSED AND ADOPTED** by the Public Finance Authority of the City of Chowchilla this 26th day of May, 2016 by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

APPROVED:

\_\_\_\_\_  
Waseem Ahmed, Board Chair

ATTEST:

\_\_\_\_\_  
Joann McClendon, CMC  
Board Clerk

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP  
900 Larkspur Landing Circle, Suite 270  
Larkspur, CA 94939-1726  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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## ASSIGNMENT AGREEMENT

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For Value Received, the CHOWCHILLA PUBLIC FINANCING AUTHORITY (the "Authority") without recourse does hereby sell, assign and transfer to \_\_\_\_\_, and its successors and assigns (the "Assignee"), (i) all rights, title and interest in and to the Lease Agreement, dated as of June 1, 2016, in the amounts shown on Exhibit A attached hereto, a memorandum of which has been recorded concurrently herewith, by and between the Authority, as sublessor, and the City of Chowchilla (the "City"), as sublessee (said Lease Agreement and any supplements, amendments, annexations, extensions or renewals thereof are referred to hereinafter as the "Lease Agreement"), as well as its rights to enforce payment of Lease Payments (as defined in the Lease Agreement) when due or otherwise to protect its interests and exercise all remedies in the event of a default or termination by the City under the Lease Agreement; provided that the Authority's rights to indemnification and payment or reimbursement for any costs or expenses thereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee, (ii) except for the Authority's obligation under Section 4 thereof, all of its rights, title and interest in and to the Site and Facility Lease, dated as of June 1, 2016, which has been recorded concurrently herewith, by and between the City, as lessor, and the Authority, as lessee (the "Site and Facility Lease"), and (iii) all moneys, sums and amounts now due or hereinafter to become due under the Lease Agreement. The Site and Facility Lease and the Lease Agreement delivered to the Assignee are duly executed duplicate originals that comprise the entire writing, obligation and agreement between the Authority and the City respecting the leases made thereunder and the lease payments made therefor.

The Assignee, hereby accepts the foregoing assignment. The above assignment is intended to be an absolute and unconditional assignment to the Assignee and is not intended as a loan by the Assignee to the Authority. Accordingly, in the event of bankruptcy of the Authority, the assigned property shall not be part of the Authority's estate. However, if the above assignment is deemed to be a loan by the Assignee to the Authority, then the Authority shall be deemed to have granted to the Assignee, and hereby grants to the Assignee, a continuing first priority security interest in the assigned property and all proceeds thereof as collateral security for all obligations of the Authority hereunder and all obligations of the City

under the Lease Agreement and this Assignment Agreement shall be deemed a security agreement with respect to such loan.

The Authority represents and warrants as follows:

(1) it has made no prior sale or assignment of any interest in the Site and Facility Lease and the Lease Agreement;

(2) that the Lease Agreement and the Site and Facility Lease are genuine and in all respects are what they purport to be;

(3) that the Assignee are not liable for and do not assume responsibility for the performance of any of the covenants, agreements, duties or obligations specified in the Lease Agreement to be kept, paid or performed by the Authority, with exception of such covenants, agreements, duties and obligations (if any) which are expressly made the responsibility of the Assignee under the Lease Agreement;

(4) that the Authority has the power, authority, and legal right to execute, deliver and perform this Assignment Agreement and this Assignment Agreement is a valid, binding, and enforceable obligation of the Authority, except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles;

(5) that good and marketable title to the assigned property has been duly vested in the Assignee free and clear of any liens, security interests, encumbrances or other claims other than the rights of the City under the Lease Agreement, and the Authority has not assigned or transferred any of the assigned property or any interest in the assigned property to any party other than the Assignee;

(6) that this Assignment Agreement has been duly authorized by all necessary action on the part of the Authority; and

(7) that the Authority agrees that it (a) shall not have any right to amend, modify, compromise, release, terminate or permit prepayment of the Lease Agreement, and (b) shall not take any action that may impair the payment of Lease Payments or the validity or enforceability of the Lease Agreement.

The Authority further represents and warrants that as of the date of this Assignment Agreement, the Lease Agreement and the Site and Facility Lease are in full force and effect and the City is not in default of any of the terms set forth therein.

By its acceptance of this Assignment Agreement, the Assignee, represents and warrants (i) the price paid in consideration for assignment of the Site and Facility Lease and the Lease Agreement is \$\_\_\_\_\_;

(ii) that the Assignee reasonably expects to hold its interests in the Lease Agreement for its own account and does not presently expect to sell, assign, or otherwise transfer its interests in the Lease Agreement, subject to the Assignee's right to dispose of or otherwise deal with its property (including its interest in the Lease Agreement) as it determines to be in its best interests from time to time; and (iii) that it will treat its interest in the Lease Agreement as an investment for federal income tax purposes.

This Assignment Agreement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in the State of California. Any provision of this Assignment Agreement found to be prohibited by law shall be

ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment Agreement.

This Assignment Agreement binds and inures to the benefit of the parties and their respective successors and assigns. In the event of litigation between the Authority and the Assignee arising under this Assignment Agreement, the prevailing party shall be entitled to recover from the other party all costs and expenses, including attorneys' fees which may be those of in-house counsel, incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions or provisions of this Assignment Agreement.

The descriptions of the Site and the Facility which are the subject of the Site and Facility Lease and the Lease Agreement are set forth in Exhibits B and C attached hereto and by this reference incorporated herein.

[Remainder of page intentionally left blank]

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

Dated as of June 1, 2016

CHOWCHILLA PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_

Brian Haddix  
Executive Director

Attest:

\_\_\_\_\_  
Joann McClendon, CMC  
Secretary

ACCEPTANCE OF ASSIGNMENT:

\_\_\_\_\_, as Assignee

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT A**  
**SCHEDULE OF LEASE PAYMENTS**

| Lease<br>Payment<br>Date | Principal<br>Component | Interest<br>Component | Total<br>Lease<br>Payment | Annual<br>Lease<br>Payment |
|--------------------------|------------------------|-----------------------|---------------------------|----------------------------|
| 1/1/17                   |                        |                       |                           |                            |
| 7/1/17                   |                        |                       |                           |                            |
| 1/1/18                   |                        |                       |                           |                            |
| 7/1/18                   |                        |                       |                           |                            |
| 1/1/19                   |                        |                       |                           |                            |
| 7/1/19                   |                        |                       |                           |                            |
| 1/1/20                   |                        |                       |                           |                            |
| 7/1/20                   |                        |                       |                           |                            |
| 1/1/21                   |                        |                       |                           |                            |
| 7/1/21                   |                        |                       |                           |                            |
| 1/1/22                   |                        |                       |                           |                            |
| 7/1/22                   |                        |                       |                           |                            |
| Total                    |                        |                       |                           |                            |

(1) The interest component of the Lease Payments is based on an interest rate of \_\_\_\_% per annum.

**EXHIBIT B**

**DESCRIPTION OF THE SITE**

All that certain real property situated in Madera County, State of California, described as follows:

## **EXHIBIT C**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of Fire Station No. 1, located on the Site at 240 North First Street, Chowchilla, California. The \_\_\_\_\_ square foot Facility was built in 1999 and includes \_\_\_\_\_.

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**ESCROW AGREEMENT**

**by and among the**

**CHOWCHILLA PUBLIC FINANCING AUTHORITY**

**the**

**CITY OF CHOWCHILLA**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank**

**Dated June 15, 2016**

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Relating to the defeasance of a portion of the  
Chowchilla Public Financing Authority  
2005 Refunding Lease Revenue Bonds, Series A  
(Civic Center Project)

## ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Escrow Agreement"), dated June 15, 2016, is by and between the CITY OF CHOWCHILLA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank").

### WITNESSETH:

WHEREAS, the Chowchilla Public Financing Authority (the "Authority") has heretofore issued its \$5,890,000 Chowchilla Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project), of which \$4,815,000 remains outstanding (the "2005 Bonds"), the proceeds of which were used to refinance the costs of the construction and equipping of a civic center facility (the "2005 Project");

WHEREAS, the 2005 Bonds were issued pursuant to the terms of an indenture, dated as of July 1, 2005, as amended (the "2005 Indenture"), by and between the Authority and U.S. bank National Association, as trustee thereunder (the "2005 Trustee");

WHEREAS, in order to provide for the repayment of the 2005 Bonds, the Authority leased certain real property and improvements (the "2005 Property") to the City pursuant to a lease agreement, dated as of July 1, 2005 (the "2005 Lease Agreement"), under which the City agreed to make lease payments to the Authority (the "2005 Lease Payments") from moneys in its General Fund and the City has budgeted and appropriated sufficient amounts in each year to pay the full amount of principal of and interest on the 2005 Bonds;

WHEREAS, the City has determined that it is in the best interests of the City at this time to provide for the payment and prepayment of a portion of the 2005 Lease Payments and, as a result thereof, to provide for the payment and redemption of the the 2005 Bonds maturing on July 1, 2017, to and including July 1, 2022 (the "Callable 2005 Bonds"), and to that end, the City proposes to enter into a new lease agreement, dated as of June 1, 2016, by and between the Authority and the City (the "Lease Agreement");

WHEREAS, the City proposes to provide for the payments described above and to appoint the Escrow Bank as their agent for the purpose of applying said deposit to provide for the prepayment of a portion of the 2005 Lease Payments in accordance with the instructions provided by this Escrow Agreement and of applying said prepaid 2005 Lease Payments to the redemption of the Callable 2005 Bonds and the Escrow Bank desires to accept said appointment;

WHEREAS, the City wishes to provide for the payment described above and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited;

WHEREAS, to obtain moneys to make such deposit and for other purposes, the Authority proposes to assign and transfer certain of its rights under the Lease Agreement to \_\_\_\_\_ (the "Assignee"), pursuant to that certain assignment agreement, dated as of June 1, 2016, by and between the Authority and the Assignee, whereby the Assignee will make a payment of \$\_\_\_\_\_ to or to the order of the City for such purpose;

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto do hereby agree as follows:

*Section 1. Discharge of Callable 2005 Bonds.* The City hereby irrevocably elects to provide for the defeasance of the Callable 2005 Bonds.

*Section 2. Appointment of Escrow Bank.* The City hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

*Section 3. Establishment of Escrow Fund.* There is hereby created by the City with, and to be held by, the Escrow Bank, as security for the defeasance of the Callable 2005 Bonds as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Bank on behalf of the City and for the benefit of the owners of the Callable 2005 Bonds, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall be held as a special fund for the payment and redemption of the Callable 2005 Bonds. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to pay and redeem the Callable 2005 Bonds, the Escrow Bank shall notify the City of such fact and the City shall immediately cure such deficiency. The Escrow Bank shall have no liability for such deficiency.

*Section 4. Deposit into Escrow Fund.*

(a) The City shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$1,276,100.98 in immediately available funds, derived as follows:

(i) \$1,077,224.35 from amounts paid by the Assignee;

(ii) \$13,273.50 from amounts on deposit in the reserve account held by the 2005 Trustee for the 2005 Bonds (the "2005 Reserve Account"),

(iii) \$25,603.13 from amounts on deposit in the interest account held by the 2005 Trustee for the 2005 Bonds (the "2005 Interest Account"), and

(iv) \$160,000.00 from amounts on deposit in the principal account held by the 2005 Trustee for the 2005 Bonds (the "2005 Principal Account")

(b) All amounts on deposit in the Escrow Fund shall be held in cash, uninvested.

(c) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(d) Any money left on deposit in the Escrow Fund after the redemption of the Callable 2005 Bonds shall be transferred to the City.

*Section 5. Instructions as to Application of Deposit.* The moneys deposited in the Escrow Fund pursuant to Section 4 shall be applied by the Escrow Bank for the sole purpose of paying the principal of and interest due on the Callable 2005 Bonds on July 1, 2016, and of redeeming the then outstanding Callable 2005 Bonds in full on July 5, 2016, at a redemption price equal to

100% of the par amount thereof, plus accrued interest to such date, as set forth in Exhibit A attached hereto and by this reference incorporated herein.

*Section 6. Compensation to Escrow Bank.* 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, prepayment 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.

*Section 7. Application of 2005 Funds.* On the date of deposit of amounts in the Escrow Fund pursuant to Section 4, the Escrow Bank, as 2005 Trustee, is hereby directed to (a) withdraw \$13,273.50 on deposit in the 2005 Reserve Account and transfer such sum to the Escrow Fund, (b) withdraw \$25,603.13 on deposit in the 2005 Interest Account and transfer such sum to the Escrow Fund, and (c) withdraw \$160,000.00 on deposit in the 2005 Principal Account and transfer such sum to the Escrow Fund.

*Section 8. Application of Certain Terms of 2005 Indenture.* All of the terms of the 2005 Indenture relating to the making of payments of principal and interest with respect to the 2005 Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the 2005 Indenture relating to the limitations from liability and protections afforded the 2005 Trustee and the resignation and removal of the 2005 Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

*Section 9. Liabilities and Obligations of Escrow Bank.* The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the City shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

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 deposited therein, the sufficiency of the uninvested moneys held hereunder to accomplish the purposes set forth herein, or any payment, transfer or other application of moneys 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 contained in the "whereas" clauses herein shall be taken as the statement of the City, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the uninvested moneys to accomplish the purposes set forth herein 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 in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, 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 in respect of 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 (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an

opinion of counsel) may be deemed to be conclusively established by a written certification of the City. The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

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" means mean the following communications methods: S.W.I.F.T., 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.

The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents, servants, employees, directors and officers from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow

Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the City shall not be required to indemnify the Escrow Bank against its own negligence or willful misconduct. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

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 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 City may remove the Escrow Bank initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having 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 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 9 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Escrow Bank may at any time resign by giving 30 days written notice of resignation to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the City, the resigning Escrow Bank and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor.

*Section 10. Amendment.* This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the Callable 2005 Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, or (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the Callable 2005 Bonds or the Assignees, and that such

amendment will not cause interest on the 2005 Bonds or with respect to the Lease Agreement to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the City to each rating agency then rating the 2005 Bonds.

*Section 11. Severability.* If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2005 Bonds.

*Section 12. Notice of Escrow Bank and City.* Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank as specified by the 2005 Trustee in accordance with the provisions of the 2005 Indenture. Any notice to or demand upon the City shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2005 Indenture(or such other address as may have been filed in writing by the City with the Escrow Bank).

*Section 13. Merger or Consolidation of Escrow Bank.* 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, provided such company shall be eligible to act as trustee under the 2005 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

*Section 14. Execution in Several Counterparts.* This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

*Section 15. Business Days.* Whenever any act is required by this Escrow Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day for the Escrow Bank, then such act may be done on the next succeeding business day.

*Section 16. Governing Law.* This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

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

CITY OF CHOWCHILLA

By \_\_\_\_\_  
Brian Haddix  
City Administrator

Attest:

\_\_\_\_\_  
Joann McClendon  
City Clerk

U.S. BANK NATIONAL ASSOCIATION, as  
Escrow Bank

By \_\_\_\_\_  
Michelle Knutson  
Account Manager

## EXHIBIT A

### PAYMENT AND REDEMPTION SCHEDULE

| Date     | Maturing<br>Principal | Called<br>Principal | Interest    | Redemption<br>Premium | Total<br>Payment |
|----------|-----------------------|---------------------|-------------|-----------------------|------------------|
| 07/01/16 | \$160,000             | —                   | \$25,603.13 | —                     | \$185,603.13     |
| 07/05/16 | —                     | \$1,090,000         | 497.85      | —                     | 1,090,497.85     |

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**LEASE AGREEMENT**

**Dated as of June 1, 2016**

**by and between the**

**CHOWCHILLA PUBLIC FINANCING AUTHORITY, as Sublessor**

**and the**

**CITY OF CHOWCHILLA, as Sublessee**

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## LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease Agreement"), dated as of June 1, 2016, is by and between the CHOWCHILLA PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under the laws of the State of California, as sublessor (the "Authority"), and the CITY OF CHOWCHILLA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California, as sublessee (the "City");

### WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of June 1, 2016 (the "Site and Facility Lease"), the City has leased those certain parcels of real property situated in Madera County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Authority, all for the purpose of enabling the City to refund a portion of the outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project);

WHEREAS, the Authority proposes to lease the Property back to the City pursuant to this Lease Agreement and to assign all of its rights, title and interest in, to and under this Lease Agreement, including its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the City and its rights under the Site and Facility Lease, to \_\_\_\_\_ (the "Assignee"), pursuant to that certain assignment agreement, dated as of June 1, 2016, by and between the Authority and the Assignee; and

WHEREAS, the City and the Authority have agreed to enter into this Lease Agreement providing for Lease Payments with an aggregate principal component in the amount of \$\_\_\_\_\_ for the purpose of implementing the financing transactions described above.

### AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS; RULES OF INTERPRETATION

Section 1.1. Definitions. All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Lease Agreement.

*“Additional Payments”* means the amounts specified as such in Section 4.3(b) of this Lease Agreement.

*“Applicable Environmental Laws”* means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 USC Sections 9601 *et seq.*; the Resource Conservation and Recovery Act (“RCRA”), 42 USC Sections 6901 *et seq.*; the Federal Water Pollution Control Act, 33 USC Sections 1251 *et seq.*; the Clean Air Act, 42 USC Sections 7401 *et seq.*; the California Hazardous Waste Control Law (“HWCL”), California Health & Safety Code Sections 25100 *et seq.*; the Hazardous Substance Account Act (“HSAA”), California Health & Safety Code Sections 25300 *et seq.*; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), California Water Code Sections 1300 *et seq.*; the Air Resources Act, California Health & Safety Code Sections 3900 *et seq.*; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 *et seq.*; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (a) the existence, cleanup, and/or remedy of contamination on property;
- (b) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (c) the control of hazardous wastes; or
- (d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

*“Applicable Law”* means (a) all applicable common law and principles of equity and (b) all applicable provisions of all (i) constitutions, statutes, rules, regulations and orders of all Governmental Authorities, (ii) Applicable Environmental Laws, (iii) applicable seismic building code requirements at the time of construction, and (iv) orders, decisions, judgments, writs, injunctions and decrees of all courts (whether at law or in equity) and arbitrators.

*“Assignee”* means initially, \_\_\_\_\_, as assignees of all rights, title and interests of the Authority hereunder, and (b) any other entity to whom the rights of the Authority hereunder are assigned, including subsequent assignees of the Assignee.

*“Assignment Agreement”* means the Assignment Agreement, dated as of June 1, 2016, by and between the Authority, as assignor, and the Assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

*“Bond Counsel”* means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

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

*"Callable 2005 Bonds"* means the 2005 Bonds maturing on July 1, 216, to and including July 1, 2022.

*"Closing Date"* means the date this Lease Agreement or a memorandum thereof is recorded in the office of the County Recorder of the County of Madera.

*"Contract"* means any indenture, trust agreement, contract, agreement (other than this Lease Agreement), other contractual restriction, lease, mortgage or instrument.

*"Corporation"* means the Chowchilla Public Financing Authority, a joint exercise of powers entity, organized and existing under the laws of the State.

*"Corporation Representative"* means the President, the Vice President, the Executive Director or the Treasurer or the designee of any such official, or any other person authorized by resolution of the Authority delivered to the Assignee to act on behalf of the Authority under or with respect to the Site and Facility Lease, the Lease Agreement and the Assignment Agreement.

*"City"* means the City of Chowchilla, a municipal corporation and general law city organized and existing under the laws of the State.

*"District Representative"* means the President of the Board, the Superintendent, or the designee of any such official, or any other person authorized by resolution delivered to the Authority and the Assignee to act on behalf of the City under or with respect to the Site and Facility Lease and this Lease Agreement.

*"Escrow Agreement"* means that certain escrow agreement, dated June 15, 2016, by and between the City and the Escrow Bank, relating to the refunding of the Callable 2005 Bonds.

*"Escrow Bank"* means U.S. Bank National Association, as escrow bank under the Escrow Agreement.

*"Escrow Fund"* means the escrow fund established by and held by the Escrow Bank under the Escrow Agreement.

*"Event of Default"* means any of the events of default as defined in Section 8.1.

*"Facility"* means those certain existing facilities more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to the Lease Agreement.

*"Federal Securities"* means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

*"Fiscal Year"* means each twelve-month period during the Term of this Lease Agreement commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the City as its fiscal year period.

*"Governmental Authority"* means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, city or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or

functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

*“Hazardous Substance”* means any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 *et seq.*).

*“Lease Agreement ”* means this Lease Agreement, dated as of June 1, 2016, between the Authority and the City.

*“Lease Payment Date”* means January 1 and July 1 in each year, commencing January 1, 2017, and continuing to and including the date on which the Lease Payments are paid in full.

*“Lease Payments”* means all payments required to be paid by the City under Section 4.3, including any prepayment thereof under Sections 9.2 or 9.3.

*“Material Adverse Effect”* means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the City, (b) the ability of the City to carry out its business in the manner conducted as of the date of this Lease Agreement or to meet or perform its obligations under this Lease Agreement on a timely basis, (c) the validity or enforceability of this Lease Agreement, or (d) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

*“Material Litigation”* means any action, suit, proceeding, inquiry or investigation against the City in any court or before any arbitrator of any kind or before or by any Governmental Authority, (a) if determined adversely to the City, may have a Material Adverse Effect, (b) seek to restrain or enjoin any of the transactions contemplated by this Lease Agreement, or (c) may adversely affect (i) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (ii) the ability of the City to perform its obligations under this Lease Agreement.

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

*“Permitted Encumbrances”* means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article VI of this Lease Agreement; (b) the Site and Facility Lease, this Lease Agreement and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy issued with respect to the Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Property for its intended purposes.

*“Property”* means, collectively, the Site and the Facility.

*“Rental Period”* means each period during the Term of the Lease commencing on and including July 2 in each year and extending to and including the next succeeding July 1. The first Rental Period begins on the Closing Date and ends on July 1, 2016.

*“Site”* means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement.

*“Site and Facility Lease”* means the Site and Facility Lease, dated as of June 1, 2016, by and between the City, as lessor, and the Authority, as lessee, together with any duly authorized and executed amendments thereto.

*“State”* means the State of California.

*“Tax Code”* means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

*“Term of this Lease Agreement”* or *“Term”* means the time during which this Lease Agreement is in effect, as provided in Section 4.2.

*“2005 Bonds”* means the Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project).

#### Section 1.2. Interpretation.

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

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

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

## ARTICLE II

### COVENANTS, REPRESENTATIONS AND WARRANTIES

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

(a) *Due Organization and Existence*. The City is a municipal corporation and general law city, organized and existing under and by virtue of the laws of the State, has full legal right, power and authority under the laws of the State to enter into the Escrow Agreement, the Site and Facility Lease and this Lease Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery by the City of the Escrow Agreement, the Site and Facility Lease and this Lease Agreement.

(b) *Due Execution*. The representative of the City executing the Escrow Agreement, the Site and Facility Lease and this Lease Agreement has been fully authorized to execute the same by a resolution duly adopted by the City Board of the City.

(c) *Valid, Binding and Enforceable Obligations*. The Escrow Agreement, the Site and Facility Lease and this Lease Agreement have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding agreements of the City enforceable against the City in accordance with their respective terms.

(d) *No Conflicts*. The execution and delivery of the Escrow Agreement, the Site and Facility Lease and this Lease Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Escrow Agreement, the Site and Facility Lease or this Lease Agreement or the financial condition, assets, properties or operations of the City.

(e) *Consents and Approvals*. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Escrow Agreement, the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation*. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the City or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a Material Adverse Effect upon the consummation of the transactions contemplated by or the validity of the Escrow Agreement, the Site and Facility Lease and this Lease Agreement or upon the

financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would have a Material Adverse Effect on the consummation of the transactions contemplated by this Lease Agreement, or the financial condition, assets, properties or operations of the City.

(g) *Sufficient Funds*. The City reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement.

(h) *No Defaults*. The City has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, or other debt obligations.

(i) *Fee Title*. The City is the owner in fee of title to the Property. No lien or encumbrance on the Property materially impairs the City's use of the Property for the purposes for which it is, or may reasonably be expected to be, held.

(j) *Use of the Property*. During the term of this Lease Agreement, the Property will be used by the City only for the purpose of performing one or more governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

(k) *Change in Financial Condition*. The City has experienced no material change in its financial condition since June 30, 2015.

(l) *Hazardous Substances*. The Property is free of all Hazardous Substances, and the City is in full compliance with all Applicable Environmental Laws.

(m) *Flooding Risk*. The Property is not located in a 100-year flood zone and has never been subject to material damage from flooding.

(n) *Value of Property*. The value of the Property (real property replacement cost) is not less than \$1,500,000.

(o) *Essential to District Operations*. The Property is essential to the City's efficient and economic operations and the lease thereof for use by the City is in the best interest of the City.

(p) *Financial Statements*. The statement of financial position of the City as of June 30, 2015, and the related statement of activities and statement of cash flows and changes in financial position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Assignee, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the City at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the period of such statements, there has been no (i) change which would have a Material Adverse Effect and (ii) no material increase in the indebtedness of the City.

(q) *No Material Adverse Change*. Since the most current date of the information, financial or otherwise, supplied by the City to the Assignee:

(i) There has been no change in the assets, liabilities, financial position or results of operations of the City which might reasonably be anticipated to cause a Material Adverse Effect.

(ii) The City has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect.

(iii) The City has not (A) incurred any material indebtedness, other than the Lease Payments, and trade accounts payable arising in the ordinary course of the City's business and not past due, or (B) guaranteed the indebtedness of any other person.

(r) *Accuracy of Information.* All information, reports and other papers and data furnished by the City to the Assignee were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon in entering into the transactions contemplated by this Lease Agreement. No fact is known to the City which has had or, so far as the City can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Assignee or in other such information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the Closing Date. Any financial, budget and other projections furnished to the Assignee by the City or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the City's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Assignee in connection with the negotiation, preparation or execution of this Lease Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(s) *Facility.* The Facility complies with all applicable restrictive covenants, zoning ordinances, building laws and other Applicable Laws (including without limitation, the Americans with Disabilities Act, as amended).

Section 2.2. Covenants, Representations and Warranties of the Authority. The Authority makes the following covenants, representations and warranties to the City as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence.* The Authority is a joint exercise of powers entity, duly organized and existing under the laws of the State, has full legal right, power and authority to enter into the Site and Facility Lease, this Lease Agreement and the Assignment Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the Authority has duly authorized the execution and delivery by the Authority of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement.

(b) *Due Execution.* The representative of the Authority executing the Site and Facility Lease, this Lease Agreement and the Assignment Agreement is fully authorized to execute the same under official action taken by the Board of Directors of the Authority.

(c) *Valid, Binding and Enforceable Obligations.* The Site and Facility Lease, this Lease Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement, the consummation of the transactions herein and

therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Authority.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site and Facility Lease, this Lease Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the Authority or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease, this Lease Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement or the Assignment Agreement or the financial condition, assets, properties or operations of the Authority.

## ARTICLE III

### DEPOSIT AND APPLICATION OF FUNDS

Section 3.1. Deposit of and Application of Funds. On the Closing Date, from the amounts paid by the Assignee of \$\_\_\_\_\_ (which represents the principal amount of this Lease Agreement of \$\_\_\_\_\_ less the Assignee's fee of \$\_\_\_\_\_), the Authority shall cause (a) the amount of \$\_\_\_\_\_ to be transferred to the Escrow Bank for deposit in the Escrow Fund and applied to the defeasance and refunding of the Callable 2005 Bonds. Such amounts shall be derived from amounts paid by the Assignee under the Assignment Agreement. In addition, a portion of the amounts paid by the Assignee under the Assignment Agreement shall be applied to pay financing costs of the transaction in the amount of \$\_\_\_\_\_.

## ARTICLE IV

### LEASE OF PROPERTY; LEASE PAYMENTS

#### Section 4.1. Sublease of Property by the Authority Back to the City.

(a) The Authority hereby subleases the Property to the City, and the City hereby subleases the Property from the Authority, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the City to the Authority pursuant to the Site and Facility Lease shall not affect or result in a merger of the City's subleasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Section 4.2. Term. The Term of this Lease Agreement commences on the date of recordation of this Lease Agreement or a memorandum hereof and ends on July 1, 2022, or the date on which all of the Lease Payments have been paid in full pursuant to the terms of this Lease Agreement. If on July 1, 2022, the Lease Payments payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental interruption insurance or other sources, or the City shall have defaulted in its payment of Lease Payments hereunder or any Event of Default has occurred and continues without cure by the City, then the term of this Lease Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, as necessary to accommodate the final payment of all Lease Payments due hereunder, not to exceed ten (10) years. The provisions of this Section 4.2 are subject to the provisions of Section 6.1 relating to the taking in eminent domain of the Property or any portion thereof.

#### Section 4.3. Lease Payments.

(a) *Obligation to Pay.* Subject to the provisions of Sections 6.1 and 6.3 and the provisions of Article IX, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the amounts specified in Exhibit C attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Exhibit C; *provided, however*, that if any Lease Payment Date is not a Business Day, such Lease Payment shall be due on the next succeeding Business Day. The Lease Payments payable in any Rental Period with respect to the Property shall be for the use of the Property during such Rental Period.

The interest component of the Lease Payments shall be calculated based on an interest rate of \_\_\_% per annum.

If, by action or inaction of the City, the interest component of the Lease Payments becomes includable in the gross income of the Assignee for federal income tax purposes under the Code based upon a final determination thereof by the Internal Revenue Service (the "Date of Taxability"), the interest component of the Lease Payments from the from and after the Date of Taxability shall be calculated based on the then applicable interest rate per annum divided by 0. \_\_%.

(b) *Additional Payments.* In addition to the Lease Payments set forth herein, the City agrees to pay as Additional Payments all of the following:

(i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and

gross receipts taxes, if any, levied upon the Property or upon any interest of the Authority therein or in this Lease Agreement; provided, however, the City may, at the City's expense and in its name, in good faith contest any such taxes and assessments and, in the event of such contest, may permit such taxes and assessments to remain unpaid during the period of such contest and appeal therefrom unless the Authority shall notify the City that, in the opinion of Bond Counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any portion thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes and assessments or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority;

(ii) insurance premiums, if any, on all insurance required under the provisions of Article V hereof;

(iii) any other reasonable fees, costs or expenses incurred by the Authority in connection with the execution, performance or enforcement of this Lease Agreement or any of the transactions contemplated hereby or related to the Property, including, without limitation, any amounts which may become due; provided, however, the City shall not be responsible for any costs incurred by the Authority associated with any assignment made by the Assignee; and

(iv) any amounts required to be paid as rebate to the United States pursuant to the Tax Certificate.

Amounts constituting Additional Payments payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Authority to the City stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) *Effect of Prepayment.* If the City prepays the Lease Payments in part but not in whole under Section 9.3, the principal components of the remaining Lease Payments will be reduced on a pro rata basis; and the interest component of each remaining Lease Payment will be reduced on a pro rata basis.

(d) *Rate on Upon Event of Default.* If the City fails to make any of the payments required in this Section 4.3 for more than ten days after the due date for payment, the payment in default will continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay a rate equal to the rates specified in paragraph (a) above, plus 3% from the date of default to the date of payment.

(e) *Fair Rental Value.* The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period, and will be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

(f) *Source of Payments; Budget and Appropriation.* The Lease Payments are payable from any source of legally available funds of the City, subject to the provisions of Sections 6.1, 6.3 and 9.1. The City covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the City herein contained constitute duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City.

(g) *Allocation of Lease Payments.* All Lease Payments received shall be applied first to the interest components of the Lease Payments due hereunder, then to the principal components of the Lease Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

(h) *No Offsets.* Notwithstanding any dispute between the Authority, or Assignee as the Authority's assignee, and the City, the City shall make all Lease Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments pending the final resolution of such dispute.

(i) *Assignment Agreement.* The City understands and agrees that all Lease Payments have been assigned by the Authority to the Assignee under the Assignment Agreement executed concurrently herewith, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay to the Assignee, all payments payable by the City under this Section 4.3 and all amounts payable by the City under Article IX. Lease Payments shall be paid to the Assignee pursuant to an invoice to be transmitted to the City by the Assignee not less than thirty (30) days prior to each Lease Payment Date.

Section 4.4. Quiet Enjoyment. Throughout the Term of this Lease Agreement, the Authority will provide the City with quiet use and enjoyment of the Property and the City will peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority and the Assignee have the right to inspect the Property as provided in Sections 5.12(c) and 7.2.

Section 4.5. Title. At all times during the Term of this Lease Agreement, the City shall hold title to the Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

Upon the termination of this Lease Agreement (other than under Section 8.2(b) hereof), all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the City. Upon the payment in full of all Lease Payments allocable to the Property, or upon the deposit by the City of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Authority in and to the Property shall be transferred to and vested in the City. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate any such transfer.

Section 4.6. Release of Excess Property. The City may, at any time and from time to time, release any portion of the Property (the "Released Property") from the Lease, with the prior written consent of the Assignee, which consent shall be at the Assignee's sole discretion, and

upon satisfaction of all of the following requirements which are conditions precedent to such release:

(a) The City shall certify to the Authority and the Assignee that no Event of Default has occurred and is continuing, and no event giving rise to an abatement of Lease Payments under Section 6.3 has occurred or is continuing with respect to the Property to be remaining following release of the Released Property;

(b) The City shall file with the Authority and the Assignee, and cause to be recorded in the office of the Madera County Recorder, an amendment to this Lease Agreement which deletes the Released Property from the description of the Property;

(c) The City shall file with the Authority and the Assignee a written certificate of the City stating the City's determination that the estimated value of the real property which will remain leased under this Lease Agreement following such release is at least equal to the original principal components of the Lease Payments and upon request of the Assignee, the City shall provide to the Assignee additional information and documents to evidence the value of the remaining portion of the Property;

(d) The City shall file with the Authority and the Assignee a written certificate of the City stating the City's determination that the estimated fair rental value, for each remaining Rental Period and in the aggregate, of the Property remaining after release of the Released Property is at least equal to the remaining Lease Payments for each remaining Rental Period and in the aggregate; and

(e) The City shall file with the Authority and the Assignee such other information, documents and instruments as the Authority or the Assignee shall reasonably request, including (if requested by the Assignee) evidence of the insurable value of the Property to be remaining following release of the Released Property, indicating that such value is in excess of the then unpaid principal component of the Lease Payments and such endorsements to the title policy delivered on the Closing Date.

Upon the satisfaction of all such conditions precedent, the Term of this Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City shall execute, deliver and cause to be recorded all documents required to discharge this Lease Agreement of record against the Released Property.

Section 4.7. Substitution of Property. (a) In the event of damage or destruction of the Property due to earthquake or other uninsured casualty for which rental interruption insurance is not available or in the event that following the condemnation of all or a portion of the Property the fair rental value of the Property remaining after such condemnation is less than the remaining Lease Payments due under this Lease Agreement, the City shall substitute under the Site and Facility Lease and this Lease Agreement one or more parcels of unimpaired and unencumbered real property, the fair rental value of which, for each remaining Rental Period and in the aggregate, shall be at least equal to the remaining Lease Payments hereunder.

(b) If for any reason the City is unable to so substitute real property for the Property with a fair rental value at least equal to the remaining Lease Payments hereunder, the City shall use its best efforts to obtain other financing in an amount necessary to prepay the principal component of the Lease Payments not supported by the fair rental value of the substituted property, if any.

## ARTICLE V

### MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property are the sole responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Property, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of this Lease Agreement.

The City will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City is obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in its reasonable opinion, by nonpayment of any such items the interest of the Authority in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City will promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority. The City shall promptly notify the Assignee of any tax, assessment, utility or other charge it elects to contest.

Section 5.2. Modification of Property. The City has the right, at its own expense, to make additions, modifications and improvements to the Property or any portion thereof. All additions, modifications and improvements to the Property will thereafter comprise part of the Property and become subject to the provisions of this Lease Agreement. Such additions, modifications and improvements may not in any way damage the Property, or cause the Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

Section 5.3. Public Liability Insurance. The City shall maintain or cause to be maintained throughout the Term of this Lease Agreement a standard comprehensive general liability insurance policy or policies in protection of the City, the Assignee and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Such policy or policies must provide coverage with limits of at least \$1,000,000 per occurrence, \$3,000,000 in the aggregate, for bodily injury and property damage coverage, and

excess liability umbrella coverage of at least \$5,000,000, and in all events in form and amount (including any deductibles) satisfactory to the Assignee. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including, with Assignee' prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 5.4. Casualty Insurance. The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, casualty insurance against loss or damage to all buildings situated on the Property and owned by the City, in an amount at least equal to the greater of the replacement value of the insured buildings and the aggregate principal amount of the Lease Payments outstanding, with a lender's loss payable endorsement. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Such insurance shall be subject to a deductible of not to exceed \$250,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including, with the Assignee' prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance. The City will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.5. Rental Interruption Insurance. The City will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance; provided that such rental interruption insurance shall not be self-insured by the City. The City will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.6. Worker's Compensation Insurance. If required by applicable California law, the City shall carry worker's compensation insurance covering all employees on, in, near or about the Property and, upon request, shall furnish to the Authority certificates evidencing such coverage throughout the Term of this Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City (including a self insurance program), and may be maintained in whole or in part in the form of the participation by the City in a joint powers authority or other program providing pooled insurance.

Section 5.7. Recordation Hereof; Title Insurance. On or before the Closing Date, the City shall, at its expense, (a) cause this Lease Agreement, the Site and Facility Lease and the Assignment Agreement, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Madera County Recorder with respect to the Property, and (b) obtain a CLTA title insurance policy insuring the Assignee' interests in the leasehold estate established under the Site and Facility Lease and hereunder in the Property, subject only to Permitted Encumbrances, in an amount equal to the original principal components of the Lease Payments. The City will apply the Net Proceeds of such insurance as provided in Section 6.2.

Section 5.8. Insurance Net Proceeds; Form of Policies. All insurance policies (or riders) required by this Article V and provided by third party insurance carriers shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 and provided by third party insurance carriers shall name the City and the Assignee as insured parties and the Assignee as loss payees and shall include a lender's loss payable endorsement for the benefit of the Assignee. Prior to the Closing Date, the City will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the City will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the City shall notify the Assignee of such fact.

Section 5.9. Installation of District's Personal Property. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City, in which the Authority has no interest, and may be modified or removed by the City at any time. The City must repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement prevents the City from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Property.

Section 5.10. Liens. The City will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than as herein contemplated and except for such encumbrances as the City certifies in writing to the Assignee do not materially and adversely affect the leasehold estate in the Property hereunder and for which the Assignee provides its prior written approval, which approval shall be at Assignee's sole discretion. Except as expressly provided in this Article V, the City will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City will reimburse the Assignee for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Advances. If the City fails to perform any of its obligations under this Article V, the Authority may take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in Section 4.3(c).

Section 5.12. Environmental Covenants.

(a) *Compliance with Laws; No Hazardous Substances.* The City will comply with all Applicable Environmental Laws with respect to the Property and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Property.

(b) *Notification of Assignee.* The City will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Property and any operations conducted thereon or any conditions existing thereon to the Assignee, and the City will notify the Assignee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Assignee.

(c) *Access for Inspection.* The City will permit the Assignee, its agents, or any experts designated by the Assignee to have full access to the Property during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Assignee has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

Section 5.13. District Consent to Assignment Agreement. The Authority's rights under this Lease Agreement (excluding the right to receive notices, the right to reimbursement of costs and to indemnification), including the right to receive and enforce payment of the Lease Payments, and the Site and Facility Lease, are being assigned to the Assignee pursuant to the Assignment Agreement. The City hereby consents to such assignment and to any additional assignment of such rights by the Assignee or its assignees. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Assignee or its assignees to protect their interests in the Property and in this Lease Agreement.

## ARTICLE VI

### EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. If all of the Property shall be taken permanently under the power of eminent domain or sold to a governmental entity threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments in an amount equal to the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the City and the Assignee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

#### Section 6.2. Application of Net Proceeds.

##### (a) *From Insurance Award*.

(i) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the City in the event of any such damage or destruction shall be deposited by the City promptly upon receipt thereof in a special fund with the Assignee designated as the "Insurance and Condemnation Fund."

(ii) Within ninety (90) days following the date of such deposit, the City shall determine and notify the Authority and the Assignee in writing of its determination either (A) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the City and the Net Proceeds, together with other moneys available therefor, are sufficient to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 9.3 hereof, or (B) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property and the fair rental value of the Property following such repair, restoration, replacement, modification or improvement will at least equal the unpaid principal component of the Lease Payments.

(iii) In the event the City's determination is as set forth in clause (A) of subparagraph (ii) above, such Net Proceeds shall be promptly applied to the prepayment of Lease Payments and other amounts pursuant to Section 9.3 of this Lease Agreement; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be so applied only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments, all accrued and unpaid interest, Prepayment Premiums described in Section 9.2, and all other costs related to such prepayments pursuant to Section 9.3 of this Lease Agreement and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be applied to the prepayment of Lease Payments only if the resulting Lease Payments following such prepayment from Net Proceeds represent fair consideration for the remaining portions of the Property and otherwise such Net Proceeds shall be applied to the prompt replacement, repair,

restoration, modification or improvement of the Property, evidenced by a certificate signed by a District Representative.

(iv) In the event the City's determination is as set forth in clause (B) of subparagraph (ii) above and the City certifies to the Assignee that such repair or replacement can be completed within 24 months, such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the City, and until the Property has been restored to its prior condition, the City shall not place any lien or encumbrance on the Property that is senior to this Lease Agreement without the prior written consent of the Assignee, at its sole discretion.

(b) *From Eminent Domain Award.* If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited by the City in the Insurance and Condemnation Fund and shall be applied and disbursed as follows:

(i) If the City has given written notice to the Authority and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are not needed for repair or rehabilitation of the Property, the City shall so certify to the Authority and the Assignee, and the City shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

(ii) If the City has given written notice to the Authority and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Property, the City shall so certify to the Authority and the Assignee, and the City shall apply such amounts for such repair or rehabilitation.

(iii) If (A) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Authority and the Assignee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the City to meet any of its obligations with respect to the Property under the Lease Agreement or (B) all of the Property shall have been taken in such eminent domain proceedings, then the City shall credit such proceeds towards the prepayment of the Lease Payments pursuant to Section 9.3 of this Lease Agreement.

(iv) In making any determination under this Section 6.2(b), the City may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Authority and the Assignee. Any such determination by the City shall be final.

(c) *From Title Insurance.* The Net Proceeds from a title insurance award shall be deposited by the City in the Insurance and Condemnation Fund and credited towards the prepayment of Lease Payments required to be paid pursuant to Section 9.3 of this Lease Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or destruction,

there is substantial interference with the use and occupancy by the City of the Property or any portion thereof to the extent to be agreed upon by the City and the Assignee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit C, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon an appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of a District Representative to the Authority and the Assignee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the City waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Insurance and Condemnation Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

## ARTICLE VII

### OTHER COVENANTS OF THE CITY

Section 7.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE CITY LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event is the Authority liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease Agreement for the existence, furnishing, functioning or use of the Property by the City.

Section 7.2. Access to the Property; Grant and Conveyance of Right of Entry. The City agrees that the Authority, and the Authority's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the City, to enter upon and to examine and inspect (to the extent permitted by law and public policy) the Property or any part thereof. The City further agrees that the Authority, and the Authority's successors or assigns shall have such rights of access to the Property or any component thereof, following at least 48 hours written notice provided to the City, as may be reasonably necessary to cause the proper maintenance of the Property if the City fails to perform its obligations hereunder. Neither the Authority nor any of its assigns has any obligation to cause such proper maintenance.

The City further grants, conveys and confirms to the Authority, for the use, benefit and enjoyment of the Authority, its successors and assigns in interest to the Property, including the Assignee, and its sublessees, and their respective employees, invitees, agents, independent contractors, patrons, customers, guests and members of the public visiting the Property, a right of entry which shall be irrevocable for the Term of this Lease Agreement over, across and under the property of the City adjacent to the Property to and from the Property for the purpose of: (a) ingress, egress, passage or access to and from the Property by pedestrian or vehicular traffic; (b) installation, maintenance and replacement of utility wires, cables, conduits and pipes; and (c) other purposes and uses necessary or desirable for access to and from and for operation and maintenance of the Property.

Section 7.3. Release and Indemnification Covenants. The City hereby indemnifies the Authority, the Assignee and their respective directors, officers, agents, employees, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the City or the City's employees, agents, contractors, invitees or licensees, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any intentional misconduct or negligence of any sublessee of the City with respect to the Property, (e) the acquisition, construction, improvement and equipping of the Property, (f) the clean-up of any Hazardous Substances or toxic wastes from the Property, or (g) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct or gross negligence under this Lease Agreement by the Authority, the Assignee, or their respective officers, agents, employees, successors or assigns. The City and the Authority

each agree to promptly give notice to each other and the Assignee of any claim or liability hereby indemnified against following learning thereof.

Section 7.4. Assignment by the Authority. The Authority's rights, title and interests under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City hereunder, have been assigned to the Assignee; provided that the Authority's rights to indemnification and payment or reimbursement for any costs or expenses hereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee. The City hereby consents to such assignment. Whenever in this Lease Agreement any reference is made to the Authority, such reference shall be deemed to refer to the Assignee (including its assignees).

The Assignee may make additional assignments of its rights, title and interests herein, but no such assignment will be effective as against the City unless and until the Assignee has filed with the City at least five (5) Business Days' prior written notice thereof and an executed copy of an investor's letter addressed to the City and the Authority substantially in the form of the letter delivered by the Assignee on the Closing Date. The City shall pay all Lease Payments hereunder to the Assignee, as provided in Section 4.3(h) hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the City. During the Term of this Lease Agreement, the City will keep a complete and accurate record of all such notices of assignment.

Section 7.5. Assignment and Subleasing by the City. This Lease Agreement may not be assigned, mortgaged, pledged or transferred by the City. The City may sublease the Property, or any portion thereof, with the prior written consent of the Assignee, at the Assignee' sole discretion, subject to all of the following conditions:

(a) This Lease Agreement and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City, and any sublease shall be subject and subordinate to this Lease Agreement.

(b) The City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Assignee a true and complete copy of such sublease.

(c) No such sublease by the City may cause the Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State.

(d) The City shall furnish the Authority and the Assignee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State.

(e) Any such sublease shall be subject and subordinate in all respects to the Site and Facility Lease and this Lease Agreement.

Notwithstanding the foregoing, in connection with any sublease entered into for financing purposes, the principal component of the then remaining Lease Payments plus the principal component of the sublease payments shall not exceed the fair market value of the Property.

Section 7.6. Amendment of Lease Agreement. This Lease Agreement may be amended with the prior written consent of the Authority and the Assignee (at the Assignee' sole discretion) provided such amendment does not, in the Assignee' sole judgment, adversely affect the Assignee.

Section 7.7. Tax Covenants.

(a) *Generally.* The City will 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 components of the Lease Payments to become includable in gross income of the Assignee for federal income tax purposes and will deliver a tax certificate on the Closing Date.

(b) *Private Activity Bond Limitation.* The City will ensure that the proceeds of the Lease Payments are not so used as to cause the City's obligations hereunder to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) *No Arbitrage.* The City will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Lease Payments which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Lease Payments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) *Arbitrage Rebate.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Lease Payments.

(f) *Bank Qualification.* The City hereby designates this Lease for purposes of paragraph (3) of section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), this Lease Agreement, has been or will be issued by the City, including all subordinate entities of the City, during the calendar year 2016.

Section 7.8. Financial Statements; Budgets; Other Information. Within two hundred ten (210) days following the end of each Fiscal Year of the City during the Term of this Lease Agreement, the City will provide the Authority and the Assignee with a copy of its audited financial statements for such Fiscal Year. Such audited financial statements shall include the City's Comprehensive Annual Financial Report ("CAFR"), including such information as is required by applicable Government Accounting Standards Board pronouncements and applicable State law. Within thirty (30) days of the end of each fiscal year, the City will provide the Assignee with a copy of its annual budget. The City hereby agrees to provide the Assignee with such other information as may be reasonably requested by the Assignee.

Section 7.9. Records and Accounts. The City covenants and agrees that it shall keep proper books of record and accounts of its operations in accordance with GASB, in which complete and correct entries shall be made of all transactions relating to the City. Said books and records shall at all reasonable times be subject to the inspection of the Assignee upon 72 hours' prior notice.

Section 7.10. Observance of Laws and Regulations. The City will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations, regulations or Applicable Laws now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board, commission or Governmental Authority having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the City, including the City's right to exist and carry on business as a municipal corporation and general law city, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.11. Notices. During the Term of this Lease Agreement, the City shall provide to the Assignee:

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

(b) prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority.

(c) with reasonable promptness, such other information respecting the City, and the operations, affairs and financial condition of the City as the Assignee may from time to time reasonably request.

(d) Notices of filings with the Municipal Securities Regulatory Board's EMMA system, other than regular annual filings.

(e) Notice of an event that could cause a Material Adverse Effect.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. Any one or more of the following events constitutes an Event of Default hereunder:

(a) Failure by the City to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein, including the failure to prepay the Lease Payments if requested by the Assignee pursuant to Section 9.4 hereof.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Assignee. However, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, the Authority and the Assignee shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 60 days) if corrective action is instituted by the City within such 30-day period and diligently pursued until the default is corrected.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar federal or State act now existing or which may hereafter be enacted.

(d) Any statement, representation or warranty made by the City in or pursuant to this Lease Agreement or its execution, delivery or performance shall have been false, incorrect, misleading or breached in any material respect on the date when made.

(e) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which the City is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by the Assignee or any affiliate of the Assignee, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of \$500,000.

(f) Any default by the City to observe any covenant, condition or agreement on its part to be observed or performed under the Site and Facility Lease.

(g) Any court of competent jurisdiction shall find or rule that the Site and Facility Lease or this Lease Agreement is not valid or binding against the City.

(h) The City abandons any part of the Property.

Section 8.2. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Authority may exercise any and all remedies available under law or granted under this Lease Agreement; provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a

condition and upon the breach thereof the Authority may exercise any and all rights granted hereunder; provided, that no termination of this Lease Agreement shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Authority may exercise any one or more of the following remedies:

(a) *Enforcement of Payments Without Termination.* If the Authority does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, if the Authority is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority. The City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in Madera County for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City agrees to surrender and quit possession of the Property upon demand of the Authority for the purpose of enabling the Property to be re-let under this paragraph. Any rental obtained by the Authority in excess of the sum of Lease Payments plus costs and expenses incurred by the Authority for its services in re-leasing the Property shall be paid to the City.

(b) *Termination of Lease.* If an Event of Default occurs and is continuing hereunder, the Authority at its option may terminate this Lease Agreement and re-lease all or any portion of the Property, subject to the Site and Facility Lease. If the Authority terminates this Lease Agreement at its option and in the manner hereinafter provided due to a default by the City (and notwithstanding any re-entry upon the Property by the Authority in any manner whatsoever or the re-leasing of the Property), the City nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Authority from such re-leasing shall be applied by the Authority to Lease Payments due under this Lease Agreement. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the City shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Property, or of

the remainder of the Term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(c) *Proceedings at Law or In Equity*. If an Event of Default occurs and continues hereunder, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

(d) *Remedies under the Site and Facility Lease*. If an Event of Default occurs and continues hereunder, the Authority may exercise its rights under the Site and Facility Lease.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Lease Agreement defaults under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party (including the Assignee) the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the nondefaulting party.

Section 8.5. No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease Agreement is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.6. Assignee to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Assignee, to which assignment the City hereby consents.

## ARTICLE IX

### PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the City may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Assignee or a fiduciary reasonably satisfactory to the Assignee, in trust, an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Assignee, which cash so held is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit C, or (b) invested in whole in non-callable Federal Securities maturing not later than the dates such funds will be required to make Lease Payments or any prepayment in an amount which is sufficient, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Assignee and addressed and delivered to the Assignee), together with interest to accrue thereon and without reinvestment and together with any cash which is so deposited, to pay such Lease Payments when due under Section 4.3(a) or when due on any optional prepayment date under Section 9.2, as the City instructs at the time of said deposit; *provided, however*, that at or prior to the date on which any such security deposit is established, the City shall deliver to the Assignee an opinion of Bond Counsel (in form and substance acceptable to the Assignee) to the effect that any such security deposit will not adversely affect the excludability of the interest component of Lease Payments from gross income of the Assignee for federal income tax purposes. In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (i) the Term of this Lease Agreement shall continue, (ii) all obligations of the City under this Lease Agreement, and all security provided by this Lease Agreement for said obligations, shall thereupon cease and terminate, excepting only (A) the obligation of the City to make, or cause to be made, all of the Lease Payments from such security deposit and, to the extent of any deficiency, as rent payable from other legally available funds of the City, and (B) the release and indemnification obligations of the City under subparagraphs (f) and (g) of Section 7.3, and (iii) under Section 4.5, the Authority's leasehold interest in the Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. The City hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Assignee. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement and, notwithstanding anything to the contrary herein, Lease Payments therefrom shall not be subject to abatement under Section 6.3 hereof to the extent payable from the funds held by the Assignee or the fiduciary as described in the first sentence of this Section 9.1.

Section 9.2. Optional Prepayment. The City may prepay the principal component of the Lease Payments in full or in part, on any date on and after July 1, \_\_\_\_, upon at least 30 days' notice to the Assignee, at a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Section 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part in such order of prepayment as shall be selected by the City on any date, together with any accrued and unpaid interest, and any other costs related to such prepayment, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under Section 6.2. The City and the Authority hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the City's obligations under this Section 9.3.



ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City and the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City: City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610  
Attention: City Administrator  
Telephone: (559) 665-8615

If to the Authority: Chowchilla Public Financing Authority  
c/o City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610  
Attention: City Administrator  
Telephone: (559) 665-8615

If to the Assignee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Telephone: (\_\_\_\_) \_\_\_\_-\_\_\_\_

Section 10.2. Binding Effect. This Lease Agreement inures to the benefit of and is binding upon the Authority, the City and their respective successors and assigns.

Section 10.3. Severability. If any provision of this Lease Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease Agreement is a "net-net-net lease" and the City hereby agrees that the Lease Payments are an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended to be so or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 10.7. Applicable Law. This Lease Agreement is governed by and construed in accordance with the laws of the State.

Section 10.8. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Lease Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Authority and the City have caused this Lease Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CHOWCHILLA PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_  
Brian Haddix  
Executive Director

Attest:

\_\_\_\_\_  
Joann McClendon, CMC  
Secretary

CITY OF CHOWCHILLA

By \_\_\_\_\_  
Brian Haddix  
City Administrator

Attest:

\_\_\_\_\_  
Joann McClendon, CMC  
City Clerk

**EXHIBIT A**

**DESCRIPTION OF THE SITE**

All that certain real property situated in Madera County, State of California, described as follows:

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of Fire Station No. 1, located on the Site at 240 North First Street, Chowchilla, California. The \_\_\_\_\_ square foot Facility was built in 1999 and includes \_\_\_\_\_.

**EXHIBIT A**

**SCHEDULE OF LEASE PAYMENTS**

| <u>Lease<br/>Payment<br/>Date</u> | <u>Principal<br/>Component</u> | <u>Interest<br/>Component</u> | <u>Total<br/>Lease<br/>Payment</u> | <u>Annual<br/>Lease<br/>Payment</u> |
|-----------------------------------|--------------------------------|-------------------------------|------------------------------------|-------------------------------------|
| 1/1/17                            |                                |                               |                                    |                                     |
| 7/1/17                            |                                |                               |                                    |                                     |
| 1/1/18                            |                                |                               |                                    |                                     |
| 7/1/18                            |                                |                               |                                    |                                     |
| 1/1/19                            |                                |                               |                                    |                                     |
| 7/1/19                            |                                |                               |                                    |                                     |
| 1/1/20                            |                                |                               |                                    |                                     |
| 7/1/20                            |                                |                               |                                    |                                     |
| 1/1/21                            |                                |                               |                                    |                                     |
| 7/1/21                            |                                |                               |                                    |                                     |
| 1/1/22                            |                                |                               |                                    |                                     |
| 7/1/22                            |                                |                               |                                    |                                     |
| Total                             |                                |                               |                                    |                                     |

(1) The interest component of the Lease Payments is based on an interest rate of \_\_\_\_% per annum.

**LETTER AGREEMENT FOR PURCHASE**

June 1, 2016

City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610  
Attention: City Administrator

Re: \$\_\_\_\_\_ Lease Agreement, dated as of June 1, 2016, by and between the Chowchilla Public Financing Authority and the City of Chowchilla, assigned to \_\_\_\_\_

---

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Purchaser"), offers, upon the following terms, to acquire (i) the rights, title and interest of Chowchilla Public Financing Authority (the "Authority") under the Lease Agreement (hereinafter defined), including its rights to receive Lease Payments to be made by the City of Chowchilla (the "City") under the Lease Agreement, dated as of June 1, 2016 (the "Lease Agreement"), by and between the City and the Authority; provided that the Authority's rights to indemnification and payment or reimbursement for any costs or expenses thereunder have been retained by the Authority to the extent such rights accrue to the Authority and shall have been assigned to the Purchaser, as assignee, to the extent such rights accrue to the Purchaser, by entering into an assignment agreement, dated as of June 1, 2016 (the "Assignment Agreement"), with the Authority, and (ii) except for the Authority's obligation under Section 4 thereof, the rights, title and interest of the Authority under the Site and Facility Lease, dated as of June 1, 2016 (the "Site and Facility Lease"), by and between the City and the Authority.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Lease Agreement.

1. *Purchase and Purchase Price; Terms of Corporation's Obligations.* The City and the Authority agree to execute and deliver the Site and Facility Lease and the Lease Agreement, and the Purchaser agrees to purchase the Authority's rights, title and interest under the Lease Agreement, as described more specifically above and in the Assignment Agreement, at an aggregate purchase price of \$\_\_\_\_\_. The Lease Payments under the Lease Agreement and the interest rates applicable thereto shall be as shown in Exhibits A hereto.

The City acknowledges that:

(a) The Purchaser is acting in this transaction solely for its own loan account and not as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter, placement agent, or municipal advisor;

(b) The Purchaser has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the City (including to any financial advisor or placement agent engaged by the City) with respect to the structuring of the financing or the execution and delivery of the Lease Agreement;

(c) The Purchaser has no fiduciary duty pursuant to section 15B of the Securities Exchange Act of 1934, as amended, to the City with respect to the transactions relating to the structuring of the financing or the execution and delivery of the Lease Agreement and the discussions, undertakings, and procedures leading thereto;

(d) Each of the City, its financial advisor and its placement agent (if any) has sought and shall seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the lease financing transaction from its financial, legal, and other advisors (and not the Purchaser or its affiliates) to the extent that the City, its financial advisor or its placement agent (if any) desires to, should, or needs to obtain such advice;

(e) The Purchaser has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to the City's financial advisor or placement agent (if any), or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the City's financial advisor or placement agent, with respect to any such matters; and

(f) the transactions between the City and the Purchaser is an arm's length, commercial transaction in which the Purchaser is acting and have acted solely as a principal and for its own interest, and the Purchaser has not made recommendations to the City with respect to the transactions relating to the Lease Agreement.

2. *Use of Funds.* The purchase price paid by the Purchaser shall be used by the Authority to pay the City an advance rental of \$\_\_\_\_\_, pursuant to Section 4 of the Site and Facility Lease. The City shall use such advance rental payment received from the Authority to (a) defease and refund a portion of the outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project) (the "2005 Bonds"), and (b) pay the costs related to the preparation, execution and delivery of the Lease Agreement, the Site and Facility Lease, the Assignment Agreement and documents related to the defeasance and refunding of the 2005 Bonds to be refunded.

3. *Disposition of Proceeds.*

(a) On the Closing Date, the Purchaser shall retain the sum of \$\_\_\_\_\_ as its Purchaser's fee.

(b) On the Closing Date, the Purchaser shall transfer, via wire transfer, to U.S. Bank National Association, as escrow bank (the "Escrow Bank"), the amount of \$1,077,224.35 to be deposited in the Fund and applied to the defeasance and refunding of the 2005 Bonds to be refunded. Wire information will be provided prior to the Closing Date.

(c) On the Closing Date, the Purchaser shall transfer, via wire transfer the total amount of \$\_\_\_\_\_ to the following recipients in payment of the costs of the financing transaction, allocated as follows:

(i) to Quint & Thimmig LLP, as bond counsel, \$10,000.00 (invoice with wire information to be provided prior to the Closing Date);

(ii) to Wulff Hansen & Co., as financial advisor, \$7,500.00 (invoice with wire information to be provided prior to the Closing Date);

(iii) to Brandis Tallman LLC, as placement agent, \$7,500.00 (invoice with wire information to be provided prior to the Closing Date);

(iv) to \_\_\_\_\_, as a counsel to the Purchaser, \$\_\_\_\_\_ (invoice with wire information to be provided prior to the Closing Date);

(v) to the Escrow Bank, \$750.00 (invoice with wire information to be provided prior to the Closing Date);

(vi) to Stewart Title Guaranty Company, as title insurer, \$\_\_\_\_\_ (invoice with wire information to be provided prior to the Closing Date); and

(viii) to the City, \$\_\_\_\_\_, to be applied to the payment of the fee of the California Debt and Investment Advisory Commission, to District's costs of the transaction or applied to make the first Lease Payment. Wire instructions to be provided prior to the Closing Date.

4. *Closing.* At 8:00 a.m. California Time, on June 15, 2016, or at such other time or on such earlier or later date as the Purchaser, the Authority and the City mutually agree upon (the "Closing Date"), the City will deliver (or cause to be delivered) the Site and Facility Lease and the Lease Agreement executed by the City and the Authority, and the Assignment Agreement executed by the Authority and the Purchaser, and the Purchaser will pay the purchase price for the Authority's rights, title and interest in the Site and Facility Lease and the Lease Agreement as set forth in Section 1 hereof in federal or other immediately available funds.

5. *Representations and Warranties of the City.* The City represents and warrants to the Purchaser that:

(a) The City is a municipal corporation and general law city organized and existing under the Constitution and the laws of the State of California (the "State"), and has all necessary power and authority to enter into and perform its duties under this Agreement and the Site and Facility Lease and the Lease Agreement (collectively, the "District Documents").

(b) To the best knowledge of the City, neither the execution and delivery of the City Documents, nor the execution of this Agreement, and compliance with the provisions on the City's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

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

(d) There is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the City required for the execution and delivery of the City Documents or the consummation by the City of the other transactions contemplated by the City Documents.

(e) To the best knowledge of the City, there is, and on the Closing Date (as hereinafter defined) there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the payments to be made pursuant to the Lease Agreement, or in any way contesting or affecting the validity of the City Documents or the authority of the City to approve this Agreement, or enter into the City Documents or contesting the powers of the City to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the City in connection with any action contemplated by this Agreement or to restrain or enjoin the payment of Lease Payments, nor is there any basis for any such action, suit, proceeding or investigation.

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

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

(h) The City will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Purchaser and this Agreement.

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

(j) As of the time of acceptance hereof and as of the Closing Date the City does not and will not have outstanding any indebtedness which is secured by a lien on the City's general fund except as disclosed to the Purchaser.

(k) The financial statements of, and other financial information regarding the City delivered to the Purchaser 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 the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied.

(l) Between the date of this Agreement and the date of Closing Date, the City will not, without the prior written consent of the Purchaser, offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by a lien on the City's general fund.

(m) The City acknowledges that Purchaser will treat the acquisition of the Authority's rights in the Lease Agreement as a loan.

6. *Conditions Precedent to the Closing.* Other conditions precedent to the Closing are:

(a) The delivery by the City of a certified copy of (i) the resolution of the City Council authorizing the execution and delivery by the City of the Site and Facility Lease and the Lease Agreement, together with an incumbency certificate of the City, and (ii) the resolution of the Board of Directors of the Authority authorizing the execution and delivery by the Authority of the Site and Facility Lease, the Lease Agreement and the Assignment Agreement, together with an incumbency certificate of the Authority;

(b) The delivery by the City of the fully executed Site and Facility Lease, Lease Agreement and Assignment Agreement in form and substance acceptable to the Purchaser;

(c) The execution and delivery by the City of an Internal Revenue Service Form 8038-G in a form acceptable to Special Counsel and the Purchaser;

(d) Delivery of a legal opinion addressed to the City, with a reliance letter to the Purchaser, dated the Closing Date, of Quint & Thimmig LLP, as Special Counsel, with respect to (i) the validity and enforceability of the Lease Agreement, the Site and Facility Lease, and the Assignment Agreement by and against the City and the Authority (as applicable), (ii) the tax-exempt status of the interest component of the Lease Payments, and (iii) such other matters as may be requested by the Purchaser in form and substance acceptable to the Purchaser;

(e) The delivery of a certificate dated the Closing Date and signed by the Superintendent, or such other officer of the City as the City Council of the City may approve, to the effect that:

(i) to the best knowledge of the City, there are no actions or proceedings against the City pending and notice of which has been served on the City or threatened that materially adversely affect the City's ability to pay the Lease Payments or to perform its obligations under the Site and Facility Lease and Lease Agreement;

(ii) the representations and warranties of the City contained in this agreement and the Lease Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; and

(iii) that the City acknowledges receipt from the Purchaser of the purchase price for the City's obligations under the Lease Agreement, including the Lease Payments;

(f) The delivery by the City of a title policy for the property that is the subject of the Site and Facility Lease and Lease Agreement in form acceptable to the Purchaser;

(g) The execution and delivery by the City of a certificate as to arbitrage; and

(h) The delivery by the Purchaser of an investor letter in form and substance as attached hereto as Exhibit B.

(i) Such other documents as may be reasonably requested by the Purchaser.

7. *Events Permitting the Purchaser to Terminate.* The Purchaser may terminate its obligation to purchase the Authority's rights, title and interest under the Site and Facility Lease and the Lease Agreement before the Closing Date if any of the following occurs:

(a) any legislative, executive or regulatory action (including the introduction of legislation) or any court decision that, in the judgment of the Purchaser, casts sufficient doubt on the legality of or the tax-exempt status of the interest component of obligations such as those represented by the Lease Agreement and the Lease Payments so as to materially impair the marketability or to materially reduce the market price of such obligations, in the reasonable opinion of the Purchaser;

(b) any action by the Securities and Exchange Commission or a court that would require registration of the Lease Agreement under the Securities Act of 1933, as amended;

(c) any event occurs or becomes known that has a material adverse effect on the financial condition of the City or on the ability of the City or the Authority to perform under the Site and Facility Lease, the Lease Agreement or the Assignment Agreement; or

(d) any of the representations or warranties of the City made in this Letter Agreement for Purchase are determined by the Purchaser to be untrue or materially inaccurate.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Letter Agreement for Purchase by their officers thereunto duly authorized as of the day and year first above written.

\_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

The foregoing is hereby agreed to and accepted as of the date first above written:

CITY OF CHOWCHILLA

By \_\_\_\_\_  
Brian Haddix  
City Administrator

**EXHIBIT A**  
**SCHEDULE OF LEASE PAYMENTS**

| Lease<br>Payment<br>Date | Principal<br>Component | Interest<br>Component | Total<br>Lease<br>Payment | Annual<br>Lease<br>Payment |
|--------------------------|------------------------|-----------------------|---------------------------|----------------------------|
| 1/1/17                   |                        |                       |                           |                            |
| 7/1/17                   |                        |                       |                           |                            |
| 1/1/18                   |                        |                       |                           |                            |
| 7/1/18                   |                        |                       |                           |                            |
| 1/1/19                   |                        |                       |                           |                            |
| 7/1/19                   |                        |                       |                           |                            |
| 1/1/20                   |                        |                       |                           |                            |
| 7/1/20                   |                        |                       |                           |                            |
| 1/1/21                   |                        |                       |                           |                            |
| 7/1/21                   |                        |                       |                           |                            |
| 1/1/22                   |                        |                       |                           |                            |
| 7/1/22                   |                        |                       |                           |                            |
| Total                    |                        |                       |                           |                            |

(1) The interest component of the Lease Payments is based on an interest rate of \_\_\_\_% per annum.

## EXHIBIT B

### FORM OF PURCHASER'S LETTER

City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610  
Attention: City Administrator

Re: \$\_\_\_\_\_ Lease Agreement, dated as of June 1, 2016, by and between the Chowchilla Public Financing Authority and the City of Chowchilla, assigned to \_\_\_\_\_

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Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Purchaser"), has agreed to acquire (i) the rights, title and interest of Chowchilla Public Financing Authority (the "Authority") under the Lease Agreement, dated as of June 1, 2016 (the "Lease Agreement"), by and between the City of Chowchilla (the "City") and the Authority, including its rights to receive lease payments to be made by the City under the Lease Agreement. In connection with such purchase, the Purchaser hereby agrees and certifies to the Authority and the City that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Lease Agreement to be able to evaluate the risks and merits of the investment represented by the purchase of the rights, title and interest of the Authority under the Lease Agreement.

(b) The Purchaser is acquiring the rights, title and interest of the Authority under the Lease Agreement for its own account and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the rights, title and interest of the Authority under the Lease Agreement or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of such rights, title and interest under the Lease Agreement *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the rights, title and interest under the Lease Agreement in accordance with the Lease Agreement. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the rights, title and interest of the Authority under the Lease Agreement.

(c) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the City and the Lease Agreement and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the City set forth in the Lease Agreement and in the information set forth in any materials submitted to the Purchaser by the City. The City has furnished to the Purchaser all the information which the Purchaser, as a reasonable investor, has requested of the City as a result of the Purchaser having attached significance thereto in making its investment decision with respect to the Lease Agreement, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the City and the Lease Agreement. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the rights, title and interest of the Authority under the Lease Agreement.

(d) The Purchaser understands that the Lease Agreement has not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Lease Agreement by it, and further acknowledges that any current exemption from registration of the Lease Agreement does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the rights, title and interest of the Authority under the Lease Agreement and to execute any instruments and documents required to be executed by the Purchaser in connection with the purchase of the rights, title and interest of the Authority under the Lease Agreement. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein on behalf of the Purchaser.

(f) The Purchaser acknowledges that rights, title and interest of the Authority under the Lease Agreement are transferable with certain requirements, as described in the Lease Agreement.

(g) The Purchaser acknowledges that the Lease Agreement is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the City has not undertaken to provide any continuing disclosure with respect to the Lease Agreement but that the City has agreed to provide other ongoing information to the Purchaser.

(h) The Purchaser intends to treat the acquisition of the Authority's rights in the Lease Agreement as a loan.

\_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP  
900 Larkspur Landing Circle, Suite 270  
Larkspur, CA 94939-1726  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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**SITE AND FACILITY LEASE**

**Dated as of June 1, 2016**

**by and between the**

**CITY OF CHOWCHILLA, as Lessor**

**and the**

**CHOWCHILLA PUBLIC FINANCING AUTHORITY, as Lessee**

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## SITE AND FACILITY LEASE

THIS SITE AND FACILITY LEASE (this "Site and Facility Lease"), dated as of June 1, 2016, is by and between the CITY OF CHOWCHILLA, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California (the "City"), as lessor, and the CHOWCHILLA PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Authority"), as lessee;

### WITNESSETH:

WHEREAS, pursuant to this Site and Facility Lease, the City proposes to lease those certain parcels of real property situated in Madera County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Authority, all for the purpose of enabling the City to refund a portion of the outstanding Chowchilla Public Financing Authority 2005 Refunding Lease Revenue Bonds, Series A (Civic Center Project);

WHEREAS, the Authority proposes to lease the Property back to the City pursuant to that certain Lease Agreement, dated as of June 1, 2016, a memorandum of which is recorded concurrently herewith (the "Lease Agreement") and to assign all of its rights, title and interest in, to and under this Site and Facility Lease and the Lease Agreement, including its right to receive lease payments under the Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under the Lease Agreement in the event of a default thereunder by the City, to \_\_\_\_\_ (the "Assignee"), pursuant to that certain assignment agreement, dated as of June 1, 2016, by and between the Authority and the Assignee (the "Assignment Agreement"), and recorded concurrently herewith;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site and Facility Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site and Facility Lease. The City hereby leases to the Authority and the Authority hereby leases from the City, on the terms and conditions hereinafter set forth, the Property.

Section 3. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the Office of the County Recorder of the County of Madera, State of California, and shall end on July 1, 2022, unless such term is extended or sooner terminated as hereinafter provided. If, on July 1, 2022, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid by reason of abatement, default or otherwise, or provision shall not have been made for their payment in accordance with the Lease Agreement, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment, but in no event later than July 1, 2032. If, prior to July 1, 2022, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Site and Facility Lease shall end.

Section 4. Advance Rental Payment. The City agrees to lease the Property to the Authority in consideration of the payment by the Authority of an advance rental payment of \$\_\_\_\_\_. The City and the Authority agree that by reason of the assignment of the Lease Payments to the Assignee under and pursuant to the Assignment Agreement, the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

Section 5. Purpose. The Authority shall use the Property solely for the purpose of leasing the Property to the City pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the City under the Lease Agreement, the Authority and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. District's Interest in the Property. The City covenants that it is the owner in fee of the Property.

Section 7. District Representations and Certifications to the Authority and the Assignee. The City hereby certifies and represents, warrants, covenants and agrees as follows:

(a) This Site and Facility Lease is in full force and effect, and there have been no amendments, modifications, changes or additions since its execution.

(b) To the best of the City's knowledge, the Authority is not and will not be, in any respect, in default under the terms and provisions of this Site and Facility Lease. Further, to the best of the City's knowledge, the City knows of no event which would, currently or with the passage of time or giving of notice, or both, constitute a default under the terms of this Site and Facility Lease by either the Authority or the City.

(c) The City has not currently encumbered its fee interest in the Property to any lender or financial institution, whether by way of mortgage, deed of trust or other security instruments, except for this Site and Facility Lease and the Lease Agreement which is being recorded concurrently herewith and Permitted Encumbrances (as defined in the Trust Agreement).

(d) The City acknowledges hereby consents to the Lease Agreement.

(e) Upon the Event of Default under the Lease Agreement, the City will standstill and allow the Authority or the Assignee to pursue any and all remedies available to the Authority or Assignee under either this Site and Facility Lease or the Lease Agreement.

(f) Except for the rental payment referenced in Section 4, no additional rent is or will be due under this Site and Facility Lease by the Authority through the term of this Site and Facility Lease and the Authority has satisfied all of its obligations under this Site and Facility Lease.

(g) During the term of the Site and Facility Lease, the City will not consent to any amendment, modification or termination of this Site and Facility Lease without the prior written consent of the Assignee.

(h) During the term of this Site and Facility Lease, the City will not encumber its interest in the Site without the prior written consent of the Assignee.

(i) The City acknowledges that this Site and Facility Lease cannot be terminated by the City for any reason, except according to Section 3.

(j) Notwithstanding any Site and Facility Lease provisions to the contrary, policies of fire, casualty, and extended coverage insurance shall be carried and maintained by the City in accordance with the terms of the Lease Agreement covering the building or buildings constructed on the Site, with a loss payable clause to Assignee.

Section 8. Assignments and Subleases. Unless the City shall be in default under the Lease Agreement, the Authority may not assign its rights under this Site and Facility Lease or sublet the Property, except as provided in the Lease Agreement and the Assignment Agreement, without the written consent of the City and the Assignee. The City consents to the assignment of the Authority's interest in this Site and Facility Lease to the Assignee. If the City is in default under the Lease Agreement, the Assignee (including their successors and assigns under the Lease Agreement) may fully and freely assign and sublease the Property or any portion thereof, subject to this Site and Facility Lease.

Section 9. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 10. Termination. The Authority agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the City.

Section 11. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the City shall have no right to terminate this Site and Facility Lease as a remedy for such default. Notwithstanding the foregoing, so long as the Lease Agreement remains in effect, the City will continue to pay the Lease Payments to the Assignee.

In the event of the occurrence of an Event of Default under the Lease Agreement or a breach or default of the certifications and representations, warranties and covenants of the City contained in Section 7, the Authority and/or the Assignee may (i) exercise the remedies provided in the Lease Agreement, (ii) use the Property for any lawful purpose, subject to any applicable legal limitations or restrictions, and (iii) exercise all options provided herein.

Section 12. Quiet Enjoyment. The Authority, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy all of the Property subject to the provisions of the Lease Agreement.

Section 13. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Authority are solely liabilities of the Authority and the City hereby releases each and every Boardmember, director, officer, employee and agent of the Authority of and from any personal or individual liability under this Site and Facility Lease. No Boardmember, director, officer, employee or agent of the Authority shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Authority hereunder.

Section 14. Taxes. All assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Property or the Authority's interest in the

Property created by this Site and Facility Lease (including both land and improvements) will be paid by the City in accordance with the Lease Agreement.

Section 15. Eminent Domain. In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid principal component of the Lease Payments, any then unpaid interest component of the Lease Payments and any premium due with respect to the prepayment of Lease Payments to the date such amounts are remitted to the Authority or its assignee, and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the City. The City hereby waives, to the extent permitted by law, any and all rights that it has or may hereafter have to acquire the interest of the Authority in and to the Property through the eminent domain powers of the City. However, the City hereby agrees, to the extent permitted by law, that the compensation to be paid in any condemnation proceedings brought by or on behalf of the City with respect to the Property shall be in an amount not less than the total unpaid principal component of Lease Payments, the interest component of Lease Payments accrued to the date of payment of all Lease Payments and any premium due with respect to the prepayment of Lease Payments under the Lease Agreement.

Section 16. Use of the Proceeds. The City and the Authority hereby agree that the lease to the Authority of the City's right and interest in the Property pursuant to Section 2 serves the public purposes of the City.

Section 17. Attorneys' Fees, Costs and Expenses. In any civil action or proceeding arising from or relating to this Site and Facility Lease or a party's performance under this Site and Facility Lease, the prevailing party shall be awarded its reasonable attorneys' fees, costs and expenses, including the reasonable attorneys' fees, costs and expenses incurred in collecting or executing upon any judgment, order or award.

Section 18. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, at the addresses set forth in the Lease Agreement, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 20. Binding Effect. This Site and Facility Lease shall inure to the benefit of and shall be binding upon the City and the Authority and their respective successors and assigns. The Assignee are hereby made third party beneficiaries hereunder with all rights of a third party beneficiary.

Section 21. Amendment. This Site and Facility Lease may not be amended except as permitted under the Lease Agreement.

Section 21. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 22. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

Section 23. No Merger. Neither this Site and Facility Lease, the Lease Agreement nor any provisions hereof or thereof shall be construed to effect a merger of the title of the City to the Property under this Site and Facility Lease and the City's leasehold interest therein under the Lease Agreement.

Section 24. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City and the Authority have caused this Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF CHOWCHILLA

By \_\_\_\_\_  
Brian Haddix  
City Administrator

Attest:

\_\_\_\_\_  
Joann McClendon  
City Clerk

CHOWCHILLA PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_  
Brian Haddix  
Executive Director

Attest:

\_\_\_\_\_  
Joann McClendon  
Secretary

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

**EXHIBIT A**

**DESCRIPTION OF THE SITE**

All that certain real property situated in Madera County, State of California, described as follows:

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of Fire Station No. 1, located on the Site at 240 North First Street, Chowchilla, California. The \_\_\_\_\_ square foot Facility was built in 1999 and includes \_\_\_\_\_.



# CITY COUNCIL STAFF REPORT

May 26, 2016

**Workshop  
Item**

[CLICK HERE  
TO RETURN TO  
THE AGENDA](#)

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**AGENDA SECTION:** Workshop

**SUBJECT:** Consideration of the 2016-17 Fiscal Year Annual Budgets for the City of Chowchilla and the Successor Agency to the Chowchilla Redevelopment Agency

**PREPARED BY:** Rod Pruett, City Treasurer/Finance Director

REVIEWED BY  
ADMINISTRATOR

REVIEWED BY  
ATTORNEY

REVIEWED BY  
FINANCE

---

**RECOMMENDATION:**

Review the proposed budget and set a date for an additional budget workshop (if necessary) and set a date to adopt the budget on June 28, 2016 scheduled City Council meeting.

**HISTORY / BACKGROUND:**

Each year staff presents the proposed budget in draft form to Council during a Budget Workshop. The goal of the workshop is for Council to review the proposed budget and identify/recommend any potential changes to the budget.

**BUDGET WORKSHOP PROCESS:**

- Walkthrough the proposed budget and provide detailed explanations of the budget process and assumptions that have been made
- Have a question and answer session
- Identify/recommend any proposed changes to the budget

**SUMMARY:**

The Budget Workshop is a great tool that provides budget explanations and allows Council to be involved in the budget process while also providing transparency to the public.

**FINANCIAL IMPACT:**

The fund summaries for each City and Agency fund are contained in the proposed budget and reflect the net changes in fund balances.

**SUPPLEMENT ATTACHED:**

FY 2016-2017 proposed budget Power Point presentation  
FY 2016-2017 City-Wide Cost Allocation Plan

City of  
Chowchilla  
Budget  
Workshop

Fiscal Year 2016-2017

# Tonight's Goals

- Discuss the proposed budget and seek input
- Identify proposed changes to the budget
- Consider if additional workshops are necessary, and proceed toward adoption of the City budget on the regularly scheduled Council meeting June 28, 2016

# Budget Process

- Historical data is given to Department Heads for their respective funds/departments (April)
  - Actual data (FY 2012-13 to 2014-15)
  - Current fiscal year budget (FY 2015-16)
  - Current fiscal year projected actuals (FY 2015-16 Mid-Year review)
- Department Heads meet with senior staff for input
- Use various methods for estimating the budget
  - Prior year actual amounts
  - Prior year budgeted amounts
  - Specific identification
  - Average
  - Percentage increase/decrease

# Budget Process (continued)

- Department Heads meet with Finance Director to go over their budgets on a line item basis
- Finance Director inputs data into the budget
- Preliminary budget is presented to all Department Heads for review
- Department Heads provide a list of discretionary items they would like to be added to the budget
  - Personnel
  - Capital projects
  - Equipment
  - Reserve funding

# Budget Process (continued)

- Discretionary items are presented to Council for prioritization
  - If the budget permits, items would then be added
- Budget workshop with Council
  - Any recommended changes to the budget will be made
- Budget adoption before June 30, 2016

# Overall Budget Assumptions

- Non-recurring revenues are only used for non-recurring expenses
- Restrictive revenue is utilized first
- Revenues are estimated conservatively
- All previously approved positions are budgeted
- No capital projects are in the budget that Council has not previously approved
- Enterprise Funds are presented as modified accrual

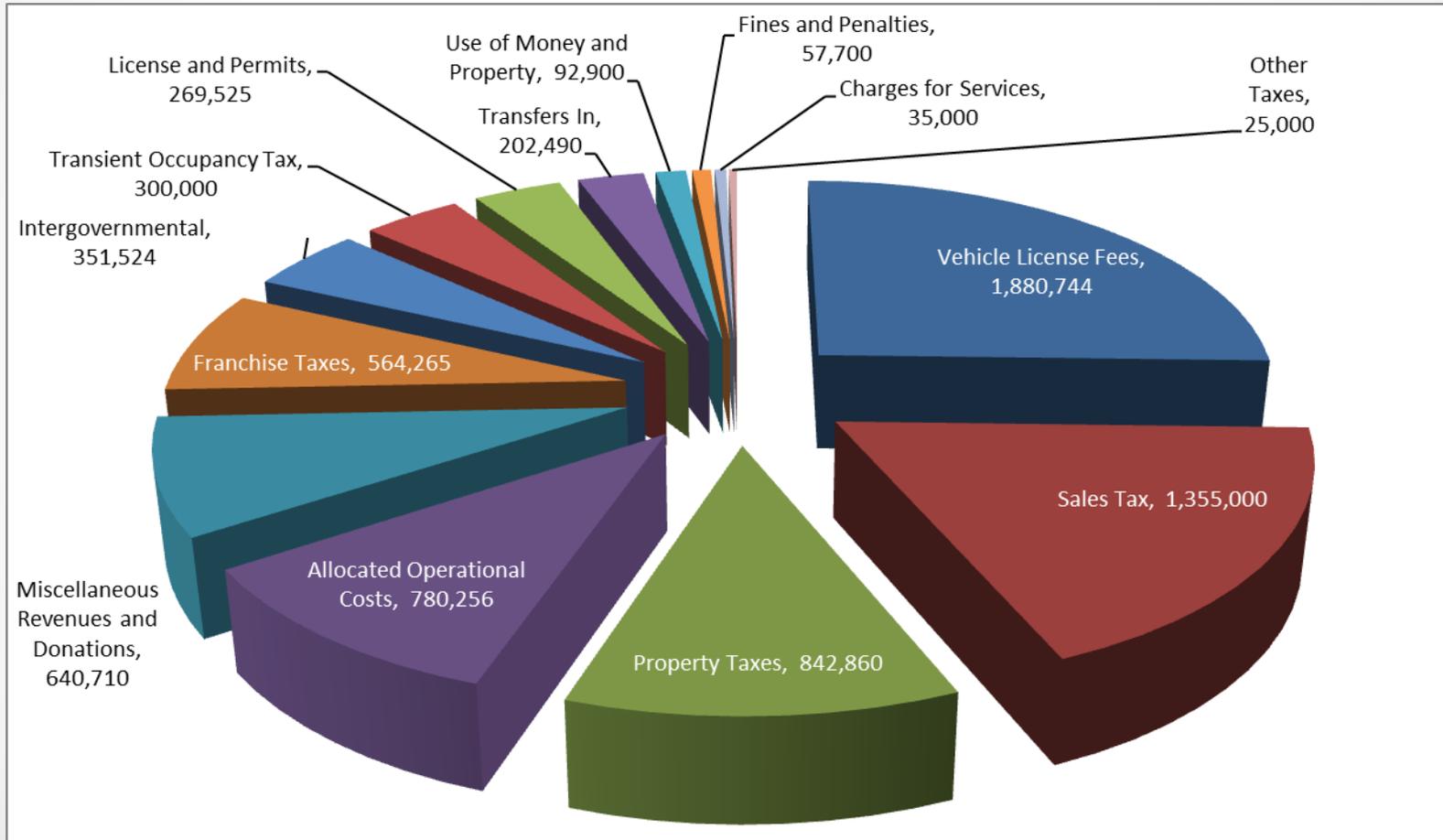
# Overall Budget Assumptions (continued)

- Personnel cost are estimated from the most recent negotiations
- No activities relating to the Johnson Controls Projects have been included
  - Bond issuance/payments
  - Cost savings that pay for the bond payments
  - Capital projects
- No activities from the refinancing of current bonds have been included
- County lawsuit settlement agreement will be finalized and approved

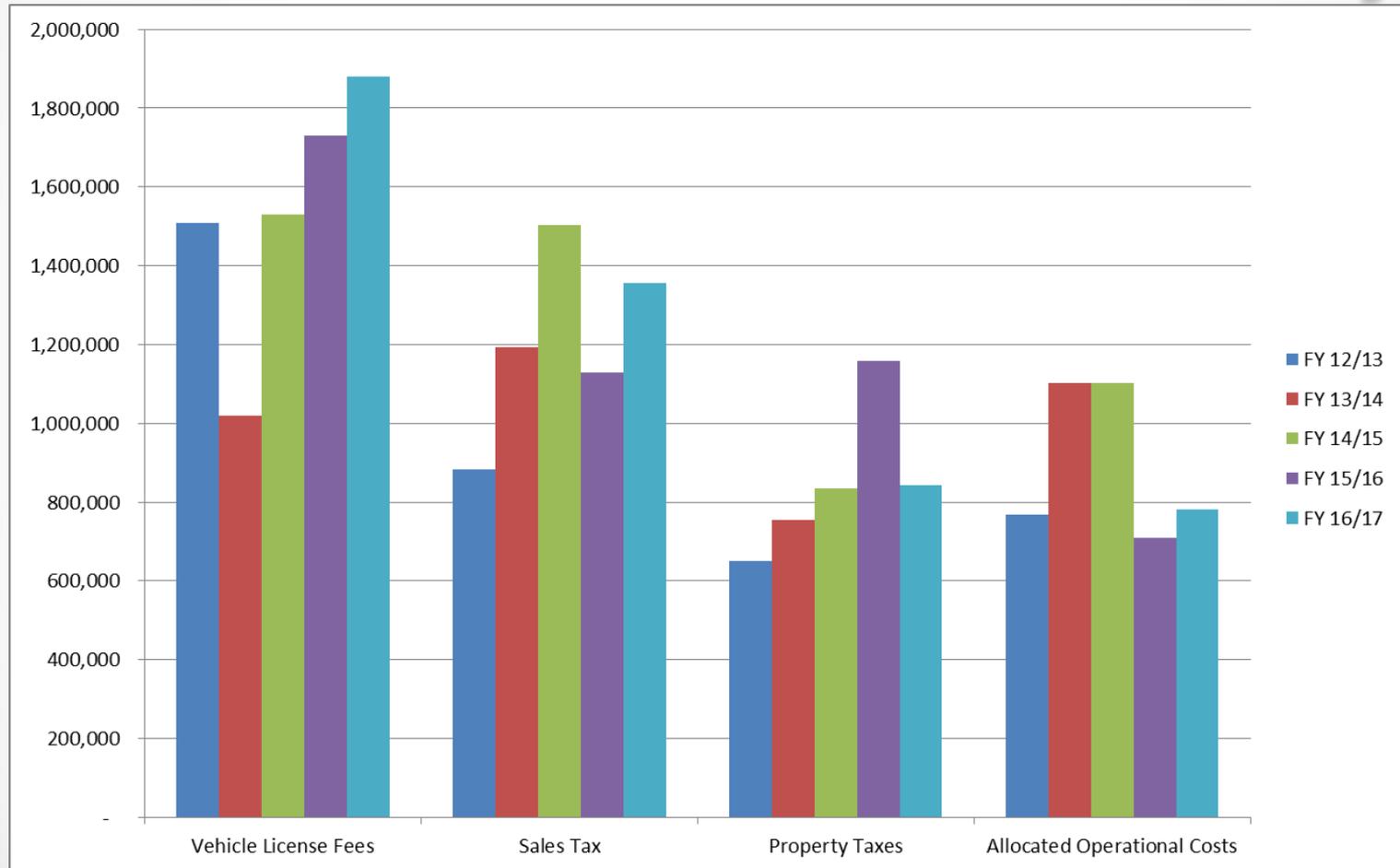
# City-Wide Overview

| Fund Name                    | 2016-2017 Preliminary Budget |                          |                       | Projected Fund Balance   |                          |
|------------------------------|------------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
|                              | Revenues                     | Expenses                 | Surplus/(Deficit)     | 2015/2016                | 2016/2017                |
| Total General Fund           | 7,397,975                    | 6,913,940                | 484,035               | 2,389,362                | 2,873,397                |
| Total Enterprise             | 6,599,012                    | 6,301,124                | 297,888               | 12,718,052               | 13,015,940               |
| Total Special Revenue Funds  | 5,135,905                    | 5,460,113                | (324,208)             | 3,782,780                | 3,458,572                |
| Total Capital Projects Funds | 1,676,570                    | 2,033,516                | (356,946)             | 8,746,170                | 8,389,224                |
| Total Internal Service Funds | 666,806                      | 666,806                  | 0                     | (420,439)                | (420,439)                |
| Total Debt Service           | 517,968                      | 517,968                  | 0                     | 0                        | 0                        |
| Total Trust and Agency       | 1,096,352                    | 1,205,932                | (109,580)             | 1,304,610                | 1,195,030                |
| Total Successor Agency       | 1,280,922                    | 1,280,922                | 0                     | 2,560,472                | 2,560,472                |
| <b>TOTALS CITY WIDE</b>      | <b><u>24,371,509</u></b>     | <b><u>24,380,321</u></b> | <b><u>(8,812)</u></b> | <b><u>31,081,008</u></b> | <b><u>31,072,195</u></b> |

# General Fund Revenues



# General Fund Major Revenues 5 Year History



# General Fund Revenues 5 Year History

| Revenue Type                         | 2012-13<br>Audited | 2013-14<br>Audited | 2014-15<br>Audited | 2015-16<br>Projected | 2016-17<br>Proposed Budget |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------|----------------------------|
| Vehicle License Fees                 | 1,507,983          | 1,020,069          | 1,530,571          | 1,731,258            | 1,880,744                  |
| Sales Tax                            | 882,943            | 1,193,176          | 1,502,735          | 1,128,028            | 1,355,000                  |
| Property Taxes                       | 649,228            | 754,161            | 835,945            | 1,159,410            | 842,860                    |
| Allocated Operational Costs          | 766,913            | 1,102,064          | 1,102,599          | 709,577              | 780,256                    |
| Miscellaneous Revenues and Donations | 184,882            | 216,023            | 222,068            | 152,410              | 640,710                    |
| Franchise Taxes                      | 580,549            | 600,834            | 643,208            | 655,000              | 564,265                    |
| Intergovernmental                    | 95,490             | 179,914            | 158,315            | 314,344              | 351,524                    |
| Transient Occupancy Tax              | 207,588            | 244,998            | 269,348            | 295,000              | 300,000                    |
| License and Permits                  | 274,216            | 174,552            | 182,151            | 298,677              | 269,525                    |
| Transfers In                         | 147,009            | 238,030            | 773,518            | 145,000              | 202,490                    |
| Use of Money and Property            | 71,933             | 107,585            | 101,352            | 94,409               | 92,900                     |
| Fines and Penalties                  | 65,736             | 86,774             | 101,574            | 79,586               | 57,700                     |
| Charges for Services                 | 23,008             | 139,869            | 28,215             | 26,869               | 35,000                     |
| Other Taxes                          | 25,820             | 31,740             | 24,969             | 26,000               | 25,000                     |
| <b>Totals</b>                        | <b>5,483,297</b>   | <b>6,089,791</b>   | <b>7,476,569</b>   | <b>6,815,567</b>     | <b>7,397,975</b>           |
| \$ Increase from the Prior Year      |                    | 606,494            | 1,386,778          | (661,002)            | 582,408                    |
| % Increase from the Prior Year       |                    | 11%                | 23%                | -9%                  | 9%                         |



# General Fund Revenue Analysis

- Property Tax revenues are estimated at \$843,000 based on a 4% inflator per County Assessor.
    - Reduction from prior year due to 1-time monies from State Controller's Office audit of the County in FY 15/16.
  
  - Sales tax revenues are estimated at \$1,355,000 based on a 5% inflator derived from a conservative 3 year trend analysis.
    - Gas station sales tax had a large reduction in FY 15/16
      - Increase from FY 15/16 estimated due to increase in gas prices
    - End of the Triple Flip
- 
-

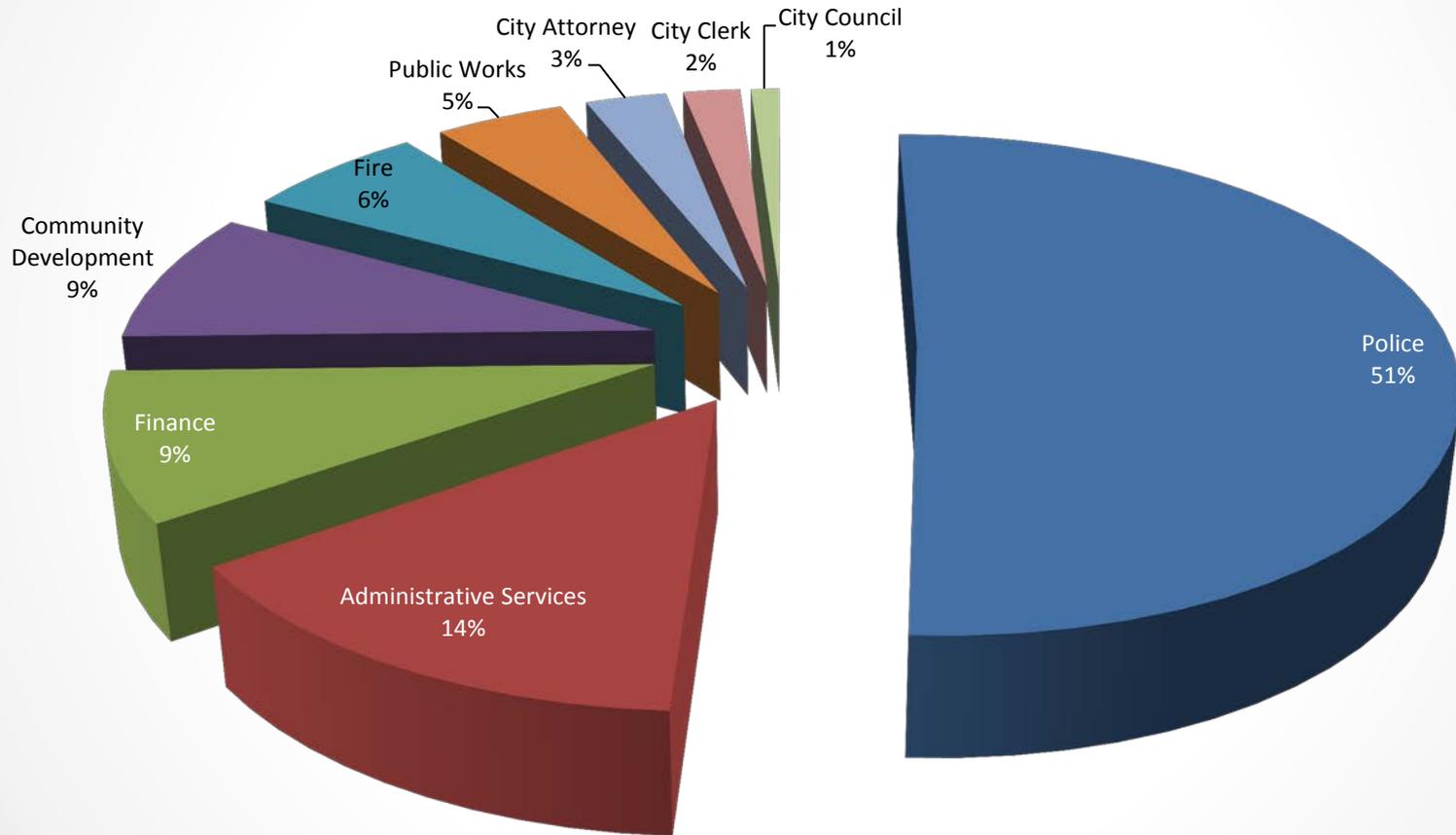
# General Fund Revenue Analysis (continued)

- Vehicle License Fees of \$1,880,000 represents a 3% inflator on gross fees from the State to the County
  - Used 15/16 amounts as a base and increased by 3%. Then applied new revenue sharing % splits with County based off settlement agreement
- Allocated Operational Costs- \$780,000
  - Brand new cost allocation method was implemented this FY. PY was \$710,000 and FY 14/15 was \$1.1 Million
- Miscellaneous Revenues and Donations-\$640,000
  - \$500,000 increase from PY due to County lawsuit settlement agreement

# General Fund Revenue Summary

- Revenues are estimated to be \$7,400,000 which is an increase of 9% from the prior year. Mostly due to County lawsuit settlement money.
- Allocations of General Fund Operational Costs reflect a more realistic and justifiable approach with the budget.

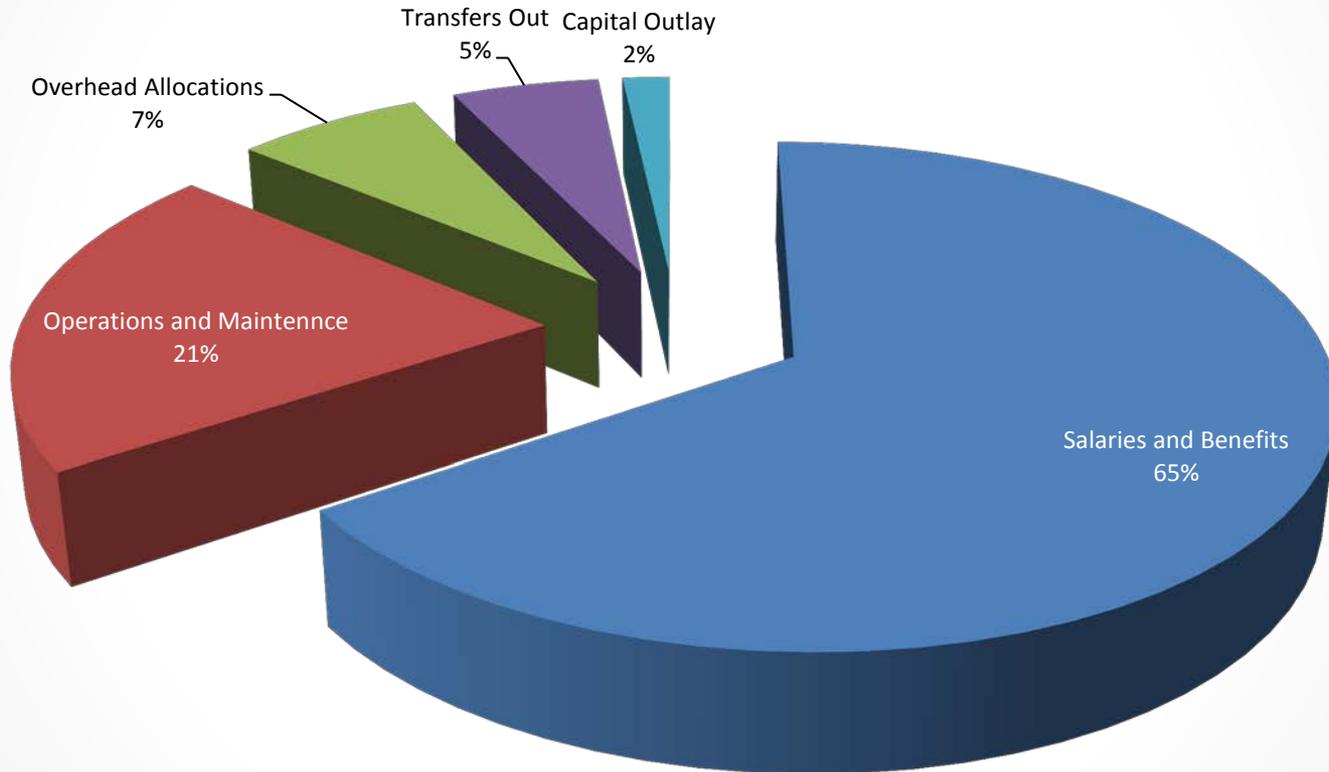
# General Fund Expenses by Department



# General Fund Expenses 5 Year History-Departments

| Row Labels                  | FY 12/13 Audited | FY 13/14 Audited | FY 14/15 Audited | FY 15/16 Projected | FY 16/17 Preliminary Budget |
|-----------------------------|------------------|------------------|------------------|--------------------|-----------------------------|
| Administrative Services     | 1,214,016        | 1,000,840        | 1,586,975        | 1,240,862          | 992,073                     |
| City Attorney               | 113,612          | 300,128          | 870,650          | 570,093            | 200,000                     |
| City Clerk                  | 107,888          | 112,594          | 112,936          | 43,559             | 140,526                     |
| City Council                | 31,651           | 51,657           | 48,001           | 57,123             | 70,374                      |
| Community Development       | 450,600          | 466,845          | 413,152          | 410,138            | 584,015                     |
| Finance                     | 419,071          | 575,028          | 591,127          | 582,919            | 651,349                     |
| Fire                        | 269,020          | 301,912          | 330,706          | 326,899            | 441,828                     |
| Police                      | 2,506,453        | 2,865,117        | 3,051,887        | 3,009,014          | 3,514,087                   |
| Public Works                | 285,301          | 286,000          | 304,576          | 263,215            | 319,688                     |
| <b>Grand Total</b>          | <b>5,397,611</b> | <b>5,960,120</b> | <b>7,310,009</b> | <b>6,503,822</b>   | <b>6,913,940</b>            |
| \$ Increase from Prior Year |                  | 562,509          | 1,349,889        | (806,187)          | 410,117                     |
| % Increase from Prior Year  |                  | 8.65%            | 20.76%           | -12.40%            | 6.31%                       |

# General Fund Expenses by Type



# General Fund Expenses 5 Year History by Type

| Row Labels                  | FY 12-13 Audited | FY 13/14 Audited | FY 14/15 Audited | FY 15/16 Projected | FY 16/17 Preliminary Budget |
|-----------------------------|------------------|------------------|------------------|--------------------|-----------------------------|
| Capital Outlay              | 3,507            | -                | 182,967          | 58,915             | 118,000                     |
| Operations and Maintenance  | 876,554          | 1,118,141        | 1,827,060        | 1,714,879          | 1,426,371                   |
| Overhead Allocations        | 330,248          | 404,795          | 396,095          | 405,169            | 471,197                     |
| Salaries and Benefits       | 3,583,229        | 3,990,094        | 3,915,166        | 3,755,471          | 4,529,034                   |
| Transfers Out               | 604,073          | 447,090          | 988,721          | 569,388            | 369,338                     |
| <b>Grand Total</b>          | <b>5,397,611</b> | <b>5,960,120</b> | <b>7,310,009</b> | <b>6,503,822</b>   | <b>6,913,940</b>            |
| \$ Increase from Prior Year |                  | 562,509          | 1,349,889        | (806,187)          | 410,117                     |
| % Increase from Prior Year  |                  | 8.65%            | 20.76%           | -12.40%            | 6.31%                       |



# General Fund Expense Analysis

- Expenses are estimated to be \$6,900,000 which is a 6% increase from the prior year
  - Increase in salaries and wages due to labor negotiations estimates and filling of current vacancies
  - Reduction in Transfers Out due to payoff of Public Safety bond in FY 15/16
- 
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# General Fund Expenses Analysis (continued)

- Capital Outlay includes the General Funds share of the new Fire Engine
  - Reduction in Operations and Maintenance is due to a reduced amount of litigation fees under the assumption the County lawsuit will be settled by the end of FY 15/16
- 
-

# General Fund Reserve Analysis

| Fund Balance 6/30/15-Audited                  |                  |
|---|------------------|
| Nonspendable                                  |                  |
| Prepaid Expenses                              | 4,342            |
| Long-Term Receivable                          | 557,442          |
| Restricted for                                |                  |
| Debt Service                                  | 369,739          |
| Committed to:                                 |                  |
| Emergency Contingency                         | 910,223          |
| Assigned to:                                  |                  |
| Continuing Appropriations                     | 39,385           |
| General Government                            | 2,415            |
| Public Safety                                 | 15,948           |
| Culture and Recreation                        | 5,349            |
| Unassigned                                    | 148,896          |
| <b>Total 2014/2015 Audited Fund Balance</b>   | <b>2,053,739</b> |
| Projected 2015/16 surplus                     | 174,744          |
| LLMD admin reconciliation proceeds            | 160,879          |
| <b>Total 2015/2016 Projected Fund Balance</b> | <b>2,389,362</b> |

| 6/30/15 Unappropriated Fund Balances                         |                  |
|--|------------------|
| Committed  | 910,223          |
| Assigned   | 63,097           |
| Unassigned   | 148,896          |
| <b>Total 6/30/15 Unappropriated Fund Balance</b>             | <b>1,122,216</b> |
| Projected 2015/16 surplus                                    | 174,744          |
| LLMD admin reconciliation proceeds                           | 160,879          |
| Projected 2015/16 Unappropriated Balance                     | 1,457,839        |
| 2016/17 Preliminary Budget Surplus(Defecit)                  | 484,035          |
| <b>Total Projected 2016/17 Unappropriated Fund Balances</b>  | <b>1,941,874</b> |
| 2016/17 GF Budgeted Expenses                                 | 6,913,940        |
| <b>Percentage of Unappropriated Fund Balance to Expenses</b> | <b>28.09%</b>    |
| GFOA Recommended amount of reserve is 2 months expenses      | 17%              |

# Enterprise Funds Operations by Fund

| Fund | Dept | Fund Name | 2016-2017 Preliminary Budget |          |                   | Projected Fund Balance |           |
|------|------|-----------|------------------------------|----------|-------------------|------------------------|-----------|
|      |      |           | Revenues                     | Expenses | Surplus/(Deficit) | 2015/2016              | 2016/2017 |

## Enterprise Funds

|         |                         |                  |                  |                |                   |                   |
|---------|-------------------------|------------------|------------------|----------------|-------------------|-------------------|
| 205-207 | Water                   | 3,135,849        | 2,951,776        | 184,073        | 6,252,036         | 6,436,109         |
| 210     | Solid Waste             | 1,369,500        | 1,357,864        | 11,636         | 16,567            | 28,203            |
| 215-216 | Sewer                   | 1,873,313        | 1,770,809        | 102,504        | 5,651,504         | 5,754,008         |
| 220     | Storm Drain             | 95,400           | 93,056           | 2,344          | 310,547           | 312,891           |
| 330     | Airport                 | 124,950          | 127,619          | (2,669)        | 593,335           | 590,666           |
|         | <b>Total Enterprise</b> | <b>6,599,012</b> | <b>6,301,124</b> | <b>297,888</b> | <b>12,823,989</b> | <b>13,121,877</b> |

# Enterprise Funds Revenue Analysis

## ➤ Water Fund:

- Total revenues are estimated to be \$3,100,000 which is a 16% increase from the prior year projected
  - \$1M in loan proceeds for the water meter project
- Due to drought restrictions, an increase in water sales was not projected. Possible break-even with reduced water usage and a rate increase that is effective January 2017 .

## ➤ Solid Waste:

- Total revenues are estimated to be \$1,350,000 which is a 3% increase from the prior year
- Includes a \$12 flat fee for commercial recycling

# Water Fund Revenue 5 Year History

| Revenue Type                         | 2012-13<br>Audited | 2013-14<br>Audited | 2014-15<br>Audited | 2015-16<br>Projected | 2016-17<br>Proposed Budget |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------|----------------------------|
| Charges for Services                 | 1,602,388          | 1,834,408          | 1,962,347          | 1,959,203            | 1,959,402                  |
| Loan Proceeds                        | -                  | -                  | -                  | 550,000              | 1,000,000                  |
| Fines and Penalties                  | 85,240             | 86,374             | 86,532             | 85,085               | 89,000                     |
| Transfers In                         | 47,733             | 84,085             | 145,619            | 79,162               | 80,986                     |
| Property Taxes                       | 3,240              | 4,120              | 4,080              | 4,140                | 4,000                      |
| Miscellaneous Revenues and Donations | 7,137              | 5,302              | 19,602             | 14,521               | 2,000                      |
| Use of Money and Property            | 7,506              | 1,899              | 9,326              | 450                  | 461                        |
| <b>Totals</b>                        | <b>1,753,244</b>   | <b>2,016,188</b>   | <b>2,227,506</b>   | <b>2,692,561</b>     | <b>3,135,849</b>           |
| \$ Increase from the Prior Year      |                    | 262,945            | 211,318            | 465,055              | 443,288                    |
| % Increase from the Prior Year       |                    | 15%                | 10%                | 21%                  | 16%                        |

# Solid Waste Fund

## Revenue 5 Year History

| Revenue Type                         | 2012-13<br>Audited | 2013-14<br>Audited | 2014-15<br>Audited | 2015-16<br>Projected | 2016-17<br>Proposed<br>Budget |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------|-------------------------------|
| Charges for Services                 | 1,284,811          | 1,306,333          | 1,326,763          | 1,329,687            | 1,364,200                     |
| Intergovernmental                    | -                  | 10,078             | -                  | 5,000                | 5,000                         |
| Use of Money and Property            | 1,272              | 686                | 469                | 385                  | 300                           |
| Miscellaneous Revenues and Donations | (12,000)           | -                  | 2,927              | -                    | -                             |
| <b>Totals</b>                        | <b>1,274,083</b>   | <b>1,317,097</b>   | <b>1,330,160</b>   | <b>1,335,072</b>     | <b>1,369,500</b>              |
| \$ Increase from the Prior Year      |                    | 43,013             | 13,063             | 4,913                | 34,428                        |
| % Increase from the Prior Year       |                    | 3%                 | 1%                 | 0%                   | 3%                            |

# Enterprise Funds Revenue Analysis (continued)

## ➤ Sewer:

- Total revenues are estimated to be \$1,875,000 which is a 26% increase from the prior year
  - \$500k in Prop 1 Grant for Sewer system master plan
- Rate increase effective as of January 1, 2016
- Actual charges for services is budgeted the same as prior year because it is linked to water usage which is expected to reduce or remain constant due to the drought and water use restrictions

# Sewer Fund Revenue 5 Year History

| Revenue Type                         | 2012-13<br>Audited | 2013-14<br>Audited | 2014-15<br>Audited | 2015-16<br>Projected | 2016-17<br>Proposed<br>Budget |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------|-------------------------------|
| Charges for Services                 | 1,265,109          | 1,329,463          | 1,327,283          | 1,375,727            | 1,353,885                     |
| Intergovernmental                    | -                  | 77,845             | 20,000             | -                    | 500,000                       |
| Transfers In                         | 103,344            | 102,747            | 101,784            | 100,453              | 18,828                        |
| Use of Money and Property            | (2,064)            | 1,589              | 3,840              | 560                  | 600                           |
| Miscellaneous Revenues and Donations | 1,424              | 68                 | 16,490             | 5,838                | -                             |
| <b>Totals</b>                        | <b>1,367,813</b>   | <b>1,511,712</b>   | <b>1,469,397</b>   | <b>1,482,577</b>     | <b>1,873,313</b>              |
| \$ Increase from the Pior Year       |                    | 143,899            | (42,315)           | 13,181               | 390,735                       |
| % Increase from the Prior Year       |                    | 11%                | -3%                | 1%                   | 26%                           |

# Enterprise Funds Revenue Analysis (continued)

## ➤ Storm Drain:

- Total revenues are estimated to be \$95,000 which is the same as the prior year
- No rate increase from the last Prop 218
- Has a \$115,000 yearly revenue for Capital Improvements to Fund 525

## ➤ Airport:

- Total revenues estimated to be \$125,000 which is a 395% increase from the prior year
- \$90,000 grant for the ALP

# Storm Drain Fund Revenue 5 Year History

| Revenue Type                         | 2012-13<br>Audited | 2013-14<br>Audited | 2014-15<br>Audited | 2015-16<br>Projected | 2016-17<br>Proposed<br>Budget |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------|-------------------------------|
| Charges for Services                 | 200,237            | 193,517            | 161,899            | 94,913               | 95,300                        |
| Use of Money and Property            | 1,982              | 1,624              | 94                 | 96                   | 100                           |
| Miscellaneous Revenues and Donations | -                  | -                  | -                  | 1,472                | -                             |
| <b>Totals</b>                        | <b>202,219</b>     | <b>195,141</b>     | <b>161,993</b>     | <b>96,481</b>        | <b>95,400</b>                 |
| \$ Increase from the Pior Year       |                    | (7,078)            | (33,147)           | (65,512)             | (1,081)                       |
| % Increase from the Prior Year       |                    | -4%                | -17%               | -40%                 | -1%                           |

# Airport Fund Revenue 5 Year History

| Revenue Type                         | 2012-13<br>Audited | 2013-14<br>Audited | 2014-15<br>Audited | 2015-16<br>Projected | 2016-17<br>Proposed<br>Budget |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------|-------------------------------|
| Intergovernmental                    | 9,893              | 9,859              | 12,340             | 10,100               | 102,000                       |
| Use of Money and Property            | 13,717             | 17,435             | 25,548             | 7,390                | 15,200                        |
| Property Taxes                       | 7,959              | 9,038              | 7,411              | 6,000                | 6,000                         |
| Transfers In                         | 1,000              | 1,000              | 1,000              | 1,000                | 1,000                         |
| Charges for Services                 | 2,147              | 762                | 2,268              | 750                  | 750                           |
| Miscellaneous Revenues and Donations | -                  | -                  | 186                | -                    | -                             |
| <b>Totals</b>                        | <b>34,715</b>      | <b>38,094</b>      | <b>48,753</b>      | <b>25,240</b>        | <b>124,950</b>                |
| \$ Increase from the Prior Year      |                    | 3,379              | 10,659             | (23,513)             | 99,710                        |
| % Increase from the Prior Year       |                    | 10%                | 28%                | -48%                 | 395%                          |

# Enterprise Funds Expense Analysis

- All Funds:
  - Presented on modified accrual basis
- Water:
  - Estimated expense is \$2,950,000 which is an increase of 37% from the prior year
    - Capital outlay for water meter project is the largest reason.
  - New Overhead Cost Allocation Plan
- Solid Waste:
  - Estimated expense is \$1,350,000 which is a 6% decrease from the prior year
  - The allocations of salaries between funds have been re-evaluated
    - This service is contracted out and should have no salaries
  - Increase in contracted service cost
  - Decrease in franchise fee paid to the General Fund

# Water Fund Expense 5 Year History

| Row Labels                      | FY 12/13<br>Audited | FY 13/14<br>Audited | FY 14/15<br>Audited | FY 15/16<br>Projected | FY 16/17<br>Preliminary<br>Budget |
|---------------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------------------|
| Capital Outlay                  | 542,188             | 92,991              | 75,233              | 469,782               | 1,020,000                         |
| Debt Service                    | 22,900              | 27,262              | 20,584              | 79,031                | 81,297                            |
| Operations and Maintenance      | 694,379             | 738,398             | 720,450             | 763,878               | 755,415                           |
| Overhead Allocations            | 354,873             | 440,111             | 442,122             | 268,895               | 448,778                           |
| Salaries and Benefits           | 441,423             | 522,250             | 572,263             | 493,350               | 565,299                           |
| Transfers Out                   | 110,776             | 90,430              | 145,619             | 78,906                | 80,986                            |
| <b>Grand Total</b>              | <b>2,166,539</b>    | <b>1,911,442</b>    | <b>1,976,272</b>    | <b>2,153,842</b>      | <b>2,951,776</b>                  |
| \$ Increase from the Prior Year |                     | (255,097)           | 64,830              | 177,570               | 797,934                           |
| % Increase from the Prior Year  |                     | -12%                | 3%                  | 8%                    | 37%                               |

# Solid Waste Fund Expense 5 Year History

| Row Labels                      | FY 12/13<br>Audited | FY 13/14<br>Audited | FY 14/15<br>Audited | FY 15/16<br>Projected | FY 16/17<br>Preliminary<br>Budget |     |
|---------------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------------------|-----|
| Capital Outlay                  | 2,922               | 4,403               | -                   | 5,000                 | 5,000                             |     |
| Operations and Maintenance      | 1,237,896           | 1,189,119           | 1,220,579           | 1,241,720             | 1,224,511                         |     |
| Overhead Allocations            | 79,712              | 108,321             | 108,321             | 134,809               | 128,353                           |     |
| Salaries and Benefits           | 12,010              | 26,489              | 43,629              | 63,586                | -                                 |     |
| <b>Grand Total</b>              | <b>1,332,540</b>    | <b>1,328,332</b>    | <b>1,372,529</b>    | <b>1,445,115</b>      | <b>1,357,864</b>                  |     |
| \$ Increase from the Prior Year |                     | (4,209)             | 44,198              | 72,585                | (87,251)                          |     |
| % Increase from the Prior Year  |                     |                     | 0%                  | 3%                    | 5%                                | -6% |

# Enterprise Funds Expense Analysis (continued)

## ➤ Sewer:

- Estimated expense of \$1,770,000 which is an increase of 35% from the prior year
- Sewer system master plan cost of \$500k
- Reduction of debt service - bond was paid off in FY 15/16
- Re-evaluation of allocation of salaries and wages- Vacancies filled

## ➤ Storm Drain:

- Estimated expense of \$93,000 which is a decrease of 23% from the prior year
- Reduction in operations and maintenance-contingency fund & repairs

## ➤ Airport:

- Estimated expense of \$95,000 which is an increase of 296% from the prior year
- ALP cost of \$100k- offset by \$92k grant

# Sewer Fund Expense 5 Year History

| Row Labels                      | FY 12/13<br>Audited | FY 13/14 Audited | FY 14/15<br>Audited | FY 15/16<br>Projected | FY 16/17<br>Preliminary<br>Budget |
|---------------------------------|---------------------|------------------|---------------------|-----------------------|-----------------------------------|
| Capital Outlay                  | 4,755               | 182,754          | 18                  | 30,000                | -                                 |
| Debt Service                    | 22,228              | 17,411           | 10,331              | 100,453               | 18,828                            |
| Operations and Maintenance      | 364,076             | 404,578          | 458,828             | 448,942               | 956,688                           |
| Overhead Allocations            | 329,366             | 460,304          | 462,315             | 214,376               | 221,345                           |
| Salaries and Benefits           | 430,753             | 539,679          | 518,956             | 417,966               | 555,121                           |
| Transfers Out                   | 116,978             | 116,381          | 101,784             | 100,453               | 18,828                            |
| <b>Grand Total</b>              | <b>1,268,157</b>    | <b>1,721,107</b> | <b>1,552,232</b>    | <b>1,312,191</b>      | <b>1,770,809</b>                  |
| \$ Increase from the Prior Year |                     | 452,950          | (168,875)           | (240,041)             | 458,618                           |
| % Increase from the Prior Year  |                     | 35%              | -13%                | -18%                  | 35%                               |

# Storm Drain Fund Expense 5 Year History

| Row Labels                      | FY 12/13 Audited | FY 13/14 Audited | FY 14/15 Audited | FY 15/16 Projected | FY 16/17 Preliminary Budget |
|---------------------------------|------------------|------------------|------------------|--------------------|-----------------------------|
| Debt Service                    | 7,221.82         | 1,048.69         | -                | -                  | -                           |
| Operations and Maintenance      | 13,986.88        | 25,201.79        | 29,133.09        | 30,369.37          | 16,498.01                   |
| Overhead Allocations            | 3,020.00         | 12,191.00        | 12,191.04        | 4,108.00           | -                           |
| Salaries and Benefits           | 22,387.58        | 39,987.03        | 38,877.53        | 86,569.14          | 76,558.22                   |
| <b>Grand Total</b>              | <b>46,616.28</b> | <b>78,428.51</b> | <b>80,201.66</b> | <b>121,046.51</b>  | <b>93,056.22</b>            |
| \$ Increase from the Prior Year |                  | 31,812           | 1,773            | 40,845             | (27,990)                    |
| % Increase from the Prior Year  |                  | 26%              | 1%               | 34%                | -23%                        |

# Airport Fund Expense 5 Year History

| Row Labels                      | FY 12/13 Audited | FY 13/14 Audited | FY 14/15 Audited | FY 15/16 Projected | FY 16/17 Preliminary Budget |
|---------------------------------|------------------|------------------|------------------|--------------------|-----------------------------|
| Operations and Maintenance      | 19,312           | 7,265            | 8,315            | 11,546             | 110,404                     |
| Overhead Allocations            | 4,531            | 5,189            | 5,189            | -                  | -                           |
| Salaries and Benefits           | 11,015           | 13,925           | 10,821           | 20,642             | 17,215                      |
| <b>Grand Total</b>              | <b>34,859</b>    | <b>26,379</b>    | <b>24,326</b>    | <b>32,188</b>      | <b>127,619</b>              |
| \$ Increase from the Prior Year |                  | (8,480)          | (2,053)          | 7,862              | 95,431                      |
| % Increase from the Prior Year  |                  | -26%             | -6%              | 24%                | 296%                        |

# Water Fund Reserve Analysis

|   |                  |
|---|------------------|
| <b>Net Position 6/30/15-Audited</b>                               | <b>5,717,116</b> |
| Less:   |                  |
| Noncurrent Assets   | (6,437,143)      |
| Add:  |                  |
| Noncurrent Liabilities  | 966,324          |
| <b>Total 2014/2015 Audited Net Working Capital</b>                | <b>246,297</b>   |
| Projected 2015/16 Surplus-Water Operations                        | 337,760          |
| Projected 2015/16 Surplus-Water Meter Project                     | 196,979          |
| <b>Total 2015/2016 Projected Net Working Capital</b>              | <b>781,036</b>   |
| Projected 2016/17 Surplus-Water Operations                        | 64,073           |
| Projected 2016/17 Surplus-Water Meter Project                     | 120,000          |
| <b>Total 2016/2017 Projected Net Working Capital</b>              | <b>965,109</b>   |
| Less:   |                  |
| Restricted for Water Meter Project                                | (425,812)        |
| <b>Total 2016/2017 Projected Unrestricted Net Working Capital</b> | <b>539,297</b>   |
| Projected 2016/17 Operating Expenses                              | 1,951,776        |
| Percentage of Reserve to Expenses                                 | 27.63%           |
| Percentage recommended per Reserve Policy                         | 25.00%           |

# Solid Waste Fund Reserve Analysis

|  |                |
|--|----------------|
| <b>Net Position 6/30/15-Audited</b>                  | <b>126,609</b> |
| Less:  |                |
| Noncurrent Assets                                    | -              |
| Add:   |                |
| Noncurrent Liabilities                               | 19,341         |
| <b>Total 2014/2015 Audited Net Working Capital</b>   | <b>145,950</b> |
| Projected 2015/16 Surplus/(Deficit)                  | (110,542)      |
| <b>Total 2015/2016 Projected Net Working Capital</b> | <b>35,408</b>  |
| Projected 2016/17 Surplus/(Deficit)                  | 11,636         |
| <b>Total 2016/2017 Projected Net Working Capital</b> | <b>47,044</b>  |
| Projected 2016/17 Operating Expenses                 | 1,357,864      |
| Percentage of Reserve to Expenses                    | 3.46%          |

# Sewer Fund Reserve Analysis

|  |                  |
|--|------------------|
| <b>Net Position 6/30/15-Audited</b>                  | <b>5,481,119</b> |
| Less:  |                  |
| Noncurrent Assets                                    | (5,731,201)      |
| Add:   |                  |
| Noncurrent Liabilities                               | 604,511          |
| <b>Total 2014/2015 Audited Net Working Capital</b>   | <b>354,429</b>   |
| Projected 2015/16 Surplus/(Deficit)                  | 167,387          |
| <b>Total 2015/2016 Projected Net Working Capital</b> | <b>521,816</b>   |
| Projected 2016/17 Surplus/(Deficit)                  | 102,504          |
| <b>Total 2016/2017 Projected Net Working Capital</b> | <b>624,320</b>   |
| Projected 2016/17 Operating Expenses                 | 1,770,809        |
| Percentage of Reserve to Expenses                    | 35.26%           |
| Percentage recommended per Reserve Policy            | 25.00%           |

# Storm Drain Fund Reserve Analysis

|  |                |
|--|----------------|
| <b>Net Position 6/30/15-Audited</b>                  | <b>335,112</b> |
| Less:  |                |
| Noncurrent Assets                                    | (270,499)      |
| Add:   |                |
| Noncurrent Liabilities                               | 41,904         |
| <b>Total 2014/2015 Audited Net Working Capital</b>   | <b>106,517</b> |
| Projected 2015/16 Surplus/(Deficit)                  | (25,565)       |
| <b>Total 2015/2016 Projected Net Working Capital</b> | <b>80,952</b>  |
| Projected 2016/17 Surplus/(Deficit)                  | 2,344          |
| <b>Total 2016/2017 Projected Net Working Capital</b> | <b>83,296</b>  |
| Projected 2016/17 Operating Expenses                 | 93,056         |
| Percentage of Reserve to Expenses                    | 89.51%         |
| Percentage recommended per Reserve Policy            | 25.00%         |

# Airport Fund Reserve Analysis

|  |                 |
|--|-----------------|
| <b>Net Position 6/30/15-Audited</b>                  | <b>600,283</b>  |
| Less:  |                 |
| Noncurrent Assets                                    | (662,178)       |
| Add:   |                 |
| Noncurrent Liabilities                               | 21,119          |
| <b>Total 2014/2015 Audited Net Working Capital</b>   | <b>(40,776)</b> |
| Projected 2015/16 Surplus/(Deficit)                  | (7,098)         |
| <b>Total 2015/2016 Projected Net Working Capital</b> | <b>(47,874)</b> |
| Projected 2016/17 Surplus/(Deficit)                  | (2,669)         |
| <b>Total 2016/2017 Projected Net Working Capital</b> | <b>(50,543)</b> |
| Projected 2016/17 Operating Expenses                 | 119,619         |
| Percentage of Reserve to Expenses                    | -42.25%         |
| Percentage recommended per Reserve Policy            | 25.00%          |

# Special Revenue Funds Summary

| Fund                               | Dept | Fund Name                                     | 2016-2017 Preliminary Budget |                  |                   | Projected Fund Balance |                  |
|------------------------------------|------|---|------------------------------|------------------|-------------------|------------------------|------------------|
|                                    |      |   | Revenues                     | Expenses         | Surplus/(Deficit) | 2015/2016              | 2016/2017        |
| <b>Special Revenue Funds</b>       |      |   |                              |                  |                   |                        |                  |
| 101                                |      | GasTax  | 333,875                      | 333,875          | 0                 | 206,962                | 206,962          |
| 300                                |      | Regional Surface Transportation Program (RSTP | 260,000                      | 422,400          | (162,400)         | 198,859                | 36,459           |
| 305                                |      | Streets & Roads- LTF                          | 2,145,088                    | 2,040,178        | 104,910           | 1,359                  | 106,269          |
| 310                                |      | Maintenance Assessment District               | 268,716                      | 251,546          | 17,170            | 1,162,664              | 1,179,834        |
| 320                                |      | Measure T                                     | 379,427                      | 453,880          | (74,453)          | 1,407,621              | 1,333,168        |
| 325                                |      | Transit                                       | 598,709                      | 597,980          | 729               | 44,572                 | 45,301           |
| 410                                |      | Public Safety Grants                          | 101,800                      | 101,800          | 0                 | 1,054                  | 1,054            |
| 415                                |      | CDBG grant PI                                 | 5,400                        | 221,585          | (216,185)         | 325,009                | 108,824          |
| 416                                |      | 2014 CDBG Grant                               | 1,000,000                    | 1,000,000        | 0                 | 0                      | 0                |
| 420                                |      | HOME Grant PI                                 | 900                          | 4,905            | (4,005)           | 64,674                 | 60,669           |
| 421                                |      | HOME 2012 Grant                               | 2,300                        | 0                | 2,300             | (2,300)                | 0                |
| 425                                |      | Economic Development Block Grants (EDBG)      | 39,690                       | 31,965           | 7,725             | 372,306                | 380,031          |
| <b>Total Special Revenue Funds</b> |      |   | <b>5,135,905</b>             | <b>5,460,113</b> | <b>(324,208)</b>  | <b>3,782,780</b>       | <b>3,458,572</b> |

# Special Revenue Funds Detail

- Streets and Roads related Funds
  - Gas Tax- CY revenue is fully allocated to fund 305 for maintenance
  - RSTP- showing a loss because we are using previous fund balance to pay for part of the match required for the Fuller St. project
  - Measure T- Showing a loss because we are using previous fund balance to pay for part of the match required for the Fuller St. project
  - Streets and Roads
    - Have 2 projects scheduled
      - Robertson & 11<sup>th</sup>
      - Fuller Street
    - New allocation plan brings monies from Water, Solid Waste & Sewer for street degradation
  - Have \$100k surplus/fund balance for discretionary items

# Special Revenue Funds Detail (continued)

## ➤ CDBG

- Showing a loss due to the use of Program Income for the Senior Center improvements
  - Is a supplemental activity approved by HCD to go with the 2014 Grant
- The 2014 grant has just been fully executed
  - \$1million dollar grant
  - Housing rehabilitation and home buyer assistance
  - Need to spend ½ grant plus additional program income on hand before we can apply for the next CDBG grant

# Capital Project Funds Summary

| Fund                                | Dept | Fund Name                           | 2016-2017 Preliminary Budget |                  |                   | Projected Fund Balance |                  |
|-------------------------------------|------|-------------------------------------|------------------------------|------------------|-------------------|------------------------|------------------|
|                                     |      |                                     | Revenues                     | Expenses         | Surplus/(Deficit) | 2015/2016              | 2016/2017        |
| <b>Capital Projects Funds</b>       |      |                                     |                              |                  |                   |                        |                  |
| 500                                 |      | Police Impact Fees                  | 3,775                        | 0                | 3,775             | 370,397                | 374,172          |
| 505                                 |      | Fire Impact Fees                    | 6,000                        | 536,250          | (530,250)         | 537,671                | 7,421            |
| 515                                 |      | SR99 Ave 26 Interchange             | 1,030                        | 0                | 1,030             | 15,042                 | 16,072           |
| 520                                 |      | SR99 RD 17                          | 1,050                        | 0                | 1,050             | 313,972                | 315,022          |
| 522                                 |      | RD 16 1/2 Improvement Fund          | 4,000                        | 0                | 4,000             | 765,407                | 769,407          |
| 525                                 |      | Storm Drain Capital Reserve         | 127,900                      | 500              | 127,400           | 1,914,764              | 2,042,164        |
| 530                                 |      | Signalization Impact Fund           | 2,800                        | 0                | 2,800             | 380,226                | 383,026          |
| 545                                 |      | Waste Water System Capital Reserve  | 6,500                        | 0                | 6,500             | 693,505                | 700,005          |
| 560                                 |      | Park Development Fees               | 5,000                        | 0                | 5,000             | 6,370                  | 11,370           |
| 565                                 |      | Park Grants                         | 897,000                      | 849,167          | 47,833            | (47,833)               | (0)              |
| 570                                 |      | Water System Capital Reserve        | 5,400                        | 0                | 5,400             | 199,461                | 204,861          |
| 575                                 |      | Public Building Impact Fees         | 4,000                        | 0                | 4,000             | (554,752)              | (550,752)        |
| 800                                 |      | Community Facilities District (CFD) | 612,115                      | 647,599          | (35,484)          | 4,151,941              | 4,116,457        |
| <b>Total Capital Projects Funds</b> |      |                                     | <b>1,676,570</b>             | <b>2,033,516</b> | <b>(356,946)</b>  | <b>8,746,170</b>       | <b>8,389,224</b> |

# Capital Project Funds Detail

## ➤ Fire Impact Fees

- Proportionate share of new fire engine
- \$300k for fire station extension shell

## ➤ Storm Drain Capital Reserves

- Surplus comes from utility billings designated for storm drain capital improvements
- Fund balance available for discretionary items

## ➤ Park Grants

- Amphitheater project- \$75k funded by grant
- Boat Ramp- \$822k fully funded by state grant

## ➤ CFD

- Deficit is from it's proportionate share of the new fire engine- using fund balance

# Internal Service Funds Summary

| Fund                                | Dept | Fund Name              | 2016-2017 Preliminary Budget |                |                   | Projected Fund Balance |                  |
|-------------------------------------|------|------------------------|------------------------------|----------------|-------------------|------------------------|------------------|
|                                     |      |                        | Revenues                     | Expenses       | Surplus/(Deficit) | 2015/2016              | 2016/2017        |
| <b>Internal Service Funds</b>       |      |                        |                              |                |                   |                        |                  |
| 601                                 |      | Fleet                  | 218,364                      | 218,364        | (0)               | (121,913)              | (121,913)        |
| 602                                 |      | Information Technology | 448,442                      | 448,442        | 0                 | (298,526)              | (298,526)        |
| <b>Total Internal Service Funds</b> |      |                        | <b>666,806</b>               | <b>666,806</b> | <b>0</b>          | <b>(420,439)</b>       | <b>(420,439)</b> |

# Internal Service Funds Detail

## ➤ Surplus/(Deficit)

- The internal service funds are designed to be fully allocated to departments they provide services to
- This has not always happened in the past but will be moving forward
- Prior years activity that was not allocated will be in FY 15/16 with a prior period adjustment using the applicable allocation methods used for current year expenses

## ➤ Fund Balances

- Negative fund balances- method of accounting-GASB 34 & 68

# Special Assessment Districts by Fund

| Fund | Dept | Fund Name                     | 2016-2017 Preliminary Budget |                  |                   | Projected Fund Balance |                  |
|------|------|-------------------------------|------------------------------|------------------|-------------------|------------------------|------------------|
|      |      |                               | Revenues                     | Expenses         | Surplus/(Deficit) | 2015/2016              | 2016/2017        |
| 540  |      | Greenhills Assessment Distri  | 671,610                      | 723,840          | (52,230)          | 673,327                | 621,097          |
| 542  |      | Pheasant Run Assessment Di    | 424,742                      | 482,092          | (57,350)          | 631,284                | 573,934          |
|      |      | <b>Total Trust and Agency</b> | <b>1,096,352</b>             | <b>1,205,932</b> | <b>(109,580)</b>  | <b>1,304,610</b>       | <b>1,195,030</b> |

# Special Assessment Districts

## ➤ Pheasant Run and Greenhills

- Both are solvent and generating adequate collections allowing bond payments to be made.
- Continue working with NBS and Neumiller & Beardlee (consultant/collection agent and foreclosure counsel) hired to maintain compliance with the bond covenant requiring foreclosure actions when delinquency levels rise to certain levels
- Collection efforts are being undertaken on all properties that are delinquent
- Both districts are paying their respective portion of the Fire Engine expense
  - Pheasant Run- \$57,750
  - Greenhills- \$57,750

# Successor Agency Overview

| Fund                           | Dept | Fund Name                     | 2016-2017 Preliminary Budget |                  |                   | Projected Fund Balance |                  |
|--------------------------------|------|-------------------------------|------------------------------|------------------|-------------------|------------------------|------------------|
|                                |      |                               | Revenues                     | Expenses         | Surplus/(Deficit) | 2015/2016              | 2016/2017        |
|                                |      |                               |                              |                  |                   |                        |                  |
| <b><u>Successor Agency</u></b> |      |                               |                              |                  |                   |                        |                  |
| 956-957                        |      | Operating Fund                | 1,280,922                    | 1,280,922        | 0                 | 2,560,472              | 2,560,472        |
|                                |      | <b>Total Successor Agency</b> | <b>1,280,922</b>             | <b>1,280,922</b> | <b>0</b>          | <b>2,560,472</b>       | <b>2,560,472</b> |

# Successor Agency Analysis

- The Agency is budgeted to breakeven in FY 16/17
  - All expenditures in the Agency are approved obligations by the Department of Finance as submitted on the Annual Recognized Obligation Payment Schedule (ROPS) which pays for the expenses.
  - Debt service payments are included on the ROPS
  - The Agency had previously experienced a shortfall of property taxes available to pay for the approved obligations. A loan from the General Fund was approved by the Oversight Board in May 2015 for approximately \$325k and was paid back in FY 15/16

# Capital Outlay-General Fund

## ➤ Fire Department:

- Fire Engine- Approved by Council in April 2016 but won't be purchased until FY 16/17
  - Cost: \$115,500- General Fund's share. Pheasant Run, Greenhills, CFD & Impact fees are paying for the rest

## ➤ Police Department:

- Police Department Cameras- New cameras will be needed
  - Costs: \$2,500

# Capital Outlay- Water

- Abandon Well #9

- Cost: \$20,000

- Water Meter Installations-

- Did phase 1 in FY 15/16- Cost of \$550k

- Phase 2 and 3 with a cost of \$1Million in FY 16/17

- Funded by a State Revolving Loan at 0% interest that is paid back with direct charges from Water billings to customers

- This money will be used to reduce the amount of bonds issued

# Capital Outlay- Streets and Roads

- Lake Street-Fuller Neighborhood
  - Install sidewalks and ADA curbs, resurface streets
  - Approved by Council in FY 14/15
  - Change in scope approved in FY 14/15
  - Costs: \$522,000
    - Safe Routes to School grant- \$211,000
    - Remaining \$311,000 will use multiple funding source utilizing the most restricted 1<sup>st</sup>
      - Measure T
      - LTF
      - RSTP

# Capital Outlay- Streets and Roads (continued)

## ➤ Robertson & 11<sup>th</sup> Street

- Install sidewalks and ramps to create pedestrian continuity
- Approved by Council in FY 15/16
- Costs: \$612,000
  - ATP grant- \$530,000
  - Remaining \$82,000 will use multiple funding source utilizing the most restricted 1<sup>st</sup>
    - Measure T
    - LTF
    - RSTP

# Capital Outlay- Transit

- Purchase of Replacement Bus:
  - Government grant from Federal Transit Authority (FTA) Section 5339 that will replace a bus that was previously purchased with FTA Section 5311 funds
  - Approved in FY 15/16
  - There is a 15% match
  - Cost: \$115,000
    - FTA Section 5339 Grant- \$95,000
    - LTF- \$20,000

# Capital Outlay- Fire Impact Fees

- Shell for Fire Station Expansion:
  - Cost- \$300k
  - Approved in previous years' budgets
  - Will use remaining Impact Fees Available
  
- New Fire Engine- \$524,250
  - Cost- Impact Fee portion is \$236,250
  - General Fund, Greenhills, Pheasant Run and CFD will pay proportionate share of the remaining cost

# Capital Outlay- Park Grant Fund

## ➤ Veteran's Park Amphitheater

- Approved by Council in FY 14/15
- Costs \$150,000
  - \$75,000 match paid for by Mr. Barragan's donation
  - Land and Water Conservation grant- \$75,000

## ➤ Berenda Park Reservoir

- Installation of a boat ramp
- Cost: \$833,000- Approved in FY 15/16. Remaining cost for FY 16/17-\$775k
  - Fully funded by a Waterways Commission grant

# City- Wide Cost Allocation Plan

- Please refer to the PDF attachment in your agenda packet

# Public Participation Summary

|                      | Parks | Code Enforcement | Streets and Roads | Bridges/ Roundabouts | StreetLights/ Signs | Storm Drain | Water Meters/ Enforcement | General & Administrative | Animal control | Police |
|----------------------|-------|------------------|-------------------|----------------------|---------------------|-------------|---------------------------|--------------------------|----------------|--------|
| Utility Bill Mailers | 3     | 3                | 11                | 2                    | 3                   | 3           | 2                         | 4                        | 1              | 3      |
| Town Hall Meeting    |       |                  | 2                 |                      | 1                   |             |                           | 5                        |                | 1      |
| Totals               | 3     | 3                | 13                | 2                    | 4                   | 3           | 2                         | 9                        | 1              | 4      |

# Public Participation Detail

|   |  |  |  |  |  |  |
|---|--|--|--|--|--|--|
| <b><u>Parks:</u></b>                          |  | <b><u>Bridges/Roundabouts:</u></b>                             |  |  |  |  |
| Removal of misletoe from trees                |  | Round-a-bout at 99/Robertson                                   |  |  |  |  |
| Tree trimming                                 |  |  |  |  |  |  |
|   |  |  |  |  |  |  |
| <b><u>Water Meters/ Enforcement:</u></b>      |  | <b><u>Code Enforcement:</u></b>                                |  |  |  |  |
| When meters are read                          |  | Property owners remove vehicles, furniture from lawns          |  |  |  |  |
| Enforcement on water wasters                  |  | Exterior upkeep of abandoned houses- 1315 Ventura, 1315 Sonoma |  |  |  |  |
|   |  | Clean up boarded homes. Site owners                            |  |  |  |  |
|   |  |  |  |  |  |  |
| <b><u>Street Lights/ Signs:</u></b>           |  | <b><u>Storm Drain:</u></b>                                     |  |  |  |  |
| Stop signs on Ventura Ave- 5th, 11th & Howell |  | 27 Humbolt   |  |  |  |  |
| Brighter street lights on robertson           |  | City wide in general   |  |  |  |  |
| Stop signs on 13th & Orange, 14th & Orange    |  | Educate kids on drainage problems from littering               |  |  |  |  |

# Public Participation Detail (continued)

|   |  |                                      |  |  |  |  |
|---|--|--------------------------------------|--|--|--|--|
| <b><u>General &amp; Administrative:</u></b> |  | <b><u>Police:</u></b>                |  |  |  |  |
| Return envelopes with bill                  |  | More patrol cars in the evening      |  |  |  |  |
| Free wireless                               |  | Law enforcement upgrade              |  |  |  |  |
| City BBQ                                    |  | more officers                        |  |  |  |  |
| More open meetings                          |  | advanced equipment                   |  |  |  |  |
| Gets kids special help                      |  |                                      |  |  |  |  |
| Licensing? Kids wearing helmets             |  |                                      |  |  |  |  |
| Increase staff size                         |  |                                      |  |  |  |  |
|   |  |                                      |  |  |  |  |
| <b><u>Streets and Roads:</u></b>            |  | <b><u>Streets and Roads:</u></b>     |  |  |  |  |
| Humbolt Ave                                 |  | Overpass towards 152 from 16th & 5th |  |  |  |  |
| Cypress Lane- no alleys                     |  | Legal semi-truck parking             |  |  |  |  |
| Frwy Exit Rd. 15                            |  | Clean gutters                        |  |  |  |  |
| Mariposa Ave                                |  | Ash Creek parkway                    |  |  |  |  |
| Orange St                                   |  | Riverside & 3rd crosswalk            |  |  |  |  |
| Alameda Ave-Curb                            |  | Sidewalks & curbs                    |  |  |  |  |
| Sweep streets                               |  |                                      |  |  |  |  |

# Discretionary Items

| <u>Description</u>                       | <u>Cost</u> | <u>Fund</u>      | <u>Allocated</u> |
|--|-------------|------------------|------------------|
|  |             |                  |                  |
| <b><u>General and Administrative</u></b> |             |                  |                  |
| Webpage                                  | \$ 50,000   | Internal Service | Yes              |
| Specific Plan for Industrial Area        | \$ 100,000  | General          | No               |
| Code Enforcement Officer-P/T             | \$ 30,000   | General/CDBG     | No               |
| Fleet Mechanic-P/T                       | \$ 25,000   | Internal Service | Yes              |

# Discretionary Items (continued)

| <u>Description</u>  | <u>Cost</u> | <u>Fund</u> | <u>Allocated</u> |
|---|-------------|-------------|------------------|
| <b>Capital Improvements/Projects</b>                                      |             |             |                  |
| Poles for banners across Robertson  | \$ 50,000   | General     | No               |
| welcome to Chowcilla sign on N99  | \$ 10,000   | General     | No               |
| Sewer Study local match - \$5k  | \$ 5,000    | sewer       | No               |
| CMAQ Proj design Match - \$157k   | \$ 157,000  | roads       | No               |
| 11 <sup>th</sup> and Robertson contingency                                | \$ 100,000  | roads       | No               |
| PMMP and ADA transition and others \$50k                                  | \$ 50,000   | roads       | No               |
| Lake Street – (\$518k tot, \$300k FY15/16, \$173K CMAQ, - short \$50k)    | \$ 350,000  | roads       | No               |
| Design for Wilson School and 24 shoulder pave - \$7k/ \$9k local match    | \$ 20,000   | roads       | No               |
| Bridges Grant Fishing - \$7k for fishing, \$70k local match in 2 years    | \$ 7,000    | roads       | No               |
| CalRecycle rubberized slurry seal   | \$ 50,000   | roads       | No               |
| Clear out storm drain ponds   | \$ 25,000   | storm drain | No               |
| pavement management plan, ADA transition plan, stopsign reflectivity plan | \$ 50,000   | roads       | No               |
| steel doors for concession stand Ed Ray Park                              | \$ 5,000    | General     | No               |
| Truman Pond Clean up  | \$ 25,000   | storm       | No               |
| Paint out roadway CL, stencils and curbs (hydrants?)                      | \$ 40,000   | roads       | No               |
| Abandon well #4 and #6 (and #9?)  | \$ 20,000   | water       | No               |
| Civic Center Roof replacement/repair                                      | \$ 50,000   | general     | No               |
| Security Cameras  | \$ 250,000  | General     | No               |

# Discretionary Items (continued)

| <u>Description</u>                            | <u>Cost</u> | <u>Fund</u>              | <u>Allocated</u> |
|---|-------------|--------------------------|------------------|
| <b><u>Equipment</u></b>                       |             |                          |                  |
| Police Patrol Vehicles-4                      | \$ 300,000  | General/Impact Fees      | No               |
| Chipper                                       | \$ 60,000   | llmd/parks/roads         | No               |
| Mini Excavator                                | \$ 40,000   | water, storm,roads, LLMD | No               |
| Replacement Pickup truck for 28 (Joe)         | \$ 25,000   | roads                    | No               |
| Replacement Pickup truck for 27               | \$ 25,000   | General                  | No               |
| Dump Trailer                                  | \$ 15,000   | roads,parks, water       | No               |
| Dump Truck                                    | \$ 150,000  | water, storm,roads, LLMD | No               |
| Little Tractor with bucket and mower (like tr | \$ 30,000   | parks, roads             | No               |
| Small pressure washer                         | \$ 500      | General                  | No               |
| Push mower                                    | \$ 1,500    | General                  | No               |
| 2 cycle water pump - \$400                    | \$ 400      | parks, water             | No               |
| VFD for well #10                              | \$ 25,000   | water                    | No               |
| Air Compressor Trailer                        | \$ 35,000   | sewer                    | No               |
| Vac Trailer                                   | \$ 80,000   | storm,roads,water        | No               |
| Street sweeper match - \$37k                  | \$ 37,000   | llmd, storm, roads       | No               |
| Electric carts for parks - Gem                | \$ 20,000   | General                  | No               |
| enclosed trailer                              | \$ 20,000   | parks, roads             | No               |

# Discretionary Items (continued)

## VEHICLE AND MACHINERY FOR 2015/2016

| Fund Cost                         |                     | Previous Depreciation | Current Depreciation | Accumulated Depreciation | Book Value          |
|-----------------------------------|---------------------|-----------------------|----------------------|--------------------------|---------------------|
| GENERAL FUND (100)                | 2,012,445.44        | 1,273,225.39          | 117,544.91           | 1,390,770.30             | 621,675.14          |
| WATER ENTERPRISE (205)            | 246,211.66          | 97,989.43             | 18,340.51            | 116,329.94               | 129,881.72          |
| SEWER ENTERPRISE (215)            | 360,268.97          | 194,894.74            | 19,526.42            | 214,421.16               | 145,847.81          |
| STREETS & ROADS - LTF (305)       | 807,130.54          | 491,227.43            | 63,093.07            | 554,320.50               | 252,810.04          |
| TRANSIT SYSTEM (325)              | 219,889.56          | 101,565.70            | 24,674.83            | 126,240.53               | 93,649.03           |
| Fleet Maintenance Fund (601)      | 34,903.86           | 34,903.86             | 0                    | 34,903.86                | 0                   |
| Information Technology Fund (602) | 31,178.78           | 15,049.25             | 1,116.92             | 16,166.17                | 15,012.61           |
| <b>Grand Totals:</b>              | <b>3,712,028.81</b> | <b>2,208,855.80</b>   | <b>244,296.66</b>    | <b>2,453,152.46</b>      | <b>1,258,876.35</b> |

# Questions and Answers



# City-Wide Cost Allocation Plan

Fiscal Year 2016/2017

## **SUMMARY OF ALLOCATIONS**

This table quantifies the amount of indirect cost (overhead) that is required to support each operating department beginning fiscal year 2016/2017. Each column represents a 'support service' department - a department whose primary duty is to provide services to other City departments. For each support service department, the amount of indirect cost distributed to each department is identified. The first column, titled 'Total GF Allocation', reflects the total amount of General Fund indirect cost required to support each particular operating department. The last column, titled "Streets and Roads", reflects the amount of street degradation being allocated to the Enterprise Funds.

### **Total Allocation Column**

The first column of the Summary of Allocations table reflects the total amount of General Fund indirect cost required to support a particular operating department. Not all departments will receive an allocation as described below.

### **Departments to Receive Allocations**

Departments within the General Fund will not receive an allocation because the Departments that are allocating expenses are also in the General Fund and there is no reason to allocate within the same fund. Other funds are not allowed to receive additional expenses and are included for their respective share of overall budgeted expense allocations. Funds 101-Gas Tax, 300-RSTP, 305-Streets and Roads, and 320- Measure T are all streets and roads Special Revenue funds and their allocations are all combined into one allocation to fund 305-Streets and Roads. The remaining funds to receive allocations are 205-Water, 210-Solid Waste, 215-Sewer, 325-Transit, 601- Fleet, 602-IT and 956-Successor Agency.

## **ALLOCATION WORKPAPERS**

The remaining sections of this plan document the indirect cost allocations for each support service department. The results of these calculations are posted forward to the Summary of Allocations table. These work papers consist of three separate schedules for each support service department: 1) a narrative description, 2) identification of costs to be allocated and 3) detailed allocations worksheets.

### **Narrative Description**

A brief description of the support service department's operations is provided, including a list of the department's administrative functions. The allocation methodology for each administrative function is provided. Any special treatment of a particular line item is discussed.

### **Costs to be Allocated**

This schedule lists the fiscal year 2016-2017 budgeted operating appropriations forecast for each support service departments. Subsequently breaks them down amongst the department's various administrative functions. Next, if applicable, any non-budgeted costs are added. Finally, offsetting revenues, such as direct charges or other necessary credits are deducted. Through this process the total cost of each administrative function is derived, to be distributed in the next schedule.

### **Detail Allocations**

The total cost of each administrative function is distributed to the City's various departments proportionately based on a set of statistics. The statistic selected for use must bear a reasonable relationship between the costs being distributed and the benefits received by the various City departments. Whenever possible, an empirical set of statistics is selected (rather than estimated percent of effort) to ensure impartiality and equitability.

## SUMMARY OF ALLOCATION STATISTICS

| Support Service                   | Allocation Methods  |
|-----------------------------------|---|
| <b>City Council</b>               |   |
| Agenda                            | Number of Agenda Items- all session from 7/1/15 to 4/25/16  |
| FTE                               | Number of Full-Time Employee equivalents per program  |
| Non Allocable                     | Not allocated   |
| <b>City Clerk</b>                 |   |
| Agenda                            | Number of Agenda Items- all session from 7/1/15 to 4/25/16  |
| FTE                               | Number of Full-Time Employee equivalents per program  |
| Non Allocable                     | Not allocated   |
| <b>City Attorney</b>              |   |
| Agenda                            | Number of Agenda Items- all session from 7/1/15 to 4/25/16  |
| <b>General Services</b>           |   |
| Civic Center Debt Service Payment | Analysis performed in 2005 during the Phase I construction and pledged revenue sources that would pay for the debt service. |
| Total Budget per Program          | Percentage of total budgeted expenditures   |
| <b>City Administration</b>        |   |
| Agenda                            | Number of Agenda Items- all session from 7/1/15 to 4/25/16  |
| FTE                               | Number of Full-Time Employee equivalents per program  |
| Total Budget per Program          | Percentage of total budgeted expenditures   |
| <b>Finance</b>                    |   |
| Purchasing                        | Percentage of total invoices processed for the city as a whole  |
| Receipts                          | Percentage of total receipts processed for the city as a whole  |
| FTE                               | Number of Full-Time Employee equivalents per program- to allocate payroll related expenses                                  |
| Total Budget per Program          | Percentage of total budgeted expenditures   |
| <b>Streets and Roads</b>          |   |
| Street Degradation                | Water -12%, Solid Waste-10%, Sewer-3%- See Narrative for detail   |

| Summary of Allocations |      |  |                      | GENERAL FUND  |                |                |                  |                     |                | STREETS AND ROADS  |
|------------------------|------|--|----------------------|---------------|----------------|----------------|------------------|---------------------|----------------|--------------------|
| Fund                   | Dept | Description                                    | TOTAL GF ALLOCATIONS | City Council  | City Clerk     | City Attorney  | General Services | City Administration | Finance        | Street Degradation |
| 100                    | 1605 | City Council                                   | 6,557                | 412           | 816            | -              | 451              | 2,248               | 2,629          | -                  |
|                        | 1610 | City Clerk                                     | 7,595                | 391           | 775            | -              | 902              | 2,553               | 2,974          | -                  |
|                        | 1615 | City Attorney                                  | 3,708                | -             | -              | -              | 1,283            | 1,133               | 1,292          | -                  |
|                        | 1705 | General Services- General Government           | 380,122              | 16,113        | 31,927         | 68,159         | 117,955          | 75,722              | 70,246         | -                  |
|                        | 1710 | Administrative Services                        | 25,300               | 1,342         | 2,660          | -              | 2,830            | 8,529               | 9,940          | -                  |
|                        | 1712 | City Property                                  | 195                  | -             | -              | -              | 67               | 59                  | 68             | -                  |
|                        | 1720 | Finance  | 40,592               | 2,240         | 4,438          | -              | 4,159            | 13,735              | 16,019         | -                  |
|                        | 1725 | Property Taxes                                 | 10                   | -             | -              | -              | 4                | 3                   | 4              | -                  |
|                        | 2610 | Police Sworn                                   | 179,283              | 9,865         | 19,547         | -              | 18,493           | 60,647              | 70,730         | -                  |
|                        | 2615 | Police NET                                     | 14,075               | 823           | 1,632          | -              | 1,236            | 4,790               | 5,594          | -                  |
|                        | 2617 | Police- Special Investigations                 | -                    | -             | -              | -              | -                | -                   | -              | -                  |
|                        | 2618 | Police- K-9                                    | 15,915               | 823           | 1,632          | -              | 1,872            | 5,352               | 6,235          | -                  |
|                        | 2705 | Fire   | 12,622               | 350           | 693            | -              | 2,823            | 4,064               | 4,692          | -                  |
|                        | 2805 | Animal Control                                 | 10,283               | 618           | 1,224          | -              | 832              | 3,510               | 4,100          | -                  |
|                        | 4605 | Planning & Zoning                              | 12,838               | 618           | 1,224          | -              | 1,716            | 4,290               | 4,990          | -                  |
|                        | 4705 | Community & Economic Development               | -                    | -             | -              | -              | -                | -                   | -              | -                  |
|                        | 4805 | Building & Code Enforcement                    | 12,046               | 618           | 1,224          | -              | 1,442            | 4,048               | 4,715          | -                  |
|                        | 4905 | Community Promotion                            | 478                  | -             | -              | -              | 166              | 146                 | 167            | -                  |
|                        | 6615 | Senior Services                                | 3,229                | 206           | 408            | -              | 209              | 1,109               | 1,298          | -                  |
|                        | 6620 | Parks & Facilities                             | 18,626               | 1,001         | 1,982          | -              | 2,029            | 6,286               | 7,328          | -                  |
|                        | 6625 | Recreation Programs                            | 557                  | -             | -              | -              | 193              | 170                 | 194            | -                  |
| 205                    |      | Water  | 206,191              | 4,589         | 9,093          | 7,951          | 60,789           | 35,260              | 88,509         | 154,024            |
| 210                    |      | Solid Waste                                    | 74,170               | 700           | 1,387          | 2,961          | 8,650            | 10,780              | 49,693         | 128,353            |
| 215                    |      | Sewer  | 160,323              | 3,438         | 6,813          | 3,729          | 39,542           | 24,342              | 82,458         | 38,506             |
| 220                    |      | Storm Drain                                    | 55,027               | 517           | 1,024          | 914            | 7,964            | 2,848               | 41,761         | -                  |
| 330                    |      | Airport  | 22,632               | 1,256         | 2,489          | 5,052          | 4,502            | 6,366               | 2,966          | -                  |
| 101                    |      | GasTax   | 11,001               | 398           | 788            | 1,682          | 2,142            | 3,678               | 2,314          | -                  |
| 300                    |      | Regional Surface Transportation Program (RSTP) | 7,831                | -             | -              | -              | 2,710            | 2,392               | 2,729          | -                  |
| 305                    |      | Streets & Roads- LTF                           | 95,353               | 4,131         | 8,184          | 10,576         | 11,843           | 29,012              | 31,608         | 962,650            |
| 310                    |      | Maintenance Assessment District                | 2,215                | -             | -              | -              | -                | -                   | 2,215          | -                  |
| 320                    |      | Measure T                                      | 8,437                | -             | -              | -              | 2,912            | 2,570               | 2,955          | -                  |
| 325                    |      | Transit  | 32,195               | 1,375         | 2,725          | 3,589          | 3,607            | 9,363               | 11,536         | -                  |
| 410                    |      | Public Safety Grants                           | 1,889                | -             | -              | -              | 653              | 577                 | 659            | -                  |
| 415                    |      | CDBG grant PI                                  | 4,996                | 44            | 87             | 185            | 1,422            | 1,451               | 1,808          | -                  |
| 416                    |      | 2014 CDBG Grant                                | 18,540               | -             | -              | -              | 6,416            | 5,663               | 6,462          | -                  |
| 420                    |      | HOME Grant PI                                  | 4,275                | 309           | 612            | 1,307          | 31               | 1,415               | 601            | -                  |
| 421                    |      | HOME 2012 Grant                                | 157                  | -             | -              | -              | -                | -                   | 157            | -                  |
| 425                    |      | Economic Development Block Grants (EDBG)       | 2,302                | 133           | 263            | 561            | 205              | 777                 | 365            | -                  |
| 500                    |      | Police Impact Fees                             | 677                  | -             | -              | -              | -                | -                   | 677            | -                  |
| 505                    |      | Fire Impact Fees                               | 9,970                | -             | -              | -              | 3,440            | 3,037               | 3,493          | -                  |
| 515                    |      | SR99 Ave 26 Interchange                        | 2                    | -             | -              | -              | -                | -                   | 2              | -                  |
| 520                    |      | SR99 RD 17                                     | 2                    | -             | -              | -              | -                | -                   | 2              | -                  |
| 522                    |      | RD 16 1/2 Improvement Fund                     | 5                    | -             | -              | -              | -                | -                   | 5              | -                  |
| 525                    |      | Storm Drain Capital Reserve                    | 31                   | -             | -              | -              | 3                | 3                   | 25             | -                  |
| 530                    |      | Signalization Impact Fund                      | 7                    | -             | -              | -              | -                | -                   | 7              | -                  |
| 545                    |      | Waste Water System Capital Reserve             | 5                    | -             | -              | -              | -                | -                   | 5              | -                  |
| 560                    |      | Park Development Fees                          | 6                    | -             | -              | -              | -                | -                   | 6              | -                  |
| 565                    |      | Park Grants                                    | 16,034               | -             | -              | -              | 5,448            | 4,809               | 5,777          | -                  |
| 570                    |      | Water System Capital Reserve                   | 6                    | -             | -              | -              | -                | -                   | 6              | -                  |
| 575                    |      | Public Building Impact Fees                    | 114,191              | -             | -              | -              | 114,185          | -                   | 6              | -                  |
| 800                    |      | Community Facilities District (CFD)            | 12,436               | -             | -              | -              | 4,155            | 3,667               | 4,614          | -                  |
| 601                    |      | Fleet  | 16,106               | 573           | 1,135          | 594            | 1,295            | 3,717               | 8,791          | -                  |
| 602                    |      | Information Technology                         | 27,495               | 1,124         | 2,227          | 1,183          | 2,701            | 7,433               | 12,828         | -                  |
| 915                    |      | Public Facilities Authority Street Bond        | 2,774                | -             | -              | -              | 960              | 847                 | 967            | -                  |
| 916                    |      | 2005 Civic Center Bond                         | 6,829                | -             | -              | -              | 2,363            | 2,086               | 2,380          | -                  |
| 917                    |      | Public Safety Bond                             | 1                    | -             | -              | -              | -                | -                   | 1              | -                  |
| 540                    |      | Greenhills Assessment District                 | 15,546               | 133           | 263            | 561            | 4,644            | 4,695               | 5,251          | -                  |
| 542                    |      | Pheasant Run Assessment District               | 9,431                | -             | -              | -              | 3,093            | 2,730               | 3,608          | -                  |
| 956                    |      | Sucessor Agency                                | 108,696              | 2,600         | 5,151          | 10,996         | 62,767           | 18,314              | 8,869          | -                  |
|                        |      | <b>Totals</b>                                  | <b>1,791,819</b>     | <b>56,738</b> | <b>112,420</b> | <b>120,000</b> | <b>517,103</b>   | <b>386,230</b>      | <b>599,328</b> | <b>1,283,533</b>   |

# **City of Chowchilla**

## **City Council**

### Description of Service:

The City Council is responsible for approving all legislation and formulating City policies. The Council's objectives are broad and include translating public attitudes and service requirements into policies and programs, so that desired levels of service can be provided efficiently and economically. The Council keeps abreast of current State and Federal legislation.

The City Council conducts its meetings in public session on the second and fourth Tuesday of each month and at other times when special meetings are called.

### Allocation Method:

- 40% of the City Council's budget is allocated based on a sample of agenda items.
  
- 40% of the City Council's budget is allocated based on the number of FTE's per department/program.
  
- 20% of the City Council's budget is not allocated. This recognizes that a portion of City Council's time is spent on non-administrative type functions.

| <b>Costs to Be Allocated-City Council</b> |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | TOTAL            | AGENDA           | FTE              | NON ALLOCABLE    |
|   |                  | 40%              | 40%              | 20%              |
| Personnel Costs                           | \$ 25,114        | \$ 10,046        | \$ 10,046        | \$ 5,023         |
| <b>Other Expenses and costs</b>           |                  |                  |                  |                  |
| Supplies                                  | 150              | 60               | 60               | 30               |
| Printing and Publications                 | 100              | 40               | 40               | 20               |
| Services                                  | 3,559            | 1,424            | 1,424            | 712              |
| Travel/Meetings/Dues                      | 14,500           | 5,800            | 5,800            | 2,900            |
| Community Promotion                       | 27,500           | 11,000           | 11,000           | 5,500            |
| <b>OPERATIONAL EXPENDITURES</b>           | <b>\$ 70,923</b> | <b>\$ 28,369</b> | <b>\$ 28,369</b> | <b>\$ 14,185</b> |

| Detail Allocations- City Council |      |  | AGENDA           |            |             | 28,369        | FTE          | 28,369      |               |
|----------------------------------|------|--|------------------|------------|-------------|---------------|--------------|-------------|---------------|
| Fund                             | Dept | Description                                    | TOTAL ALLOCATION | Dist Base  | %           | Allocation    | Dist Base    | %           | Allocation    |
| 100                              | 1605 | City Council                                   | 412              |            | 0%          | -             | 1.00         | 1%          | 412           |
|                                  | 1610 | City Clerk                                     | 391              |            | 0%          | -             | 0.95         | 1%          | 391           |
|                                  | 1615 | City Attorney                                  | -                |            | 0%          | -             |              | 0%          | -             |
|                                  | 1705 | General Services- General Government           | 16,113           | 121.55     | 57%         | 16,113        |              | 0%          | -             |
|                                  | 1710 | Administrative Services                        | 1,342            |            | 0%          | -             | 3.26         | 5%          | 1,342         |
|                                  | 1712 | City Property                                  | -                |            | 0%          | -             |              | 0%          | -             |
|                                  | 1720 | Finance  | 2,240            |            | 0%          | -             | 5.44         | 8%          | 2,240         |
|                                  | 1725 | Property Taxes                                 | -                |            | 0%          | -             |              | 0%          | -             |
|                                  | 2610 | Police Sworn                                   | 9,865            |            | 0%          | -             | 23.96        | 35%         | 9,865         |
|                                  | 2615 | Police NET                                     | 823              |            | 0%          | -             | 2.00         | 3%          | 823           |
|                                  | 2617 | Police- Special Investigations                 | -                |            | 0%          | -             |              | 0%          | -             |
|                                  | 2618 | Police- K-9                                    | 823              |            | 0%          | -             | 2.00         | 3%          | 823           |
|                                  | 2705 | Fire   | 350              |            | 0%          | -             | 0.85         | 1%          | 350           |
|                                  | 2805 | Animal Control                                 | 618              |            | 0%          | -             | 1.50         | 2%          | 618           |
|                                  | 4605 | Planning & Zoning                              | 618              |            | 0%          | -             | 1.50         | 2%          | 618           |
|                                  | 4705 | Community & Economic Development               | -                |            | 0%          | -             |              | 0%          | -             |
|                                  | 4805 | Building & Code Enforcement                    | 618              |            | 0%          | -             | 1.50         | 2%          | 618           |
|                                  | 4905 | Community Promotion                            | -                |            | 0%          | -             |              | 0%          | -             |
|                                  | 6615 | Senior Services                                | 206              |            | 0%          | -             | 0.50         | 1%          | 206           |
|                                  | 6620 | Parks & Facilities                             | 1,001            |            | 0%          | -             | 2.43         | 4%          | 1,001         |
|                                  | 6625 | Recreation Programs                            | -                |            | 0%          | -             |              | 0%          | -             |
| 205                              |      | Water  | 4,589            | 14.18      | 7%          | 1,880         | 6.58         | 10%         | 2,709         |
| 210                              |      | Solid Waste                                    | 700              | 5.28       | 2%          | 700           |              | 0%          | -             |
| 215                              |      | Sewer  | 3,438            | 6.65       | 3%          | 882           | 6.21         | 9%          | 2,557         |
| 220                              |      | Storm Drain                                    | 517              | 1.63       | 1%          | 216           | 0.73         | 1%          | 301           |
| 330                              |      | Airport  | 1,256            | 9.01       | 4%          | 1,194         | 0.15         | 0%          | 62            |
| 101                              |      | GasTax   | 398              | 3.00       | 1%          | 398           |              | 0%          | -             |
| 300                              |      | Regional Surface Transportation Program (RSTP) | -                |            | 0%          | -             |              | 0%          | -             |
| 305                              |      | Streets & Roads- LTF                           | 4,131            | 18.86      | 9%          | 2,500         | 3.96         | 6%          | 1,631         |
| 310                              |      | Maintenance Assessment District                | -                |            | 0%          | -             |              | 0%          | -             |
| 320                              |      | Measure T                                      | -                |            | 0%          | -             |              | 0%          | -             |
| 325                              |      | Transit  | 1,375            | 6.40       | 3%          | 848           | 1.28         | 2%          | 527           |
| 410                              |      | Public Safety Grants                           | -                |            | 0%          | -             |              | 0%          | -             |
| 415                              |      | CDBG grant PI                                  | 44               | 0.33       | 0%          | 44            |              | 0%          | -             |
| 416                              |      | 2014 CDBG Grant                                | -                |            | 0%          | -             |              | 0%          | -             |
| 420                              |      | HOME Grant PI                                  | 309              | 2.33       | 1%          | 309           |              | 0%          | -             |
| 421                              |      | HOME 2012 Grant                                | -                |            | 0%          | -             |              | 0%          | -             |
| 425                              |      | Economic Development Block Grants (EDBG)       | 133              | 1.00       | 0%          | 133           |              | 0%          | -             |
| 500                              |      | Police Impact Fees                             | -                |            | 0%          | -             |              | 0%          | -             |
| 505                              |      | Fire Impact Fees                               | -                |            | 0%          | -             |              | 0%          | -             |
| 515                              |      | SR99 Ave 26 Interchange                        | -                |            | 0%          | -             |              | 0%          | -             |
| 520                              |      | SR99 RD 17                                     | -                |            | 0%          | -             |              | 0%          | -             |
| 522                              |      | RD 16 1/2 Improvement Fund                     | -                |            | 0%          | -             |              | 0%          | -             |
| 525                              |      | Storm Drain Capital Reserve                    | -                |            | 0%          | -             |              | 0%          | -             |
| 530                              |      | Signalization Impact Fund                      | -                |            | 0%          | -             |              | 0%          | -             |
| 545                              |      | Waste Water System Capital Reserve             | -                |            | 0%          | -             |              | 0%          | -             |
| 560                              |      | Park Development Fees                          | -                |            | 0%          | -             |              | 0%          | -             |
| 565                              |      | Park Grants                                    | -                |            | 0%          | -             |              | 0%          | -             |
| 570                              |      | Water System Capital Reserve                   | -                |            | 0%          | -             |              | 0%          | -             |
| 575                              |      | Public Building Impact Fees                    | -                |            | 0%          | -             |              | 0%          | -             |
| 800                              |      | Community Facilities District (CFD)            | -                |            | 0%          | -             |              | 0%          | -             |
| 601                              |      | Fleet  | 573              | 1.06       | 0%          | 141           | 1.05         | 2%          | 432           |
| 602                              |      | Information Technology                         | 1,124            | 2.11       | 1%          | 280           | 2.05         | 3%          | 844           |
| 915                              |      | Public Facilities Authority Street Bond        | -                |            | 0%          | -             |              | 0%          | -             |
| 916                              |      | 2005 Civic Center Bond                         | -                |            | 0%          | -             |              | 0%          | -             |
| 917                              |      | Public Safety Bond                             | -                |            | 0%          | -             |              | 0%          | -             |
| 540                              |      | Greenhills Assessment District                 | 133              | 1.00       | 0%          | 133           |              | 0%          | -             |
| 542                              |      | Pheasant Run Assessment District               | -                |            | 0%          | -             |              | 0%          | -             |
| 956                              |      | Successor Agency                               | 2,600            | 19.61      | 9%          | 2,600         |              | 0%          | -             |
| <b>Totals</b>                    |      |  | <b>56,738</b>    | <b>214</b> | <b>100%</b> | <b>28,369</b> | <b>68.90</b> | <b>100%</b> | <b>28,369</b> |

# **City of Chowchilla**

## **City Clerk**

### Description of Service:

The City Clerk is the local official administering democratic processes such as elections, access to city records, and all legislative actions ensuring transparency to the public. The City clerk acts as a compliance officer for federal, state and local statutes including the Political Reform Act. The City Clerk manages public inquiries and relationships and arranges for ceremonial and official functions. The City Clerk assists in the administration of risk exposure reduction and participates on the Central Valley Risk Management Authority (CSJVRMA) Board of Directors as an alternate board member. The City Clerk gives administrative direction, manages and coordinates the day to day operation of the City Clerk's Office and the Administrative Services Department including Human Resources, Risk Management, Community Relations, and Transit. The City Clerk manages public inquiries and relationships and arranges for ceremonial and official functions.

The City Clerk prepares City council and other agency and authority agendas for review by the City Administrator; prepares meeting notices, proclamations, and certificates, and coordinates with recipient for scheduling on Council agenda; duplicates and distributes agenda packets; prepares Council chambers for meetings; publishes ordinances, resolutions, and notices of public hearings; posts and mails notices of public hearing and Council actions affecting local residents; ensures compliance with the Brown Act; oversees the receipt and maintenance of official City documents and records; summarizes Council actions and instruction to City staff; prepare Local Appointments List; provides for codification of the Municipal Code; administers the electronic imaging system; coordinates Records Management tasks across departments; assists in the development and preparation of the annual preliminary budget for the Department; review and evaluate budgetary and financial data; monitor and control income and expenditures in accordance with established limitations; oversees the City's bidding process by ensuring compliance with bidding procedures, scheduling bid openings; serves as the Elections Official and serves many other city functions.

### Allocation Method:

- 40% of the City Council's budget is allocated based on a sample of agenda items.
- 40% of the City Council's budget is allocated based on the number of FTE's per department/program.
- 20% of the City Council's budget is not allocated. This recognizes that a portion of City Council's time is spent on non-administrative type functions.

| <b>Costs to Be Allocated-City Clerk</b> |                   |                  |                  |                  |
|---|-------------------|------------------|------------------|------------------|
|   | TOTAL             | AGENDA           | FTE              | NON<br>ALLOCABLE |
|   |                   | 40%              | 40%              | 20%              |
| Personnel Costs                         | \$ 106,269        | \$ 42,508        | \$ 42,508        | \$ 21,254        |
| <b>Other Expenses and costs</b>         |                   |                  |                  |                  |
| Supplies                                | 1,000             | 400              | 400              | 200              |
| Printing and Publications               | 2,900             | 1,160            | 1,160            | 580              |
| Services                                | 5,856             | 2,342            | 2,342            | 1,171            |
| Travel/Meetings/Dues/Memberships        | 8,500             | 3,400            | 3,400            | 1,700            |
| Elections                               | 16,000            | 6,400            | 6,400            | 3,200            |
| <b>OPERATIONAL EXPENDITURES</b>         | <b>\$ 140,525</b> | <b>\$ 56,210</b> | <b>\$ 56,210</b> | <b>\$ 28,105</b> |

| Detail Allocations- City Clerk |      |  | AGENDA           |            |             | 56,210        | FTE          | 56,210      |               |
|--------------------------------|------|--|------------------|------------|-------------|---------------|--------------|-------------|---------------|
| Fund                           | Dept | Description                                    | TOTAL ALLOCATION | Dist Base  | %           | Allocation    | Dist Base    | %           | Allocation    |
| 100                            | 1605 | City Council                                   | 816              |            | 0%          | -             | 1.00         | 1%          | 816           |
|                                | 1610 | City Clerk                                     | 775              |            | 0%          | -             | 0.95         | 1%          | 775           |
|                                | 1615 | City Attorney                                  | -                |            | 0%          | -             |              | 0%          | -             |
|                                | 1705 | General Services- General Government           | 31,927           | 121.55     | 57%         | 31,927        |              | 0%          | -             |
|                                | 1710 | Administrative Services                        | 2,660            |            | 0%          | -             | 3.26         | 5%          | 2,660         |
|                                | 1712 | City Property                                  | -                |            | 0%          | -             |              | 0%          | -             |
|                                | 1720 | Finance  | 4,438            |            | 0%          | -             | 5.44         | 8%          | 4,438         |
|                                | 1725 | Property Taxes                                 | -                |            | 0%          | -             |              | 0%          | -             |
|                                | 2610 | Police Sworn                                   | 19,547           |            | 0%          | -             | 23.96        | 35%         | 19,547        |
|                                | 2615 | Police NET                                     | 1,632            |            | 0%          | -             | 2.00         | 3%          | 1,632         |
|                                | 2617 | Police- Special Investigations                 | -                |            | 0%          | -             |              | 0%          | -             |
|                                | 2618 | Police- K-9                                    | 1,632            |            | 0%          | -             | 2.00         | 3%          | 1,632         |
|                                | 2705 | Fire   | 693              |            | 0%          | -             | 0.85         | 1%          | 693           |
|                                | 2805 | Animal Control                                 | 1,224            |            | 0%          | -             | 1.50         | 2%          | 1,224         |
|                                | 4605 | Planning & Zoning                              | 1,224            |            | 0%          | -             | 1.50         | 2%          | 1,224         |
|                                | 4705 | Community & Economic Development               | -                |            | 0%          | -             |              | 0%          | -             |
|                                | 4805 | Building & Code Enforcement                    | 1,224            |            | 0%          | -             | 1.50         | 2%          | 1,224         |
|                                | 4905 | Community Promotion                            | -                |            | 0%          | -             |              | 0%          | -             |
|                                | 6615 | Senior Services                                | 408              |            | 0%          | -             | 0.50         | 1%          | 408           |
|                                | 6620 | Parks & Facilities                             | 1,982            |            | 0%          | -             | 2.43         | 4%          | 1,982         |
|                                | 6625 | Recreation Programs                            | -                |            | 0%          | -             |              | 0%          | -             |
| 205                            |      | Water  | 9,093            | 14.18      | 7%          | 3,725         | 6.58         | 10%         | 5,368         |
| 210                            |      | Solid Waste                                    | 1,387            | 5.28       | 2%          | 1,387         |              | 0%          | -             |
| 215                            |      | Sewer  | 6,813            | 6.65       | 3%          | 1,747         | 6.21         | 9%          | 5,066         |
| 220                            |      | Storm Drain                                    | 1,024            | 1.63       | 1%          | 428           | 0.73         | 1%          | 596           |
| 330                            |      | Airport  | 2,489            | 9.01       | 4%          | 2,367         | 0.15         | 0%          | 122           |
| 101                            |      | GasTax   | 788              | 3.00       | 1%          | 788           |              | 0%          | -             |
| 300                            |      | Regional Surface Transportation Program (RSTP) | -                |            | 0%          | -             |              | 0%          | -             |
| 305                            |      | Streets & Roads- LTF                           | 8,184            | 18.86      | 9%          | 4,954         | 3.96         | 6%          | 3,231         |
| 310                            |      | Maintenance Assessment District                | -                |            | 0%          | -             |              | 0%          | -             |
| 320                            |      | Measure T                                      | -                |            | 0%          | -             |              | 0%          | -             |
| 325                            |      | Transit  | 2,725            | 6.40       | 3%          | 1,681         | 1.28         | 2%          | 1,044         |
| 410                            |      | Public Safety Grants                           | -                |            | 0%          | -             |              | 0%          | -             |
| 415                            |      | CDBG grant PI                                  | 87               | 0.33       | 0%          | 87            |              | 0%          | -             |
| 416                            |      | 2014 CDBG Grant                                | -                |            | 0%          | -             |              | 0%          | -             |
| 420                            |      | HOME Grant PI                                  | 612              | 2.33       | 1%          | 612           |              | 0%          | -             |
| 421                            |      | HOME 2012 Grant                                | -                |            | 0%          | -             |              | 0%          | -             |
| 425                            |      | Economic Development Block Grants (EDBG)       | 263              | 1.00       | 0%          | 263           |              | 0%          | -             |
| 500                            |      | Police Impact Fees                             | -                |            | 0%          | -             |              | 0%          | -             |
| 505                            |      | Fire Impact Fees                               | -                |            | 0%          | -             |              | 0%          | -             |
| 515                            |      | SR99 Ave 26 Interchange                        | -                |            | 0%          | -             |              | 0%          | -             |
| 520                            |      | SR99 RD 17                                     | -                |            | 0%          | -             |              | 0%          | -             |
| 522                            |      | RD 16 1/2 Improvement Fund                     | -                |            | 0%          | -             |              | 0%          | -             |
| 525                            |      | Storm Drain Capital Reserve                    | -                |            | 0%          | -             |              | 0%          | -             |
| 530                            |      | Signalization Impact Fund                      | -                |            | 0%          | -             |              | 0%          | -             |
| 545                            |      | Waste Water System Capital Reserve             | -                |            | 0%          | -             |              | 0%          | -             |
| 560                            |      | Park Development Fees                          | -                |            | 0%          | -             |              | 0%          | -             |
| 565                            |      | Park Grants                                    | -                |            | 0%          | -             |              | 0%          | -             |
| 570                            |      | Water System Capital Reserve                   | -                |            | 0%          | -             |              | 0%          | -             |
| 575                            |      | Public Building Impact Fees                    | -                |            | 0%          | -             |              | 0%          | -             |
| 800                            |      | Community Facilities District (CFD)            | -                |            | 0%          | -             |              | 0%          | -             |
| 601                            |      | Fleet  | 1,135            | 1.06       | 0%          | 278           | 1.05         | 2%          | 857           |
| 602                            |      | Information Technology                         | 2,227            | 2.11       | 1%          | 554           | 2.05         | 3%          | 1,672         |
| 915                            |      | Public Facilities Authority Street Bond        | -                |            | 0%          | -             |              | 0%          | -             |
| 916                            |      | 2005 Civic Center Bond                         | -                |            | 0%          | -             |              | 0%          | -             |
| 917                            |      | Public Safety Bond                             | -                |            | 0%          | -             |              | 0%          | -             |
| 540                            |      | Greenhills Assessment District                 | 263              | 1.00       | 0%          | 263           |              | 0%          | -             |
| 542                            |      | Pheasant Run Assessment District               | -                |            | 0%          | -             |              | 0%          | -             |
| 956                            |      | Successor Agency                               | 5,151            | 19.61      | 9%          | 5,151         |              | 0%          | -             |
| <b>Totals</b>                  |      |  | <b>112,420</b>   | <b>214</b> | <b>100%</b> | <b>56,210</b> | <b>68.90</b> | <b>100%</b> | <b>56,210</b> |

# **City of Chowchilla City Attorney**

## Description of Service:

The City Attorney serves the citizens of Chowchilla as its Chief Legal Advisor. The City Attorney defends and protects the City from losses when lawsuits are filed against it, seeks monetary recovery on behalf of the City and provides legal support and advice to the City Council, City Administrator and City Departments

The City Attorney reviews all agenda items to ensure accuracy and that all laws are being adhered to, gives direction to staff regarding legal matters, reviews all contracts for accuracy and to make sure the City's best interest are being considered and provides labor law advice.

## Allocation Method:

- 100% of the City Attorney's budget is allocated based on a sample of Agenda items

| <b>Costs to Be Allocated-City Attorney</b> |                   |                   |
|--|-------------------|-------------------|
|  | TOTAL             | AGENDA            |
|  |                   | 100%              |
| Personnel Costs                            |                   | \$ -              |
| <b>Other Expenses and costs</b>            |                   |                   |
| Supplies                                   |                   | -                 |
| Printing and Publications                  |                   | -                 |
| Services                                   | 120,000           | 120,000           |
| Travel/Meetings/Dues/Memberships           |                   | -                 |
| Elections                                  |                   | -                 |
| <b>OPERATIONAL EXPENDITURES</b>            | <b>\$ 120,000</b> | <b>\$ 120,000</b> |

| Detail Allocations- City Attorney |      |  | AGENDA           |            |             | 120,000        |
|-----------------------------------|------|--|------------------|------------|-------------|----------------|
| Fund                              | Dept | Description                                    | TOTAL ALLOCATION | Dist Base  | %           | Allocation     |
| 100                               | 1605 | City Council                                   | -                |            | 0%          | -              |
|                                   | 1610 | City Clerk                                     | -                |            | 0%          | -              |
|                                   | 1615 | City Attorney                                  | -                |            | 0%          | -              |
|                                   | 1705 | General Services- General Government           | 68,159           | 121.55     | 57%         | 68,159         |
|                                   | 1710 | Administrative Services                        | -                |            | 0%          | -              |
|                                   | 1712 | City Property                                  | -                |            | 0%          | -              |
|                                   | 1720 | Finance  | -                |            | 0%          | -              |
|                                   | 1725 | Property Taxes                                 | -                |            | 0%          | -              |
|                                   | 2610 | Police Sworn                                   | -                |            | 0%          | -              |
|                                   | 2615 | Police NET                                     | -                |            | 0%          | -              |
|                                   | 2617 | Police- Special Investigations                 | -                |            | 0%          | -              |
|                                   | 2618 | Police- K-9                                    | -                |            | 0%          | -              |
|                                   | 2705 | Fire   | -                |            | 0%          | -              |
|                                   | 2805 | Animal Control                                 | -                |            | 0%          | -              |
|                                   | 4605 | Planning & Zoning                              | -                |            | 0%          | -              |
|                                   | 4705 | Community & Economic Development               | -                |            | 0%          | -              |
|                                   | 4805 | Building & Code Enforcement                    | -                |            | 0%          | -              |
|                                   | 4905 | Community Promotion                            | -                |            | 0%          | -              |
|                                   | 6615 | Senior Services                                | -                |            | 0%          | -              |
|                                   | 6620 | Parks & Facilities                             | -                |            | 0%          | -              |
|                                   | 6625 | Recreation Programs                            | -                |            | 0%          | -              |
| 205                               |      | Water  | 7,951            | 14.18      | 7%          | 7,951          |
| 210                               |      | Solid Waste                                    | 2,961            | 5.28       | 2%          | 2,961          |
| 215                               |      | Sewer  | 3,729            | 6.65       | 3%          | 3,729          |
| 220                               |      | Storm Drain                                    | 914              | 1.63       | 1%          | 914            |
| 330                               |      | Airport  | 5,052            | 9.01       | 4%          | 5,052          |
| 101                               |      | GasTax   | 1,682            | 3.00       | 1%          | 1,682          |
| 300                               |      | Regional Surface Transportation Program (RSTP) | -                |            | 0%          | -              |
| 305                               |      | Streets & Roads- LTF                           | 10,576           | 18.86      | 9%          | 10,576         |
| 310                               |      | Maintenance Assessment District                | -                |            | 0%          | -              |
| 320                               |      | Measure T                                      | -                |            | 0%          | -              |
| 325                               |      | Transit  | 3,589            | 6.40       | 3%          | 3,589          |
| 410                               |      | Public Safety Grants                           | -                |            | 0%          | -              |
| 415                               |      | CDBG grant PI                                  | 185              | 0.33       | 0%          | 185            |
| 416                               |      | 2014 CDBG Grant                                | -                |            | 0%          | -              |
| 420                               |      | HOME Grant PI                                  | 1,307            | 2.33       | 1%          | 1,307          |
| 421                               |      | HOME 2012 Grant                                | -                |            | 0%          | -              |
| 425                               |      | Economic Development Block Grants (EDBG)       | 561              | 1.00       | 0%          | 561            |
| 500                               |      | Police Impact Fees                             | -                |            | 0%          | -              |
| 505                               |      | Fire Impact Fees                               | -                |            | 0%          | -              |
| 515                               |      | SR99 Ave 26 Interchange                        | -                |            | 0%          | -              |
| 520                               |      | SR99 RD 17                                     | -                |            | 0%          | -              |
| 522                               |      | RD 16 1/2 Improvement Fund                     | -                |            | 0%          | -              |
| 525                               |      | Storm Drain Capital Reserve                    | -                |            | 0%          | -              |
| 530                               |      | Signalization Impact Fund                      | -                |            | 0%          | -              |
| 545                               |      | Waste Water System Capital Reserve             | -                |            | 0%          | -              |
| 560                               |      | Park Development Fees                          | -                |            | 0%          | -              |
| 565                               |      | Park Grants                                    | -                |            | 0%          | -              |
| 570                               |      | Water System Capital Reserve                   | -                |            | 0%          | -              |
| 575                               |      | Public Building Impact Fees                    | -                |            | 0%          | -              |
| 800                               |      | Community Facilities District (CFD)            | -                |            | 0%          | -              |
| 601                               |      | Fleet  | 594              | 1.06       | 0%          | 594            |
| 602                               |      | Information Technology                         | 1,183            | 2.11       | 1%          | 1,183          |
| 915                               |      | Public Facilities Authority Street Bond        | -                |            | 0%          | -              |
| 916                               |      | 2005 Civic Center Bond                         | -                |            | 0%          | -              |
| 917                               |      | Public Safety Bond                             | -                |            | 0%          | -              |
| 540                               |      | Greenhills Assessment District                 | 561              | 1.00       | 0%          | 561            |
| 542                               |      | Pheasant Run Assessment District               | -                |            | 0%          | -              |
| 956                               |      | Successor Agency                               | 10,996           | 19.61      | 9%          | 10,996         |
|                                   |      | <b>Totals</b>                                  | <b>120,000</b>   | <b>214</b> | <b>100%</b> | <b>120,000</b> |

# **City of Chowchilla**

## **General Services**

### Description of Service:

The General Services Department provides services to the City as a whole and not one individual program. Expenses such as the Civic Center debt service payment, building operations and maintenance, audit expenses, postage, office supplies, building energy costs and City-Wide contracted services that benefit the entire City.

### Allocation Method:

- 100% of the Civic Center debt service payment is allocated based on an analysis performed in 2005 during the Phase I construction and pledged revenue sources that would pay for the debt service.
  
- 100% of remaining costs are allocated based on total budget per program.

| <b>Costs to Be Allocated-General Services</b> |                   |                |                          |
|---|-------------------|----------------|--------------------------|
|   | TOTAL             | Civic Center   | Total Budget per Program |
|   |                   | 100%           | 100%                     |
| Personnel Costs                               | \$ -              | \$ -           |                          |
| <b>Other Expenses and costs</b>               |                   |                |                          |
| Supplies                                      | 10,700            |                | 10,700                   |
| Printing and Publications                     |                   |                |                          |
| Services                                      | 103,065           |                | 103,065                  |
| Travel/Meetings/Dues/Memberships              |                   |                |                          |
| Energy  | 35,000            |                | 35,000                   |
| <b>OPERATIONAL EXPENDITURES</b>               | <b>\$ 148,765</b> | <b>\$ -</b>    | <b>\$ 148,765</b>        |
| <b>Debt Service- Civic Center</b>             | <b>368,338</b>    | <b>368,338</b> | <b>-</b>                 |

| Detail Allocations- General Services |      |  | Civic Ctr        |            | 368,338     | Total Budget   | 148,765           |             |                |
|--------------------------------------|------|--|------------------|------------|-------------|----------------|-------------------|-------------|----------------|
| Fund                                 | Dept | Description                                    | TOTAL ALLOCATION | Dist Base  | %           | Allocation     | Dist Base         | %           | Allocation     |
| 100                                  | 1605 | City Council                                   | 451              |            | 0%          | -              | 70,374            | 0%          | 451            |
|                                      | 1610 | City Clerk                                     | 902              |            | 0%          | -              | 140,526           | 1%          | 902            |
|                                      | 1615 | City Attorney                                  | 1,283            |            | 0%          | -              | 200,000           | 1%          | 1,283          |
|                                      | 1705 | General Services- General Government           | 117,955          | 31.00      | 31%         | 114,185        | 587,733           | 3%          | 3,771          |
|                                      | 1710 | Administrative Services                        | 2,830            |            | 0%          | -              | 441,107           | 2%          | 2,830          |
|                                      | 1712 | City Property                                  | 67               |            | 0%          | -              | 10,500            | 0%          | 67             |
|                                      | 1720 | Finance  | 4,159            |            | 0%          | -              | 648,336           | 3%          | 4,159          |
|                                      | 1725 | Property Taxes                                 | 4                |            | 0%          | -              | 550               | 0%          | 4              |
|                                      | 2610 | Police Sworn                                   | 18,493           |            | 0%          | -              | 2,882,561         | 12%         | 18,493         |
|                                      | 2615 | Police NET                                     | 1,236            |            | 0%          | -              | 192,580           | 1%          | 1,236          |
|                                      | 2617 | Police- Special Investigations                 | -                |            | 0%          | -              | 0                 | 0%          | -              |
|                                      | 2618 | Police- K-9                                    | 1,872            |            | 0%          | -              | 291,836           | 1%          | 1,872          |
|                                      | 2705 | Fire   | 2,823            |            | 0%          | -              | 440,004           | 2%          | 2,823          |
|                                      | 2805 | Animal Control                                 | 832              |            | 0%          | -              | 129,734           | 1%          | 832            |
|                                      | 4605 | Planning & Zoning                              | 1,716            |            | 0%          | -              | 267,508           | 1%          | 1,716          |
|                                      | 4705 | Community & Economic Development               | -                |            | 0%          | -              | 0                 | 0%          | -              |
|                                      | 4805 | Building & Code Enforcement                    | 1,442            |            | 0%          | -              | 224,809           | 1%          | 1,442          |
|                                      | 4905 | Community Promotion                            | 166              |            | 0%          | -              | 25,800            | 0%          | 166            |
|                                      | 6615 | Senior Services                                | 209              |            | 0%          | -              | 32,542            | 0%          | 209            |
|                                      | 6620 | Parks & Facilities                             | 2,029            |            | 0%          | -              | 316,253           | 1%          | 2,029          |
|                                      | 6625 | Recreation Programs                            | 193              |            | 0%          | -              | 30,050            | 0%          | 193            |
| 205                                  |      | Water  | 60,789           | 12.00      | 12%         | 44,201         | 2,585,634         | 11%         | 16,588         |
| 210                                  |      | Solid Waste                                    | 8,650            |            | 0%          | -              | 1,348,264         | 6%          | 8,650          |
| 215                                  |      | Sewer  | 39,542           | 8.00       | 8%          | 29,467         | 1,570,403         | 7%          | 10,075         |
| 220                                  |      | Storm Drain                                    | 7,964            | 2.00       | 2%          | 7,367          | 93,056            | 0%          | 597            |
| 330                                  |      | Airport  | 4,502            | 1.00       | 1%          | 3,683          | 127,619           | 1%          | 819            |
| 101                                  |      | GasTax   | 2,142            |            | 0%          | -              | 333,875           | 1%          | 2,142          |
| 300                                  |      | Regional Surface Transportation Program (RSTP) | 2,710            |            | 0%          | -              | 422,400           | 2%          | 2,710          |
| 305                                  |      | Streets & Roads- LTF                           | 11,843           |            | 0%          | -              | 1,845,917         | 8%          | 11,843         |
| 310                                  |      | Maintenance Assessment District                | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 320                                  |      | Measure T                                      | 2,912            |            | 0%          | -              | 453,880           | 2%          | 2,912          |
| 325                                  |      | Transit  | 3,607            |            | 0%          | -              | 562,164           | 2%          | 3,607          |
| 410                                  |      | Public Safety Grants                           | 653              |            | 0%          | -              | 101,800           | 0%          | 653            |
| 415                                  |      | CDBG grant PI                                  | 1,422            |            | 0%          | -              | 221,585           | 1%          | 1,422          |
| 416                                  |      | 2014 CDBG Grant                                | 6,416            |            | 0%          | -              | 1,000,000         | 4%          | 6,416          |
| 420                                  |      | HOME Grant PI                                  | 31               |            | 0%          | -              | 4,905             | 0%          | 31             |
| 421                                  |      | HOME 2012 Grant                                | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 425                                  |      | Economic Development Block Grants (EDBG)       | 205              |            | 0%          | -              | 31,965            | 0%          | 205            |
| 500                                  |      | Police Impact Fees                             | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 505                                  |      | Fire Impact Fees                               | 3,440            |            | 0%          | -              | 536,250           | 2%          | 3,440          |
| 515                                  |      | SR99 Ave 26 Interchange                        | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 520                                  |      | SR99 RD 17                                     | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 522                                  |      | RD 16 1/2 Improvement Fund                     | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 525                                  |      | Storm Drain Capital Reserve                    | 3                |            | 0%          | -              | 500               | 0%          | 3              |
| 530                                  |      | Signalization Impact Fund                      | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 545                                  |      | Waste Water System Capital Reserve             | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 560                                  |      | Park Development Fees                          | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 565                                  |      | Park Grants                                    | 5,448            |            | 0%          | -              | 849,167           | 4%          | 5,448          |
| 570                                  |      | Water System Capital Reserve                   | -                |            | 0%          | -              | 0                 | 0%          | -              |
| 575                                  |      | Public Building Impact Fees                    | 114,185          | 31.00      | 31%         | 114,185        | 0                 | 0%          | -              |
| 800                                  |      | Community Facilities District (CFD)            | 4,155            |            | 0%          | -              | 647,599           | 3%          | 4,155          |
| 601                                  |      | Fleet  | 1,295            |            | 0%          | -              | 201,881           | 1%          | 1,295          |
| 602                                  |      | Information Technology                         | 2,701            |            | 0%          | -              | 420,947           | 2%          | 2,701          |
| 915                                  |      | Public Facilities Authority Street Bond        | 960              |            | 0%          | -              | 149,630           | 1%          | 960            |
| 916                                  |      | 2005 Civic Center Bond                         | 2,363            |            | 0%          | -              | 368,338           | 2%          | 2,363          |
| 917                                  |      | Public Safety Bond                             | -                |            | 0%          | -              | -                 | 0%          | -              |
| 540                                  |      | Greenhills Assessment District                 | 4,644            |            | 0%          | -              | 723,840           | 3%          | 4,644          |
| 542                                  |      | Pheasant Run Assessment District               | 3,093            |            | 0%          | -              | 482,092           | 2%          | 3,093          |
| 956                                  |      | Successor Agency                               | 62,767           | 15.00      | 15%         | 55,251         | 1,171,535         | 5%          | 7,516          |
| <b>Totals</b>                        |      |  | <b>517,103</b>   | <b>100</b> | <b>100%</b> | <b>368,338</b> | <b>23,188,050</b> | <b>100%</b> | <b>148,765</b> |

# **City of Chowchilla City Administration**

## Description of Service:

The City Administrator is charged with coordinating and directing the administration of the City within the framework of policy established by the City Council.

The City Administrator is responsible for directing the administration of departments and divisions, preparing and submitting the annual Budget, maintaining communications and good relations with the general public, advising the Council of the City's financial condition, and recommending to the Council measures or actions considered necessary for the welfare of the City and efficient operation of government.

The City Administrator is also the Executive Director of the Chowchilla Successor Agency, directs development and implementation of City General and utility plans, annexations, strategic financial planning, personnel administration, and intergovernmental coordination and liaison activities. Last but by no means least, the City Administrator's office provides clerical and staff assistance to the Mayor and City Council. In addition, the Department is charged with all Personnel functions, including recruitment, selection, benefits, administration and safety programs

## Allocation Method:

- 33% of the City Administrator's budget is allocated based on a sample of agenda items.
- 33% of the City Administrator's budget is allocated based on the number of FTE's per department program
- 34% of the City Administrator's budget is allocated based on total budget per program.

| <b>Costs to Be Allocated-City Administration</b> |                   |                   |                   |                             |
|--|-------------------|-------------------|-------------------|-----------------------------|
|  | TOTAL             | AGENDA            | FTE               | Total Budget<br>per Program |
|  |                   | 33%               | 33%               | 34%                         |
| Personnel Costs                                  | \$ 356,552        | \$ 117,662        | \$ 117,662        | \$ 121,228                  |
| <b>Other Expenses and costs</b>                  |                   |                   |                   |                             |
| Supplies   | 700               | 231               | 231               | 238                         |
| Printing and Publications                        | 500               | 165               | 165               | 170                         |
| Services   | 13,678            | 4,514             | 4,514             | 4,651                       |
| Travel/Meetings/Dues/Memberships                 | 14,800            | 4,884             | 4,884             | 5,032                       |
| <b>OPERATIONAL EXPENDITURES</b>                  | <b>\$ 386,230</b> | <b>\$ 127,456</b> | <b>\$ 127,456</b> | <b>\$ 131,318</b>           |

| Detail Allocations- City Administration |      |  | Agenda           |            |             | 127,456        | FTE          | 127,456     | Total Budget   | 131,318           |             |                |
|---|------|--|------------------|------------|-------------|----------------|--------------|-------------|----------------|-------------------|-------------|----------------|
| Fund                                    | Dept | Description                                    | TOTAL ALLOCATION | Dist Base  | %           | Allocation     | Dist Base    | %           | Allocation     | Dist Base         | %           | Allocation     |
| 100                                     | 1605 | City Council                                   | 2,248            |            | 0%          | -              | 1.00         | 1%          | 1,850          | 70,374            | 0%          | 399            |
|   | 1610 | City Clerk                                     | 2,553            |            | 0%          | -              | 0.95         | 1%          | 1,757          | 140,526           | 1%          | 796            |
|   | 1615 | City Attorney                                  | 1,133            |            | 0%          | -              |              | 0%          | -              | 200,000           | 1%          | 1,133          |
|   | 1705 | General Services- General Government           | 75,722           | 121.55     | 57%         | 72,394         |              | 0%          | -              | 587,733           | 3%          | 3,328          |
|   | 1710 | Administrative Services                        | 8,529            |            | 0%          | -              | 3.26         | 5%          | 6,031          | 441,107           | 2%          | 2,498          |
|   | 1712 | City Property                                  | 59               |            | 0%          | -              |              | 0%          | -              | 10,500            | 0%          | 59             |
|   | 1720 | Finance  | 13,735           |            | 0%          | -              | 5.44         | 8%          | 10,063         | 648,336           | 3%          | 3,672          |
|   | 1725 | Property Taxes                                 | 3                |            | 0%          | -              |              | 0%          | -              | 550               | 0%          | 3              |
|   | 2610 | Police Sworn                                   | 60,647           |            | 0%          | -              | 23.96        | 35%         | 44,323         | 2,882,561         | 12%         | 16,324         |
|   | 2615 | Police NET                                     | 4,790            |            | 0%          | -              | 2.00         | 3%          | 3,700          | 192,580           | 1%          | 1,091          |
|   | 2617 | Police- Special Investigations                 | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
|   | 2618 | Police- K-9                                    | 5,352            |            | 0%          | -              | 2.00         | 3%          | 3,700          | 291,836           | 1%          | 1,653          |
|   | 2705 | Fire   | 4,064            |            | 0%          | -              | 0.85         | 1%          | 1,572          | 440,004           | 2%          | 2,492          |
|   | 2805 | Animal Control                                 | 3,510            |            | 0%          | -              | 1.50         | 2%          | 2,775          | 129,734           | 1%          | 735            |
|   | 4605 | Planning & Zoning                              | 4,290            |            | 0%          | -              | 1.50         | 2%          | 2,775          | 267,508           | 1%          | 1,515          |
|   | 4705 | Community & Economic Development               | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
|   | 4805 | Building & Code Enforcement                    | 4,048            |            | 0%          | -              | 1.50         | 2%          | 2,775          | 224,809           | 1%          | 1,273          |
|   | 4905 | Community Promotion                            | 146              |            | 0%          | -              |              | 0%          | -              | 25,800            | 0%          | 146            |
|   | 6615 | Senior Services                                | 1,109            |            | 0%          | -              | 0.50         | 1%          | 925            | 32,542            | 0%          | 184            |
|   | 6620 | Parks & Facilities                             | 6,286            |            | 0%          | -              | 2.43         | 4%          | 4,495          | 316,253           | 1%          | 1,791          |
|   | 6625 | Recreation Programs                            | 170              |            | 0%          | -              |              | 0%          | -              | 30,050            | 0%          | 170            |
| 205                                     |      | Water  | 35,260           | 14.18      | 7%          | 8,445          | 6.58         | 10%         | 12,172         | 2,585,634         | 11%         | 14,643         |
| 210                                     |      | Solid Waste                                    | 10,780           | 5.28       | 2%          | 3,145          |              | 0%          | -              | 1,348,264         | 6%          | 7,635          |
| 215                                     |      | Sewer  | 24,342           | 6.65       | 3%          | 3,961          | 6.21         | 9%          | 11,488         | 1,570,403         | 7%          | 8,893          |
| 220                                     |      | Storm Drain                                    | 2,848            | 1.63       | 1%          | 971            | 0.73         | 1%          | 1,350          | 93,056            | 0%          | 527            |
| 330                                     |      | Airport  | 6,366            | 9.01       | 4%          | 5,366          | 0.15         | 0%          | 277            | 127,619           | 1%          | 723            |
| 101                                     |      | GasTax   | 3,678            | 3.00       | 1%          | 1,787          |              | 0%          | -              | 333,875           | 1%          | 1,891          |
| 300                                     |      | Regional Surface Transportation Program (RSTP) | 2,392            |            | 0%          | -              |              | 0%          | -              | 422,400           | 2%          | 2,392          |
| 305                                     |      | Streets & Roads- LTF                           | 29,012           | 18.86      | 9%          | 11,233         | 3.96         | 6%          | 7,325          | 1,845,917         | 8%          | 10,454         |
| 310                                     |      | Maintenance Assessment District                | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 320                                     |      | Measure T                                      | 2,570            |            | 0%          | -              |              | 0%          | -              | 453,880           | 2%          | 2,570          |
| 325                                     |      | Transit  | 9,363            | 6.40       | 3%          | 3,812          | 1.28         | 2%          | 2,368          | 562,164           | 2%          | 3,184          |
| 410                                     |      | Public Safety Grants                           | 577              |            | 0%          | -              |              | 0%          | -              | 101,800           | 0%          | 577            |
| 415                                     |      | CDBG grant PI                                  | 1,451            | 0.33       | 0%          | 197            |              | 0%          | -              | 221,585           | 1%          | 1,255          |
| 416                                     |      | 2014 CDBG Grant                                | 5,663            |            | 0%          | -              |              | 0%          | -              | 1,000,000         | 4%          | 5,663          |
| 420                                     |      | HOME Grant PI                                  | 1,415            | 2.33       | 1%          | 1,388          |              | 0%          | -              | 4,905             | 0%          | 28             |
| 421                                     |      | HOME 2012 Grant                                | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 425                                     |      | Economic Development Block Grants (EDBG)       | 777              | 1.00       | 0%          | 596            |              | 0%          | -              | 31,965            | 0%          | 181            |
| 500                                     |      | Police Impact Fees                             | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 505                                     |      | Fire Impact Fees                               | 3,037            |            | 0%          | -              |              | 0%          | -              | 536,250           | 2%          | 3,037          |
| 515                                     |      | SR99 Ave 26 Interchange                        | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 520                                     |      | SR99 RD 17                                     | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 522                                     |      | RD 16 1/2 Improvement Fund                     | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 525                                     |      | Storm Drain Capital Reserve                    | 3                |            | 0%          | -              |              | 0%          | -              | 500               | 0%          | 3              |
| 530                                     |      | Signalization Impact Fund                      | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 545                                     |      | Waste Water System Capital Reserve             | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 560                                     |      | Park Development Fees                          | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 565                                     |      | Park Grants                                    | 4,809            |            | 0%          | -              |              | 0%          | -              | 849,167           | 4%          | 4,809          |
| 570                                     |      | Water System Capital Reserve                   | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 575                                     |      | Public Building Impact Fees                    | -                |            | 0%          | -              |              | 0%          | -              | 0                 | 0%          | -              |
| 800                                     |      | Community Facilities District (CFD)            | 3,667            |            | 0%          | -              |              | 0%          | -              | 647,599           | 3%          | 3,667          |
| 601                                     |      | Fleet  | 3,717            | 1.06       | 0%          | 631            | 1.05         | 2%          | 1,942          | 201,881           | 1%          | 1,143          |
| 602                                     |      | Information Technology                         | 7,433            | 2.11       | 1%          | 1,257          | 2.05         | 3%          | 3,792          | 420,947           | 2%          | 2,384          |
| 915                                     |      | Public Facilities Authority Street Bond        | 847              |            | 0%          | -              |              | 0%          | -              | 149,630           | 1%          | 847            |
| 916                                     |      | 2005 Civic Center Bond                         | 2,086            |            | 0%          | -              |              | 0%          | -              | 368,338           | 2%          | 2,086          |
| 917                                     |      | Public Safety Bond                             | -                |            | 0%          | -              |              | 0%          | -              | -                 | 0%          | -              |
| 540                                     |      | Greenhills Assessment District                 | 4,695            | 1.00       | 0%          | 596            |              | 0%          | -              | 723,840           | 3%          | 4,099          |
| 542                                     |      | Pheasant Run Assessment District               | 2,730            |            | 0%          | -              |              | 0%          | -              | 482,092           | 2%          | 2,730          |
| 956                                     |      | Sucessor Agency                                | 18,314           | 19.61      | 9%          | 11,679         |              | 0%          | -              | 1,171,535         | 5%          | 6,635          |
| <b>Totals</b>                           |      |  | <b>386,230</b>   | <b>214</b> | <b>100%</b> | <b>127,456</b> | <b>68.90</b> | <b>100%</b> | <b>127,456</b> | <b>23,188,050</b> | <b>100%</b> | <b>131,318</b> |

# **City of Chowchilla**

## **Finance Department**

### *Description of Service:*

Under the direction of the Finance Director, this Department is charged with the overall financial and accounting records of the City, processing accounts payable and receivables, utility billing, fixed assets, bank reconciliations, purchasing, data processing, budget control, payroll, and business license.

### *Allocation Method:*

- 25% of the Finance Department budget represents Accounts Payable and Purchasing functions which are allocated based on paid invoices per program.
- 25% of the Finance Department budget represents Accounts receivable and Receipting functions which are allocated based on number of cash receipts processed per program
- 25% of the Finance Department budget represents Payroll functions and is allocated based on FTE equivalents per program.
- 25% of the Finance Department budget is allocated based on total budget per program.

| <b>Costs to Be Allocated-Finance</b> |                   |                   |                   |                   |                          |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|
|                                      | TOTAL             | Purchasing        | Receipts          | FTE               | Total Budget per Program |
|                                      |                   | 25%               | 25%               | 25%               | 25%                      |
| Personnel Costs                      | \$ 514,936        | \$ 128,734        | \$ 128,734        | \$ 128,734        | \$ 128,734               |
| <b>Other Expenses and costs</b>      |                   |                   |                   |                   |                          |
| Supplies                             | 2,000             | 500               | 500               | 500               | 500                      |
| Printing and Publications            | 500               | 125               | 125               | 125               | 125                      |
| Services                             | 77,392            | 19,348            | 19,348            | 19,348            | 19,348                   |
| Travel/Meetings/Dues/Memberships     | 4,500             | 1,125             | 1,125             | 1,125             | 1,125                    |
|                                      |                   |                   |                   |                   |                          |
| <b>OPERATIONAL EXPENDITURES</b>      | <b>\$ 599,328</b> | <b>\$ 149,832</b> | <b>\$ 149,832</b> | <b>\$ 149,832</b> | <b>\$ 149,832</b>        |



# **City of Chowchilla**

## **Streets and Roads**

### Description of Service:

The Streets and Roads Department is responsible for the maintenance and upkeep of all the roads in the City as well as the replacement of deteriorated roads and the construction of new roads. This also consists of curbs, gutters, sidewalks and American Disability Act upgrades. The City's roads are used by multiple departments and incur deterioration and damage as a result.

This Cost Plan section quantifies the refuse truck operations and water and sewer street cuts have on the City's public right of ways. The amortized cost of a reclamite (slurry) and an overlay are identified and a portion distributed to the Water, Solid Waste and Sewer funds

### Allocation Method:

- 12% of the amortization costs are allocated to the Water fund as a reflection of the amount of streets cuts and water vehicle damage that is done to the City's roads.
- 10% of the amortization costs are allocated to the Solid Waste fund as a reflection of the amount of damage done to City roads by the use of the Hauler's trucks. The last rate study allowed for 10.8% of the total administrative costs charged to be used for Operations and Maintenance and this 10% calculation falls within those parameters.
- 3% of the amortization costs are allocated to the Sewer fund as a reflection of the amount of streets cuts and water vehicle damage that is done to the City's roads. There are not as many street cuts and vehicles used by the sewer fund so it is substantially less than the Water fund allocation.

| <b>Costs to Be Allocated-Streets and Roads</b> |                     |                           |                   |
|--|---------------------|---------------------------|-------------------|
|  | TOTAL               | Degradation               |                   |
|  |                     | 100%                      |                   |
| Personnel Costs                                | \$ -                | \$ -                      |                   |
| <b>Other Expenses and costs</b>                |                     |                           |                   |
| Reclamine Seal                                 | 89,549              | 89,549                    |                   |
| Overlay  | 1,193,984           | 1,193,984                 |                   |
|  |                     |                           |                   |
|  |                     |                           |                   |
| <b>OPERATIONAL EXPENDITURES</b>                | <b>\$ 1,283,533</b> | <b>\$ 1,283,533</b>       |                   |
|  |                     |                           |                   |
| Miles of Road                                  | 53                  |                           |                   |
| Avg Road Width in Feet                         | 40                  |                           |                   |
|  |                     |                           |                   |
| Chowchilla Road Sq Ft                          | 11,193,600          |                           |                   |
|  |                     | Useful Life<br>(In Years) | Amortized<br>Cost |
| Reclamite Costs (\$0.04/sf)                    | 447,744             | 5                         | 89,549            |
| Overlay Cost (\$1.60/sf)                       | 17,909,760          | 15                        | 1,193,984         |
|  |                     |                           |                   |

| Detail Allocations- Streets and Roads |      |  | Degregation      |            |             | 1,283,533        |
|---------------------------------------|------|--|------------------|------------|-------------|------------------|
| Fund                                  | Dept | Description                                    | TOTAL ALLOCATION | Dist Base  | %           | Allocation       |
| 100                                   | 1605 | City Council                                   | -                |            | 0%          | -                |
|                                       | 1610 | City Clerk                                     | -                |            | 0%          | -                |
|                                       | 1615 | City Attorney                                  | -                |            | 0%          | -                |
|                                       | 1705 | General Services- General Government           | -                |            | 0%          | -                |
|                                       | 1710 | Administrative Services                        | -                |            | 0%          | -                |
|                                       | 1712 | City Property                                  | -                |            | 0%          | -                |
|                                       | 1720 | Finance  | -                |            | 0%          | -                |
|                                       | 1725 | Property Taxes                                 | -                |            | 0%          | -                |
|                                       | 2610 | Police Sworn                                   | -                |            | 0%          | -                |
|                                       | 2615 | Police NET                                     | -                |            | 0%          | -                |
|                                       | 2617 | Police- Special Investigations                 | -                |            | 0%          | -                |
|                                       | 2618 | Police- K-9                                    | -                |            | 0%          | -                |
|                                       | 2705 | Fire   | -                |            | 0%          | -                |
|                                       | 2805 | Animal Control                                 | -                |            | 0%          | -                |
|                                       | 4605 | Planning & Zoning                              | -                |            | 0%          | -                |
|                                       | 4705 | Community & Economic Development               | -                |            | 0%          | -                |
|                                       | 4805 | Building & Code Enforcement                    | -                |            | 0%          | -                |
|                                       | 4905 | Community Promotion                            | -                |            | 0%          | -                |
|                                       | 6615 | Senior Services                                | -                |            | 0%          | -                |
|                                       | 6620 | Parks & Facilities                             | -                |            | 0%          | -                |
|                                       | 6625 | Recreation Programs                            | -                |            | 0%          | -                |
| 205                                   |      | Water  | 154,024          | 12         | 12%         | 154,024          |
| 210                                   |      | Solid Waste                                    | 128,353          | 10         | 10%         | 128,353          |
| 215                                   |      | Sewer  | 38,506           | 3          | 3%          | 38,506           |
| 220                                   |      | Storm Drain                                    | -                |            | 0%          | -                |
| 330                                   |      | Airport  | -                |            | 0%          | -                |
| 101                                   |      | GasTax   | -                |            | 0%          | -                |
| 300                                   |      | Regional Surface Transportation Program (RSTP) | -                |            | 0%          | -                |
| 305                                   |      | Streets & Roads- LTF                           | 962,650          | 75         | 75%         | 962,650          |
| 310                                   |      | Maintenance Assessment District                | -                |            | 0%          | -                |
| 320                                   |      | Measure T                                      | -                |            | 0%          | -                |
| 325                                   |      | Transit  | -                |            | 0%          | -                |
| 410                                   |      | Public Safety Grants                           | -                |            | 0%          | -                |
| 415                                   |      | CDBG grant PI                                  | -                |            | 0%          | -                |
| 416                                   |      | 2014 CDBG Grant                                | -                |            | 0%          | -                |
| 420                                   |      | HOME Grant PI                                  | -                |            | 0%          | -                |
| 421                                   |      | HOME 2012 Grant                                | -                |            | 0%          | -                |
| 425                                   |      | Economic Development Block Grants (EDBG)       | -                |            | 0%          | -                |
| 500                                   |      | Police Impact Fees                             | -                |            | 0%          | -                |
| 505                                   |      | Fire Impact Fees                               | -                |            | 0%          | -                |
| 515                                   |      | SR99 Ave 26 Interchange                        | -                |            | 0%          | -                |
| 520                                   |      | SR99 RD 17                                     | -                |            | 0%          | -                |
| 522                                   |      | RD 16 1/2 Improvement Fund                     | -                |            | 0%          | -                |
| 525                                   |      | Storm Drain Capital Reserve                    | -                |            | 0%          | -                |
| 530                                   |      | Signalization Impact Fund                      | -                |            | 0%          | -                |
| 545                                   |      | Waste Water System Capital Reserve             | -                |            | 0%          | -                |
| 560                                   |      | Park Development Fees                          | -                |            | 0%          | -                |
| 565                                   |      | Park Grants                                    | -                |            | 0%          | -                |
| 570                                   |      | Water System Capital Reserve                   | -                |            | 0%          | -                |
| 575                                   |      | Public Building Impact Fees                    | -                |            | 0%          | -                |
| 800                                   |      | Community Facilities District (CFD)            | -                |            | 0%          | -                |
| 601                                   |      | Fleet  | -                |            | 0%          | -                |
| 602                                   |      | Information Technology                         | -                |            | 0%          | -                |
| 915                                   |      | Public Facilities Authority Street Bond        | -                |            | 0%          | -                |
| 916                                   |      | 2005 Civic Center Bond                         | -                |            | 0%          | -                |
| 917                                   |      | Public Safety Bond                             | -                |            | 0%          | -                |
| 540                                   |      | Greenhills Assessment District                 | -                |            | 0%          | -                |
| 542                                   |      | Pheasant Run Assessment District               | -                |            | 0%          | -                |
| 956                                   |      | Sucessor Agency                                | -                |            | 0%          | -                |
| <b>Totals</b>                         |      |  | <b>1,283,533</b> | <b>100</b> | <b>100%</b> | <b>1,283,533</b> |