



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



**AGENDA OF THE
REGULAR MEETING OF THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

September 13, 2012

10:00 a.m.

**League of California Cities
1400 K Street, 3rd Floor
Sacramento, California**

Teleconference Locations

Butte County
7 County Center Drive
Orville, CA 95965

27788 Hidden Trail Road
Laguna Hills, CA 92677

3252 Southern Hills Drive
Fairfield, CA 94534

- I. Call the Roll (alternates designate which member they are representing).
- II. Approve the Minutes of the August 23, 2012 Regular Meeting.
- III. Staff Updates.
- IV. Approve Consent Calendar.
- V. Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

This ___ page agenda was posted at 1100 K Street, Sacramento, California on _____, 2012 at __: __ m,
Signed _____. Please fax signed page to (925) 933-8457.

- a. Morgan Hill Retirement Residence, L.P. (Morgan Hill Retirement Residence), City of Morgan Hill, County of Santa Clara; up to \$19 million in multi-family housing debt obligations.
- b. Villa Robles, L.P. (Villa Robles Apartments), City of Porterville, County of Tulare; up to \$4,984,000 in multi-family housing debt obligations.
- c. Casa Velasco Housing, L.P. (Casa Velasco Apartments), City of Fresno, County of Fresno; up to \$9 million in multi-family housing debt obligations.
- d. Total Road Improvement Program (TRIP) Approval, City of Barstow, County of San Bernardino; up to \$25,000,000 in Gas Excise Tax Securitization Bonds.
- e. Total Road Improvement Program (TRIP) Approval, City of Chico, Butte County; up to \$7,000,000 in Gas Excise Tax Securitization Bonds.

VI. Discuss and approve CSCDA financials.

VII. Public Comment.

VIII. Adjourn.



**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
CONSENT CALENDAR**

1. Induce the following projects:
 - a. Standard Property Company (Wong Center Apartments), City of Sacramento, County of Sacramento; issue up to \$34 million in multi-family housing debt obligations.
 - b. Category III Development (Park Village Apartments), City of Stockton, County of San Joaquin; issue up to \$12 million in multi-family housing debt obligations.
2. Approve the following invoice for payment:
 - a. Orrick, Herrington & Sutcliffe, L.L.P Invoice #1380070

Thursday, September 13, 2012

Note: Persons requiring disability-related modification or accommodation to participate in this public meeting should contact (925) 933-9229, extension 225.

Item II

Approve the Minutes of the August 23, 2012 Regular Meeting.

**REGULAR MEETING OF THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

California State Association of Counties
1100 K Street, Sacramento, California

August 23, 2012

MINUTES

Commission Chair Larry Combs called the meeting to order at 10:02 a.m.

I. Roll Call

Commission members present: Larry Combs. Commission members participating by conference telephone: Russ Branson, Tim Snellings and Alternate Commissioner Dan Mierzwa representing Commissioner Terry Schutten.

Others present included: Caitlin Lancot, CSCDA staff; Laura Labanieh, CSAC Finance Corporation; Dan Harrison, League of California Cities; and Mark Paxson, State Treasurer's Office. Participating by conference telephone: James Hamill and Scott Carper, CSCDA staff; and Greg Stepanicich, Richards Watson & Gershon.

II. Approval of Minutes—August 9, 2012

The commission approved the minutes for the meeting held August 9, 2012.

Motion by Mierzwa; second by Snellings; unanimously approved by roll-call vote.

III. Staff Updates. There were none.

IV. Community Facilities District; Fancher Creek—Intention to Establish

The commission approved the resolution of intention to establish CSCDA Community Facilities District No. 2012-01 (Fancher Creek in the City of Fresno) and to levy a special tax therein to finance the construction and acquisition of certain public facilities and to finance certain development impact fees, and authorized any member of the commission or Authorized Signatory to sign all necessary documents.

Motion by Branson; second by Snellings; unanimously approved by roll-call vote.

V. Community Facilities District; Fancher Creek—Bonded Indebtedness

The commission approved the following actions:

- A. Approved the resolution to incur bonded indebtedness to finance certain development impact fees and the acquisition and construction of certain public facilities to mitigate the impacts of the development within the CSCDA Community Facilities District No. 2012-01 (Fancher Creek in the City of Fresno).
- B. Authorized any member of the commission or Authorized Signatory to sign all necessary documents.
- C. Set the public hearing for protests and further consideration for October 11, 2012.

Motion by Branson; second by Snellings; unanimously approved by roll-call vote.

VI. Adjustments to Annual Administration Fee

The commission approved a policy that requests for adjustments to annual administration fees will only be heard by the commission if the project has missed debt service payments.

Motion by Branson; second by Snellings; unanimously approved by roll-call vote.

VII. Public Comments. There were none.

VIII. Adjournment

Commission Chair Larry Combs adjourned the meeting at 10:17 a.m.

Submitted by: Daniel B. Harrison, Assistant to the Secretary

*The next meeting of the commission is scheduled for
Thursday, September 13, at 10:00 a.m.
in the League Office at 1400 K Street, Sacramento, CA.*

Item IV

Approve Consent Calendar

1. Induce the following projects:
 - a. Standard Property Company (Wong Center Apartments), City of Sacramento, County of Sacramento; issue up to \$34 million in multi-family housing debt obligations.



Building Communities, Investing in Local Government Since 1988

Housing Bond Application

APPLICANT INFORMATION

Application Number: **2012072**
Name of Developer: **Standard Property Company**
Primary Contact: **Jeffrey Jaeger**
Title: **Principal**
Address: **1801 Avenue of the Stars, Suite 515
Los Angeles, CA 90067**
Telephone Number: **(310) 553-5711**
Fax Number: **(310) 551-1666**
E-mail: **sgarchik@standardproperty.com**

BORROWER DESCRIPTION

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation
☐ Municipality ☒ Partnership
☐ Other (specify): _____

For Non-profits only: Will you be applying for State Volume Cap? **No**

Name of Borrowing Entity: **Standard Property Company**

Date Established: **9/1/12**

Number of Multi-Family Housing Projects Completed in the Last 10 Years: **50**

Number of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **10**

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/PLACEMENT AGENT

Firm: **Citibank, N.A.**

Contact: **Bryan Barker**

Address: **One Sansome Street, Suite 18th Floor
San Francisco, CA 94104**

Telephone: **(415) 627-6484**

Fax: **(415) 445-9965**

E-mail: **bryan.barker@citi.com**

BOND COUNSEL

Firm: **Orrick, Herrington & Sutcliffe**

Contact: **Tom Downey**

Address: **405 Howard Street
San Francisco, CA 94105**

Telephone: **(415) 773-5965**

Fax: **(415) 773-5759**

E-mail: **tdowney@orrick.com**

Application Number: **2012072 - Wong Center Apartments**

Name of Borrower: **Standard Property Company**

PROJECT DESCRIPTION

Current Project Name: **Wong Center Apartments**

New Project Name:

Project Street Address: **331 J Street**

City: **Sacramento** State: **CA** Zip Code: **95814**

County: **Sacramento**

Is Project located in unincorporated part of the County? **No**

Total Number of Units: Market: **0** Restricted: **187** Total Units: **187**

Lot Size: **20,400 SF**

Amenities: **Hair Salon, Laundry on Site, Controlled Access**

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings): **Concrete Over Steel Frame, 1 Building, 10 Stories**

Type of Housing: ☐ New Construction ☐ Family
☒ Acq/Rehab ☒ Senior Is this an Assisted Living Facility? **No**

City or county contact information:

Contact Name: _____

Title: _____

Phone Number: _____ Ext. _____

Fax Number: _____

E-mail: _____

PUBLIC BENEFIT

Percentage of Units in Low Income Housing: **100**

Percentage of Area Median Income(AMI) for Low Income Housing Units: **40% / 60%**

Total Number of Management Units: **3**

Unit Size	% AMI	# of Restricted Units	Restricted Rent	Market Rent	Expected Savings
Studio	60	106	\$950	\$1,203	\$253
1 Bedroom	60	81	\$1,249	\$1,591	\$342

Remarks: **HAP contract site One bedroom units are an average**

OTHER PUBLIC BENEFIT**SERVICES PROVIDED**

- ☐ High-speed internet service in each affordable unit of an on-going nature for a minimum of 10 years.
- ☐ After school program of an on going nature for the minimum of 10 years.
- ☐ Educational classes (which are not the same as the after school program) for a minimum of 10 years.
- ☐ Licensed childcare providing 20 hours or more per week(Monday through Friday) to residents of the development.
- ☒ Contract for services, such as assistance with the daily living activities, or provision of senior counseling services.

ENVIRONMENT**Energy**

Does the facility exceed Title 24 Standards? ☐ Yes ☒ No ☐ N/A

If Yes, by what percent? _____%

Does the facility have solar(PV) panels? ☐ Yes ☒ No ☐ N/A

If Yes, what is the size in kWh? _____

Does the facility purchase carbon credits? ☐ Yes ☒ No ☐ N/A

If Yes, what is the annual consumption? _____

Water

Does the facility provide any of the following:

Efficient Toilets? ☐ Yes ☒ No ☐ N/A

Water-saving showerheads? ☐ Yes ☒ No ☐ N/A

Drought tolerant landscaping? ☐ Yes ☒ No ☐ N/A

Other, specify: _____

Transportation

Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☐ No ☒ N/A

Does the entity maintain a fuel efficient fleet? ☐ Yes ☐ No ☒ N/A

Waste

Does the project provide recycling facilities? ☐ Yes ☐ No ☒ N/A

WORKFORCE**Employment Creation**

Job Type/Description	During Construction	Post Construction
Construction	10	0

GOVERNMENTAL INFORMATION

Congressional District #	State Senate District #	State Assembly District #
5	6	9

Application Number: **2012072 - Wong Center Apartments**

Name of Borrower: **Standard Property Company**

FINANCING STRUCTURE

Type of Financing: ☒ Public Sale ☐ Private Placement ☐ Refunding

For Refundings only: Will you be applying for State Volume Cap? **No**

For Refundings only: Is this a transfer of property to a new owner? _____

Maturity: **35 Years**

Interest Rate Mode: ☒ Fixed ☐ Variable

CONSTRUCTION FINANCING:

Credit Enhancement: ☐ None ☐ Letter of Credit
☒ FNMA(Fannie Mae) ☐ Freddie Mac
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **Citibank**

PERMANENT FINANCING:

Credit Enhancement: ☐ None ☐ Letter of Credit
☒ FNMA(Fannie Mae) ☐ Freddie Mac
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **Citibank**

Expected Rating: ☐ Unrated ☒ S & P **AAA**
☒ Moody's **AAA** ☐ Fitch _____

Projected State Allocation Pool: ☒ General ☐ Mixed Income ☐ Rural

Will the project use Tax-Credit as a source of funding?: **Yes**

SOURCES & USES

CONSTRUCTION SOURCES

Tax-Exempt Bond Proceeds:	\$28,000,000
Taxable Bond Proceeds:	
Tax Credits:	\$7,000,000
Developer Equity:	
Other Funds(Describe):	
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
TOTAL:	\$35,000,000

USES

Land Acquisition:	\$620,000
Building Acquisition:	\$19,380,000
Construction or Remodel:	\$6,000,000
Cost of Issuance:	\$2,500,000
Capitalized Interest:	
Reserves:	\$2,000,000
Other Funds(Describe):	
Acquisition Costs	\$2,000,000
Developer Fee	\$2,500,000
_____	_____
_____	_____
TOTAL:	\$35,000,000

Application Number: **2012072 - Wong Center Apartments**

Name of Borrower: **Standard Property Company**

PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: N/A	Firm: TBD
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

ADDITIONAL REQUIREMENT

Please provide the following as an additional attachment:

<u>Attachment</u>	<u>Description of Information</u>
-------------------	-----------------------------------

A	\$5,000 non-refundable* issuance fee deposit payable to "California Communities."
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*Refundable only if financing not approved.

MAILING ADDRESS

California Communities®
2033 N. Main St., Suite 700
Walnut Creek, CA 94596

Item IV

Approve Consent Calendar

1. Induce the following projects:
 - b. Category III Development (Park Village Apartments), City of Stockton, County of San Joaquin; issue up to \$10 million in multi-family housing debt obligations



Building Communities, Investing in Local Government Since 1988

Housing Bond Application

APPLICANT INFORMATION

Application Number: **2012074**
Name of Developer: **Category III Development Inc.**
Primary Contact: **Scott Shepherd**
Title: **President**
Address: **350 Sansome Street, Suite 400
San Francisco, CA 94104**
Telephone Number: **(415) 813-1472**
Fax Number: **(415) 294-9142**
E-mail: **scott@categoryiii.com**

BORROWER DESCRIPTION

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation
☐ Municipality ☒ Partnership
☐ Other (specify): _____

For Non-profits only: Will you be applying for State Volume Cap? **No**

Name of Borrowing Entity: **Park Village Apartments LP (or TBD)**

Date Established: **09/21/2012**

Number of Multi-Family Housing Projects Completed in the Last 10 Years: **10**

Number of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **10**

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/PLACEMENT AGENT

Firm: **Red Mortgage Capital**

Contact: **Hamilton Nicholas**

Address: **3033 5th Avenue, Suite 210
San Diego, CA 92103**

Telephone: **(619) 471-0117**

Fax: **(619) 471-0937**

E-mail: **nahamilton@redcapitalgroup.com**

BOND COUNSEL

Firm: **TBD**

Contact:

Address:

Telephone:

Fax:

E-mail:

Application Number: **2012074 - Park Village Apartments**

Name of Borrower: **Category III Development Inc.**

PROJECT DESCRIPTION

Current Project Name: **Park Village Apartments**

New Project Name:

Project Street Address: **3830 Alvarado Street**

City: **Stockton** State: **CA** Zip Code: **95204**

County: **San Joaquin**

Is Project located in unincorporated part of the County? **No**

Total Number of Units: Market: **0** Restricted: **207** Total Units: **207**

Lot Size: **7.85 acres**

Amenities: **Community Building with non-profit offices, resident manager offices, maintenance facility, community rooms, on-site laundry, basketball courts, gardens, perimeter fencing and gate access, close to parks and schools**

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings): **2 Story Wood Frame Garden Style, 19 Buildings Residential**

Type of Housing: ☐ New Construction ☒ Family
☒ Acq/Rehab ☐ Senior Is this an Assisted Living Facility? _____

City or county contact information:

Contact Name: **Lorraine (Loree) Islas**
Title: **Stockton Housing Manager**
Phone Number: **(209) 937-8075**
Fax Number: **(209) 937-5099**
E-mail: **lorraine.islas@stocktongov.com**

PUBLIC BENEFIT

Percentage of Units in Low Income Housing: **100%**

Percentage of Area Median Income(AMI) for Low Income Housing Units: **50% with 100% HAP**

Total Number of Management Units: **1**

Unit Size	% AMI	# of Restricted Units	Restricted Rent	Market Rent	Expected Savings
2 Bedrooms	50	185	\$681	\$904	\$223
4 Bedrooms	50	22	\$866	\$1,563	\$697

Remarks: **Restricted rent includes utility allowance of \$65 PU (2 Bd) and \$96PU (4 Bd); 1 3 Bd Manager Unit excluded**

OTHER PUBLIC BENEFIT**SERVICES PROVIDED**

- ☒ High-speed internet service in each affordable unit of an on-going nature for a minimum of 10 years.
- ☒ After school program of an on going nature for the minimum of 10 years.
- ☒ Educational classes (which are not the same as the after school program) for a minimum of 10 years.
- ☐ Licensed childcare providing 20 hours or more per week(Monday through Friday) to residents of the development.
- ☐ Contract for services, such as assistance with the daily living activities, or provision of senior counseling services.

ENVIRONMENT**Energy**

Does the facility exceed Title 24 Standards? ☐ Yes ☒ No ☐ N/A

If Yes, by what percent? _____%

Does the facility have solar(PV) panels? ☐ Yes ☒ No ☐ N/A

If Yes, what is the size in kWh? _____

Does the facility purchase carbon credits? ☐ Yes ☒ No ☐ N/A

If Yes, what is the annual consumption? _____

Water

Does the facility provide any of the following:

Efficient Toilets? ☐ Yes ☒ No ☐ N/A

Water-saving showerheads? ☐ Yes ☒ No ☐ N/A

Drought tolerant landscaping? ☐ Yes ☒ No ☐ N/A

Other, specify: _____

Transportation

Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☒ No ☐ N/A

Does the entity maintain a fuel efficient fleet? ☐ Yes ☒ No ☐ N/A

Waste

Does the project provide recycling facilities? ☒ Yes ☐ No ☐ N/A

WORKFORCE**Employment Creation**

Job Type/Description	During Construction	Post Construction
<u>25 construction related</u>	<u>25</u>	<u>1</u>

GOVERNMENTAL INFORMATION

Congressional District #	State Senate District #	State Assembly District #
<u>18</u>	<u>5</u>	<u>26</u>

Application Number: **2012074 - Park Village Apartments**

Name of Borrower: **Category III Development Inc.**

FINANCING STRUCTURE

Type of Financing: ☐ Public Sale ☒ Private Placement ☒ Refunding

For Refundings only: Will you be applying for State Volume Cap? **No**

For Refundings only: Is this a transfer of property to a new owner? _____

Maturity: **40 Years**

Interest Rate Mode: ☒ Fixed ☐ Variable

CONSTRUCTION FINANCING:

Credit Enhancement: ☐ None ☐ Letter of Credit
☐ FNMA(Fannie Mae) ☒ Freddie Mac
☐ Bond Insurance ☒ Other (specify): **GNMA**

Name of Credit Enhancement Provider or Private Placement Purchaser: **Red Mortgage Capital**

PERMANENT FINANCING:

Credit Enhancement: ☐ None ☐ Letter of Credit
☐ FNMA(Fannie Mae) ☒ Freddie Mac
☐ Bond Insurance ☒ Other (specify): **HUD 221d4**

Name of Credit Enhancement Provider or Private Placement Purchaser: **Red Mortgage Capital Group**

Expected Rating: ☐ Unrated ☐ S & P _____
☒ Moody's **AAA** ☐ Fitch _____

Projected State Allocation Pool: ☒ General ☐ Mixed Income ☐ Rural

Will the project use Tax-Credit as a source of funding?: **Yes**

SOURCES & USES

CONSTRUCTION SOURCES

Tax-Exempt Bond Proceeds:	\$8,149,865
Taxable Bond Proceeds:	
Tax Credits:	\$550,598
Developer Equity:	
Other Funds(Describe):	
Stockton CDBG Rollover	\$800,000
Bridge Loan	\$4,404,781
Reserve Carryovers (Rep, OPR, Res.Rec.)	\$1,100,000
Seller Carry Back	\$5,000,000
_____
TOTAL:	\$20,005,244

USES

Land Acquisition:	\$800,000
Building Acquisition:	\$5,400,000
Construction or Remodel:	\$7,171,819
Cost of Issuance:	\$282,750
Capitalized Interest:	\$493,000
Reserves:	\$1,283,500
Other Funds(Describe):	
Soft Costs	\$1,140,500
Other Financing Costs	\$1,140,500
Developer Fee	\$2,131,840
Misc. Other	\$161,335
_____
TOTAL:	\$20,005,244

Application Number: **2012074 - Park Village Apartments**

Name of Borrower: **Category III Development Inc.**

PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: Laurin Associates	Firm: TBD
Contact: Raab Jayne	Contact:
Address: 1501 Sports Drive Sacramento, CA 95834	Address:
Telephone: (916) 372-6100	Telephone:
Fax: (916) 372-6100	Fax:
E-mail: jraab@laurinassociates.com	E-mail:

ADDITIONAL REQUIREMENT

Please provide the following as an additional attachment:

<u>Attachment</u>	<u>Description of Information</u>
-------------------	-----------------------------------

A	\$5,000 non-refundable* issuance fee deposit payable to "California Communities."
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*Refundable only if financing not approved.

MAILING ADDRESS

California Communities®
2033 N. Main St., Suite 700
Walnut Creek, CA 94596

Item V

Consent Calendar

2. Approve the following invoices for payment:
 - a. Orrick, Herrington & Sutcliffe, LLP Invoice #1380070



ORRICK, HERRINGTON & SUTCLIFFE LLP
THE ORRICK BUILDING
405 HOWARD STREET
SAN FRANCISCO, CALIFORNIA 94105-2669
tel +1-415-773-5700
fax +1-415-773-5759
WWW.ORRICK.COM

August 21, 2012

John H. Knox
(415) 773-5626
jknox@orrick.com

VIA Email and First-Class Mail

California Statewide Communities Development Authority
Attn: James Hamill
1100 K Street, Suite 101
Sacramento, CA 95814
jhamill@cacommunities.org

Re: California Statewide Communities Development Authority – SCIP - Fancher Creek

Dear James:

Enclosed is our initial invoice for services dating back to late 2009 regarding Fancher Creek. This should be payable against the deposit made by the developer. Please let me know if you have any questions regarding this matter.

Best regards,


John H. Knox

JHK\cks

Enclosure



California Statewide Communities Development
Authority
1100 K Street, Suite 101
Sacramento, CA 95814

August 20, 2012
Client No. 40929
Invoice No. 1380070

Orrick Contact: John H. Knox

FOR SERVICES RENDERED through August 20, 2012 in connection
with the matters described on the attached pages:

\$ 9,843.20

DISBURSEMENTS as per attached pages:

0.00

TOTAL CURRENT FEES & DISBURSEMENTS (Pay this Amount):

\$ 9,843.20

Matter(s): 40929/632 – SCIP - Fancher Creek

DUE UPON RECEIPT

In order to ensure proper credit to your account,
please reference your **INVOICE** and **CLIENT** numbers on your remittance.
For inquiries, call: (304) 231-2701. Fax (304) 231-2501.

REMITTANCE COPY - PLEASE RETURN WITH PAYMENT

REMITTANCE ADDRESS:

*Orrick, Herrington & Sutcliffe LLP
Dept 34461
P.O. Box 39000
San Francisco, CA 94139
Reference: 40929/ Invoice: 1380070*

ELECTRONIC FUNDS TRANSFERS:

ACH & Wire Transfers:
ABA Number 121000248
SWIFT CODE: WFBIUS6S
Account Number: 4123701088
*Wells Fargo
420 Montgomery Street
San Francisco, CA 94104
Account of
Orrick, Herrington & Sutcliffe LLP
Reference: 40929/ Invoice: 1380070
E.I.N. 94-2952627*

OVERNIGHT DELIVERY:

*Orrick, Herrington & Sutcliffe LLP
c/o Wells Fargo Lockbox
Attn: Dept 34461
3440 Walnut Avenue
Building A, Window H
Fremont, CA 94538
(213) 614-3248
Reference: 40929/ Invoice: 1380070*



California Statewide Communities Development
Authority
1100 K Street, Suite 101
Sacramento, CA 95814

August 20, 2012
Client No. 40929
Invoice No. 1380070

Orrick Contact: John H. Knox

BILLING SUMMARY

Client: California Statewide Communities Development Authority
Matter: 632 - SCIP - Fancher Creek

<u>Timekeeper Summary</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Daniel C. Bort	9.05	446.21	4,038.20
John H. Knox	6.55	875.00	5,731.25
Amy K. Wong	0.25	295.00	73.75
Total All Timekeepers	15.85	\$622.40	\$9,843.20

Total For This Matter

\$9,843.20



California Statewide Communities Development
 Authority
 1100 K Street, Suite 101
 Sacramento, CA 95814

August 20, 2012
 Client No. 40929
 Invoice No. 1380070

Orrick Contact: John H. Knox

For Legal Services Rendered Through August 20, 2012 in Connection With:

Matter: 632 - SCIP - Fancher Creek

12/03/09	D. Bort	Bob Williams e-mail on Fancher Creek.	0.05
12/07/09	D. Bort	E-mail from Bob Williams re Fancher Creek in Fresno; forward to Michael Eng	0.10
01/07/10	D. Bort	Telcon with Bob Williams re Fancher Creek in Fresno; prepare draft resolution for City of Fresno for stand-alone CFD; send to Bob.	0.45
01/06/10	J. Knox	Telephone conference re Fancher Creek.	0.50
02/05/10	J. Knox	Attention to Fancher Creek issue.	0.25
02/05/10	D. Bort	E-mail from Bob Williams re Fancher Creek; e-mail exchange with John Knox re same.	0.10
03/02/10	D. Bort	E-mail exchange with Scott Anderson re Fancher Creek (City of Fresno).	0.15
03/09/10	D. Bort	Telcon with Bob Williams re City of Fresno Fancher Creek.	0.20
01/24/11	D. Bort	Voicemail from Bob Williams re Fancher Creek; telcon with Bob; check file and documents on system; e-mail to Amy and John Knox re Deposit and Reimbursement Agreement; response from Amy.	0.45
03/30/11	D. Bort	E-mails from James Hamill and Amy re Otay Agreement; Bob Williams' e-mail to the developers of Fancher Creek.	0.10
05/23/11	J. Knox	Attention to 2011A/Fancher.	0.50
07/29/11	A. Wong	Fancher Creek review emails and attachments.	0.25
01/19/12	J. Knox	Attention re Fancher/Otay.	0.50
05/29/12	J. Knox	Fancher Creek: telephone conference with Scott Anderson; voicemail message to J. Hamill re starting up project again; telephone conference with J. Hamill re same.	0.30
06/29/12	D. Bort	E-mail exchange with John Knox re Fancher Creek.	0.10
06/29/12	J. Knox	Fancher Creek: attention to scheduling of meeting; t/c J. Hamill.	0.25



California Statewide Communities Development Authority - 40929
page 2

August 20, 2012
Invoice No. 1380070

07/09/12	D. Bort	Conference call on Fancher Creek; receive copies of previously adopted resolutions.	0.85
07/09/12	J. Knox	Conference call re kicking off deal again; follow up call re same.	1.50
07/23/12	D. Bort	Conference call on Fancher Creek; e-mail to Brandon Dias; telcon with Brandon.	1.50
07/23/12	J. Knox	Conference call and follow up.	1.50
08/04/12	J. Knox	Attention to resolution and boundary map issues and emails re same.	0.25
08/14/12	D. Bort	Receive revised RMA from David Taussig; suggest changes; e-mail exchange with David and James Hamill re number of CFD; e-mail exchange with David re his further changes to RMA.	0.70
08/14/12	J. Knox	Conference call and follow up.	1.00
08/15/12	D. Bort	Prepare for and conference call; e-mail to John Knox and Trish Eichar re drafting resolutions; e-mail exchange with Trish; work on drafting the Resolution of Intention and the Resolution to Incur Bonded Indebtedness; Tom Lockard's e-mail to the appraiser.	2.55
08/16/12	D. Bort	Work on Resolution of Intention and Resolution to Incur Bonded Indebtedness; e-mail exchanges with David Taussig and Nathan Perez re Boundary Map; send drafts of the resolutions to John Knox and Trish Eichar for review; e-mail to David Taussig re information still needed for the resolutions; e-mail exchange with Nathan Perez re revised Boundary Map; e-mail from David Taussig re changes; respond.	1.75
Total Hours			15.85
Total For Services			9,843.20

Timekeeper Summary	Hours	Rate	Amount
Daniel C. Bort	9.05	446.21	4,038.20
John H. Knox	6.55	875.00	5,731.25
Amy K. Wong	0.25	295.00	73.75
Total All Timekeepers	15.85	\$622.40	\$9,843.20

Total For This Matter

\$9,843.20

Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- a. Morgan Hill Retirement Residence, L.P. (Morgan Hill Retirement Residence), City of Morgan Hill, County of Santa Clara; up to \$19 million in multi-family housing debt obligations.

SUMMARY AND APPROVALS

DATE: SEPTEMBER 13, 2012

APPLICANT: MORGAN HILL RETIREMENT RESIDENT, LP/COMMUNITY DEVELOPMENT PARTNERS

AMOUNT: UP TO \$19,000,000 OF TAX-EXEMPT MULTI-FAMILY HOUSING REVENUE BONDS

PURPOSE: FINANCE THE ACQUISITION AND CONSTRUCTION OF MORGAN HILL RETIREMENT RESIDENCE LOCATED AT THE NORTHWEST CORNER OF BUTTERFIELD BOULEVARD AND BARRETT AVENUE, MORGAN HILL, CA

CSCDA PROGRAM: HOUSING

Background:

The proposed project, Morgan Hill Retirement Residence (the “Project”), will be a 138-unit property reserved for low-income seniors located in Morgan Hill, California. The Project application was filed on May 1, 2012 and induced on May 17, 2012.

Summary:

Morgan Hill Retirement Residence, LP (the “Borrower”) has requested CSCDA to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of up to \$19,000,000 (the “Bonds”) for the purpose of financing the acquisition and construction of the Project. The Project will provide 110 one-bedroom units (two of which will be on-site manager's units) and 28 two-bedroom units to low-income seniors.

The Project will be located on 5.3 acres in the city of Morgan Hill within 1/2 mile of parks and shopping. Each apartment will include a range, refrigerator, dishwasher, garbage disposal, energy efficient appliances, central heating and air conditioning, vertical blinds, carpeting, vinyl flooring in kitchens and bathrooms and cable television availability. Common amenities include laundry facilities, recreation center with lounge, television, DVD player, computer room and full service kitchen and dining area. The kitchen will offer a meal plan serving three meals a day at reasonable cost and the Project will offer other services such as transportation, housekeeping and laundry service. Outdoor amenities include picnic and barbeque areas.

Construction is expected to begin in September, 2012 and be completed by September, 2013.

The principals of the Borrower collectively have substantial experience developing and constructing housing, including 60+ years of construction experience and direct involvement in 20+ affordable housing projects resulting in 1500+ affordable units in an executive capacity with other affordable housing developers. This is their first application with CSCDA.

Public Benefit:

- Project Affordability
 - 100% of the Project's units will be income restricted:
 - 28 units reserved for tenants whose income is at or below 50% AMI
 - 108 units reserved for tenants whose income is at or below 60% AMI
 - 2 manager unit
 - The term of the income and rental restrictions for the Project will be at least 55 years
- Site Amenities
 - The Project is located within ½ mile of a park
 - The Project is located within ½ mile of a grocery store
- Economic Benefits
 - Based upon \$23,297,715 Project costs using a 1.8 multiplier the Project produces \$41,935,887.00 total economic activity, and at 2.1 jobs per unit produces approximately 276 jobs. (Multipliers based on June 2010 study by Blue Sky Consulting Group and Center for Housing Policy on impact of housing in California using IMPLAN system.)

Agency Approvals:

TEFRA Hearing: June 6, 2012, City of Morgan Hill, unanimous approval

CDLAC Approval: July 18, 2012

Estimated Sources and Uses:

Sources:

Tax-Exempt Bond Proceeds	\$18,187,922	78.07%
LIHTC Equity	\$2,614,503	11.22%
Deferred Developer Fee	<u>\$2,496,290</u>	<u>10.71%</u>
Total Sources	\$23,297,715	100.00%

Uses:

Land Purchase	\$3,600,000	15.45%
Total Hard Construction Costs	\$11,432,202	49.07%
Architecture and Engineering Costs	\$553,055	2.37%
Contractor Overhead & Profit	\$852,000	3.66%
Developer Fee	\$2,495,290	10.71%
Cost of Issuance	\$612,002	2.63%
Capitalized Interest	\$925,000	3.97%
Other Soft Costs	<u>\$2,828,166</u>	<u>12.14%</u>
Total Uses	\$23,297,715	100.00%

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, San Francisco
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Private Placement Lender: Citibank, N.A.

Financing Structure:

The construction Bonds will mature in no more than 30 months and then be converted to the permanent phase for 30 years. The projected true interest cost of the fixed rate Bonds under current market conditions is 5.09%. The Bonds will be privately placed with Citibank, N.A..

By using \$18,187,922 in CSCDA Bonds the Project is able to leverage an additional \$15,317,029 in other resources, for a ratio of 1.28 to 1.

Policy Compliance:

The Project complies with the following policies:

- CSCDA General Policies
- CSCDA Issuance Policies
- CDLAC's Qualified Residential Rental Program Requirements

Financing Approval:

Based on the overall public benefits as outlined in the California Debt Limit Allocation Committee resolution, as described on the attached Exhibit A, approval of the issuance of Bonds by the City of Morgan Hill, and conformance to the CSCDA Issuance Policies, the Commission shall approve the Resolution as submitted to the Commission, which:

1. Approves the issuance of the Bonds and the financing of the Project;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

Attachments:

1. Original application
2. City of Morgan Hill TEFRA Resolution
3. CDLAC Qualified Residential Rental Program Resolution Exhibit A



Building Communities, Investing in Local Government Since 1988

Housing Bond Application

APPLICANT INFORMATION

Application Number: **2012033**
Name of Developer: **Community Development Partners**
Primary Contact: **Darren Berberian**
Title: **President**
Address: **3416 Via Oporto, Suite 301
Newport Beach, CA 92663**
Telephone Number: **(949) 235-0704**
Fax Number: **(866) 337-3243**
E-mail: **sstrain@sabelhauslaw.com**

BORROWER DESCRIPTION

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation
☐ Municipality ☒ Partnership
☐ Other (specify): _____

For Non-profits only: Will you be applying for State Volume Cap? **No**

Name of Borrowing Entity: **TBD**

Date Established: **TBD**

Number of Multi-Family Housing Projects Completed in the Last 10 Years: **0**

Number of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **0**

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/PLACEMENT AGENT

Firm: **TBD**

Contact:

Address:

Telephone:

Fax:

E-mail:

BOND COUNSEL

Firm: **Orrick Herrington Sutcliffe, LLP**

Contact: **Justin Cooper**

Address: **405 Howard Street
San Francisco, CA 94105**

Telephone: **(415) 773-5908**

Fax: **(415) 773-5759**

E-mail: **jcooper@orrick.com**

Application Number: **2012033 - Morgan Hill Retirement Residence**

Name of Borrower: **Community Development Partners**

PROJECT DESCRIPTION

Current Project Name: **Morgan Hill Retirement Residence**

New Project Name:

Project Street Address: **NW Corner of Butterfield Blvd. & Barrett Ave.**

City: **Morgan Hill** State: **CA** Zip Code: **95037**

County: **Santa Clara**

Is Project located in unincorporated part of the County? **No**

Total Number of Units: Market: **0** Restricted: **136** Total Units: **136**

Lot Size: **5.34**

Amenities: **Recreation Room including TV and Lounge Area, Community Kitchen, Computer Center, Community Laundry Room, Multi-Purpose Social Room, Picnic and BBQ areas. Unit amenities: exterior entrances, carpeting in living areas, vinyl flooring in kitchens and baths, mini blinds throughout, individually controlled heating, kitchen range, refrigerator, dishwasher & disposal, cable television availability, and smoke detectors.**

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings): **1 Three-story Building, Type V, Wood-frame Construction, With Color Cast Clay Tile Roof, Stucco Exterior And Wood Trim and Accents.**

Type of Housing: ☒ New Construction ☐ Family
☐ Acq/Rehab ☒ Senior Is this an Assisted Living Facility? **No**

City or county contact information:

Contact Name: **Rebecca Tolentino**

Title: **Senior Planner, Development Services Department**

Phone Number: **(408) 778-6480**

Fax Number: **(408) 779-7236**

E-mail: **rebecca.tolentino@morganhill.ca.gov**

PUBLIC BENEFIT

Percentage of Units in Low Income Housing: **100%**

Percentage of Area Median Income(AMI) for Low Income Housing Units: **30%-60%**

Total Number of Management Units: **2**

Unit Size	% AMI	# of Restricted Units	Restricted Rent	Market Rent	Expected Savings
1 Bedroom	50	22	\$946	\$1,892	\$946
1 Bedroom	60	87	\$1,143	\$1,892	\$749
2 Bedrooms	50	6	\$1,132	\$2,264	\$1,132
2 Bedrooms	60	21	\$1,368	\$2,264	\$896

Remarks:

OTHER PUBLIC BENEFIT**SERVICES PROVIDED**

- ☐ High-speed internet service in each affordable unit of an on-going nature for a minimum of 10 years.
- ☐ After school program of an on going nature for the minimum of 10 years.
- ☒ Educational classes (which are not the same as the after school program) for a minimum of 10 years.
- ☐ Licensed childcare providing 20 hours or more per week(Monday through Friday) to residents of the development.
- ☐ Contract for services, such as assistance with the daily living activities, or provision of senior counseling services.

ENVIRONMENT**Energy**

Does the facility exceed Title 24 Standards? ☐ Yes ☐ No ☒ N/A

If Yes, by what percent? _____%

Does the facility have solar(PV) panels? ☐ Yes ☒ No ☐ N/A

If Yes, what is the size in kWh? _____

Does the facility purchase carbon credits? ☐ Yes ☒ No ☐ N/A

If Yes, what is the annual consumption? _____

Water

Does the facility provide any of the following:

Efficient Toilets? ☒ Yes ☐ No ☐ N/A

Water-saving showerheads? ☒ Yes ☐ No ☐ N/A

Drought tolerant landscaping? ☒ Yes ☐ No ☐ N/A

Other, specify: _____

Transportation

Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☒ No ☐ N/A

Does the entity maintain a fuel efficient fleet? ☐ Yes ☒ No ☐ N/A

Waste

Does the project provide recycling facilities? ☒ Yes ☐ No ☐ N/A

WORKFORCE**Employment Creation**

Job Type/Description	During Construction	Post Construction
<u>Construction</u>	<u>30</u>	<u>0</u>
<u>Management/Maintenance</u>	<u>0</u>	<u>5</u>

GOVERNMENTAL INFORMATION

Congressional District #

11

State Senate District #

15

State Assembly District #

27

Application Number: **2012033 - Morgan Hill Retirement Residence**

Name of Borrower: **Community Development Partners**

FINANCING STRUCTURE

Type of Financing: ☐ Public Sale ☒ Private Placement ☐ Refunding

For Refundings only: Will you be applying for State Volume Cap? **No**

For Refundings only: Is this a transfer of property to a new owner? _____

Maturity: **35 Years**

Interest Rate Mode: ☒ Fixed ☐ Variable

CONSTRUCTION FINANCING:

Credit Enhancement: ☒ None ☐ Letter of Credit
☐ FNMA(Fannie Mae) ☐ Freddie Mac
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

PERMANENT FINANCING:

Credit Enhancement: ☒ None ☐ Letter of Credit
☐ FNMA(Fannie Mae) ☐ Freddie Mac
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

Expected Rating: ☒ Unrated ☐ S & P _____
☐ Moody's _____ ☐ Fitch _____

Projected State Allocation Pool: ☒ General ☐ Mixed Income ☐ Rural

Will the project use Tax-Credit as a source of funding?: **Yes**

SOURCES & USES

CONSTRUCTION SOURCES

Tax-Exempt Bond Proceeds:	\$18,187,922
Taxable Bond Proceeds:	
Tax Credits:	\$2,250,939
Developer Equity:	
Other Funds(Describe):	
Deferred Developer Fee	\$2,425,330
_____	_____
_____	_____
_____	_____
_____	_____
TOTAL:	\$22,864,191

USES

Land Acquisition:	\$3,600,000
Building Acquisition:	
Construction or Remodel:	\$12,284,202
Cost of Issuance:	\$694,061
Capitalized Interest:	\$850,000
Reserves:	\$320,431
Other Funds(Describe):	
Soft Costs	\$2,690,167
Developer Fee	\$2,425,330
_____	_____
_____	_____
TOTAL:	\$22,864,191

Application Number: **2012033 - Morgan Hill Retirement Residence**

Name of Borrower: **Community Development Partners**

PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: Law Office of Patrick R. Sabelhaus	Firm: TBD
Contact: Stephen Strain	Contact:
Address: 1006 Fourth Street, 6th Floor Sacramento, CA 95814	Address:
Telephone: (916) 444-0286 Ext. 270	Telephone:
Fax: (916) 444-3408	Fax:
E-mail: sstrain@sabelhauslaw.com	E-mail:

ADDITIONAL REQUIREMENT

Please provide the following as an additional attachment:

<u>Attachment</u>	<u>Description of Information</u>
-------------------	-----------------------------------

A	\$5,000 non-refundable* issuance fee deposit payable to "California Communities."
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*Refundable only if financing not approved.

MAILING ADDRESS

California Communities®
2033 N. Main St., Suite 700
Walnut Creek, CA 94596

RESOLUTION NO. 6547

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE ISSUANCE BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE MORGAN HILL RETIREMENT RESIDENCE

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies throughout the State of California, including the City of Morgan Hill (the "City"), to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects; and

WHEREAS, Morgan Hill Retirement Residence, LP, a limited partnership or related entities, has requested that the Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds (the "Bonds") in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed \$19,000,000 in outstanding aggregate principal amount, to finance the acquisition, construction and development of a 138-unit senior multifamily rental housing project located at Northwest Butterfield Boulevard and Barrett Avenue (APN, 817-03-050), Morgan Hill, California, generally known as Morgan Hill Retirement Residence (the "Project") and operated by Buckingham Property Management; and

WHEREAS, the Bonds or a portion thereof will be "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the members of this City Council (this "City Council") are the applicable elected representatives of the City; and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the Bonds would be held on a date specified in such notice; and

WHEREAS, such public hearing was conducted on such date, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the Authority is also requesting that the City Council approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing

the Bonds which financed the Project (the "Refunding Bonds"), but only in such cases where federal tax laws would not require additional consideration or approval by the City Council; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and Section 9 of the Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds and the Refunding Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the Bonds for the purposes of (a) Section 147(f) of the Code and (b) Section 9 of the Agreement.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing approved hereby.

Section 4. The City Clerk shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the hearing notice to:

Justin Cooper, Esq.
Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, California 94105

Section 5. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the City Council of the City of Morgan Hill at a Regular Meeting held on the 6th day of June 2012 by the following vote:

AYES:	COUNCIL MEMBERS:	Larry Carr, Rich Constantine, Marilyn Librers, Gordon Siebert, Steve Tate
NOES:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None

ATTEST:


IRMA TORREZ, CITY CLERK

APPROVED:


STEVE TATE, MAYOR

CERTIFICATION

I, **IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA**, do hereby certify that the foregoing is a true and correct copy of Resolution No. 6547, adopted by the City Council at a Regular Meeting held on June 6, 2012.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:

6/18/12



IRMA TORREZ, City Clerk



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS

BILL LOCKYER, CHAIRMAN
State Treasurer

EDMUND G. BROWN JR.
Governor

JOHN CHIANG
State Controller

EXECUTIVE DIRECTOR
Sean L. Spear

September 4, 2012

Tom Sweet
Treasurer
California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, CA 95814

**RE: REVISED RESOLUTION ATTESTING TO THE
TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION
(Morgan Hill Retirement Residence Apartments, Application # 12-078)**

Dear Mr. Sweet,

We received a letter dated August 24, 2012 from Caitlin Lancot on behalf of California Statewide Communities Development Authority requesting a change to Resolution No. 12-66 for the Morgan Hill Retirement Residence Apartments Project. The purpose of this letter is to approve the requested change and provide you with the Revised Resolution (see attached).

In the letter, it was requested that the commitment to sustainable building methods of record should be changed from Leadership in Energy & Environmental Design (LEED) to GreenPoint Rated Multifamily Guidelines. In addition, it was also requested that the commitment to sustainable building methods should be changed from LEED for Homes (Silver) to GreenPoint Rated (100). The Revised Resolution No. 12-66, Exhibit A, Item numbers 28 and 30 reflect this change.

The revised Resolution No. 12-66 establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. Please do not hesitate to call should you have any questions.

Sincerely,

SEAN L. SPEAR
Executive Director

ENCLOSURE

c: Caitlin Lancot, California Statewide Communities Development Authority
Justin Cooper, Esq., Orrick, Herrington & Sutcliffe LLP
Darren Berberian, Morgan Hill Retirement Residence, LP

RESOLUTION NO. 12-66
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
REVISE EXHIBIT A

1. Applicant: California Statewide Communities Development Authority
2. Application No.: 12-078
3. Project Sponsor: Morgan Hill Retirement Residence, LP (CDP-Morgan Hill, LLC, Morgan Hill Retirement Residence-ICON, LLC and Foundation for Affordable Housing II, Inc.)
4. Project Management Co.: Buckingham Property Management
5. Project Name: Morgan Hill Retirement Residence Apartments
6. Type of Project: New Construction/Senior Citizens
7. Location: Morgan Hill, CA
8. Private Placement Purchaser: Citibank, N.A.
9. The Private Placement Purchaser at the time of issuance will be the same as represented in the application.
10. Total Number of Units: **136 plus 2** manager units
11. Total Number of Restricted Rental Units: **136**
12. The term of the income and rental restrictions for the Project will be at least **55** years.
13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable
14. Income and Rental Restrictions:
For the entire term of the income and rental restrictions, the Project will have:

At least **28** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 50% or below of the Area Median Income.

At least **108** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% or below of the Area Median Income.
15. For acquisition and rehabilitation projects, a minimum of \$10,000 in hard construction costs will be expended for each Project unit. **Not Applicable**
16. A minimum of \$0,000 of public funds will be expended for the Project. **Not Applicable**

RESOLUTION NO. 12-66

Exhibit A

Page 2 of 4

17. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$0,000. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing. **Not Applicable**
18. If the Project received points for having large family units, for the entire term of the income and rental restrictions, the Project will have at least three-bedroom or larger units. **Not Applicable**
19. For a period of ten (10) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit. **Not Applicable**
20. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents an after school programs of an ongoing nature on-site or there must be an after school program available to Project residents within 1/4 mile of the Project. The programs shall include, but are not limited to: tutoring, mentoring, homework club, and art and recreation activities to be provided weekdays throughout the school year for at least 10 hours per week. **Not Applicable**
21. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/4 mile of the Project. **Not Applicable**
22. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/4 mile of the Project. **Not Applicable**
23. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/4 mile of the Project. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs, and senior companion programs. Services shall be provided for a minimum of 100 hours per year. **Not Applicable**
24. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.). **Applicable**
25. All projects that receive points for being a Federally Assisted At-Risk Project will renew all Section 8 HAP Contracts or equivalent Project-based subsidies for their full term, and will seek additional renewals, if available, throughout the Project's useful life. **Not Applicable**
26. All projects that receive points for being a Federally Assisted At-Risk Project based on an expiring Low Income Housing Tax Credit Regulatory Agreement or Tax-Exempt Bond Regulatory Agreement shall have a plan in place to re-certify the incomes of the existing tenants and shall not cause involuntary displacement of any tenant whose income may exceed the Project's income limits. **Not Applicable**

RESOLUTION NO. 12-66

Exhibit A

Page 3 of 4

27. Applicants shall meet the multiple sustainable building standards utilizing landscaping and construction materials which are compatible with the neighborhood in which the proposed project is to be located, and that the architectural design and construction materials will provide for low maintenance and durability, as well as be suited to the environmental conditions to which the project will be subjected: **Applicable**

Section Waived:

<input type="checkbox"/>	Energy Efficiency
<input type="checkbox"/>	CALGreen Compliance
<input type="checkbox"/>	Landscaping
<input type="checkbox"/>	Roofs
<input type="checkbox"/>	Exterior Doors
<input type="checkbox"/>	Appliances
<input type="checkbox"/>	Window Coverings
<input type="checkbox"/>	Water Heater
<input type="checkbox"/>	Floor Coverings
<input type="checkbox"/>	Paint
<input type="checkbox"/>	Insulation

28. The project commits to becoming certified under any one of the following programs upon completion:

- | | |
|---|-----------------------|
| a. Leadership in Energy & Environmental Design (LEED) | Not Applicable |
| b. Green Communities | Not Applicable |
| c. GreenPoint Rated Multifamily Guidelines | Applicable |

29. The project is a New Construction or Adaptive Reuse Project exceeding the Standards of Title 24, Part 6, of the California Building Code by:

- | | |
|----------|-----------------------|
| a. 17.5% | Applicable |
| b. 20% | Not Applicable |
| c. 25% | Not Applicable |

30. The Project will exceed the minimum energy efficiency certification requirements for New Construction/ Adaptive Reuse:

- | | |
|----------------------------|-----------------------|
| a. LEED for Homes (Silver) | Not Applicable |
| b. LEED for Homes (Gold) | Not Applicable |
| c. Green Point Rated (100) | Applicable |
| d. Green Point Rated (125) | Not Applicable |

31. The project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the building(s) by:

- | | |
|--------|-----------------------|
| a. 15% | Not Applicable |
| b. 20% | Not Applicable |
| c. 25% | Not Applicable |
| d. 30% | Not Applicable |

32. The project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:

- | | |
|---|-----------------------|
| a. Photovoltaic generation that offsets tenants loads | Not Applicable |
| b. Photovoltaic generation that offsets 50% of common area load | Not Applicable |
| c. Solar hot water for all tenants who have individual water meters | Not Applicable |

Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- b. Villa Robles, L.P. (Villa Robles Apartments), City of Porterville, County of Tulare; up to \$4,984,000 in multi-family housing debt obligations.

SUMMARY AND APPROVALS

DATE: SEPTEMBER 13, 2012

APPLICANT: VILLA ROBLES, L.P./CESAR CHAVEZ FOUNDATION

AMOUNT: UP TO \$4,984,000 OF TAX-EXEMPT MULTI-FAMILY HOUSING REVENUE BONDS

PURPOSE: FINANCE THE ACQUISITION AND REHABILITATION OF VILLA ROBLES APARTMENTS LOCATED AT 450 WEST SPRINGVILLE DRIVE IN PORTERVILLE, CA

CSCDA PROGRAM: HOUSING

Background:

The proposed project, Villa Robles Apartments (the “Project”), is a 100-unit multi-family property located in Porterville, California. The Project application was filed on December 19, 2011 and induced on January 5, 2012.

Summary:

Villa Robles, L.P. (the “Borrower”) has requested CSCDA to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$4,984,000 (the “Bonds”) for the purpose of financing the acquisition and rehabilitation of the Project. The Project will be rehabilitated to provide 8 two-bedroom units, 64 three-bedroom units, and 28 four-bedroom units to low-income families in Madera.

The Project was initially built in 1996 on nearly 6 acres in the city of Porterville. There are 16 two-story apartment buildings, two laundry buildings, and a community/office building with a third laundry facility spread throughout the site. The Project also offers a swimming pool, playground, parking, private balconies and patios, perimeter fencing, on-site management, and a tot lot. Proposed renovations include resurfacing the asphalt, repairing and repainting wrought iron, correcting drainage issues and replacing landscaping to make it drought tolerant, replacing non-energy efficient lights with new fixtures, adding gutters to the building, and installing new signage. In addition, all buildings will be painted, windows will be replaced, and exterior doors will be replaced as needed.

Each apartment contains a range/oven, refrigerator, dishwasher, garbage disposal, carpet, tile, blinds, ceiling fans, walk in closet, coat closet, and a balcony or patio. In the interior of the units, all flooring, cabinets and countertops will be replaced. Carbon monoxide detectors will be installed, doors and lighting will be replaced with energy efficient fixtures as needed, toilets and shower heads will be replaced with water efficient fixtures, and all units will be repainted. The rehabilitation is expected to begin in September, 2012 and be completed by July, 2013.

The Borrower has previously constructed or rehabilitated 30 multifamily and senior housing properties, including 2 with CSCDA. The Borrower currently has one other active application pending with CSCDA.

Public Benefit:

- Project Affordability
 - 100% of the Project's units will be income restricted:
 - 40 units reserved for tenants whose income is at or below 50% AMI
 - 59 units reserved for tenants whose income is at or below 60% AMI
 - 1 manager unit
 - The term of the income and rental restrictions for the Project will be at least 55 years
- Site Amenities
 - The Project is located within a Public Transit Corridor
 - The Project is located within ½ mile of a public K-12 school
 - The Project will provide after school programs for a minimum of 10 years
- Economic Benefits
 - Based upon \$8,969,361 Project costs using a 1.8 multiplier the Project produces \$16,144,849.80 total economic activity, and at 2.1 jobs per unit produces approximately 210 jobs. (Multipliers based on June 2010 study by Blue Sky Consulting Group and Center for Housing Policy on impact of housing in California using IMPLAN system.)

Agency Approvals:

TEFRA Hearing: January 17, 2012, City of Porterville

CDLAC Approval: May 16, 2012

Estimated Sources and Uses:

Sources:

Tax-Exempt Bond Proceeds	\$4,984,000	55.57%
LIHTC Equity	\$503,683	5.62%
GP Capital	\$100	0.00%
Deferred Developer Fee	\$1,222,491	13.63%
Land Note	<u>\$2,259,087</u>	<u>25.19%</u>
Total Sources	\$8,969,361	100.00%

Uses:

Acquisition Costs	\$4,817,500	53.71%
Total Hard Construction Costs	\$2,169,605	24.19%
Architecture and Engineering Costs	\$100,000	1.11%
Contractor Overhead & Profit	\$124,690	1.39%
Developer Fee	\$1,222,491	13.63%
Relocation	\$45,000	0.50%
Cost of Issuance	\$257,039	2.87%
Capitalized Interest	\$35,010	0.39%

Other Soft Costs	<u>\$198,026</u>	<u>2.21%</u>
Total Uses	\$8,969,361	100.00%

Finance Team:

- Bond Counsel: Kutak Rock LLP, Omaha
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Private Placement Lender: Citibank, N.A.

Financing Structure:

The variable rate construction Bonds will mature in no more than 24 months and then be converted to the permanent phase for 30 years. The projected true interest cost of the fixed rate Bonds under current market conditions is 5.11%. The Bonds will be privately placed with Citibank.

By using \$4,984,000 in CSCDA Bonds the Project is able to leverage an additional \$3,985,361 in other resources, for a ratio of 1.25 to 1.

Policy Compliance:

The Project complies with the following policies:

- CSCDA General Policies
- CSCDA Issuance Policies
- CDLAC's Qualified Residential Rental Program Requirements

Financing Approval:

Based on the overall public benefits as outlined in the California Debt Limit Allocation Committee resolution, as described on the attached Exhibit A, approval of the issuance of Bonds by the City of Porterville, and conformance to the CSCDA Issuance Policies, the Commission shall approve the Resolution as submitted to the Commission, which:

1. Approves the issuance of the Bonds and the financing of the Project;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

Attachments:

1. Original application
2. City of Porterville TEFRA Resolution
3. CDLAC Qualified Residential Rental Program Resolution Exhibit A



Building Communities, Investing in Local Government Since 1988

Housing Bond Application

APPLICANT INFORMATION

Application Number: **2011110**
Name of Developer: **Cesar Chavez Foundation**
Primary Contact: **Sandra Santana**
Title: **Project Manager**
Address: **316 W. 2nd Street, Suite 600
Los Angeles, CA 90012**
Telephone Number: **(213) 362-0260 Ext. 258**
Fax Number: **(213) 362-0265**
E-mail: **ssantana@chavezfoundation.org**

BORROWER DESCRIPTION

Type of Entity: ☐ For-profit Corporation ☒ Non-profit Corporation
☐ Municipality ☐ Partnership
☐ Other (specify): _____

For Non-profits only: Will you be applying for State Volume Cap? **No**

Name of Borrowing Entity: **TBD**

Date Established: **4/2012**

Number of Multi-Family Housing Projects Completed in the Last 10 Years: **12**

Number of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **12**

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/PLACEMENT AGENT

Firm: **TBD**

Contact:

Address:

Telephone:

Fax:

E-mail:

BOND COUNSEL

Firm: **Kutak Rock LLP**

Contact: **J. Toger Swanson**

Address: **1650 Farnam Street
Omaha, NE 68102**

Telephone: **(402) 231-8805**

Fax: **(402) 346-1148**

E-mail: **j.toger.swanson@kutakrock.com**

Application Number: **2011110 - Villa Robles**
Name of Borrower: **Cesar Chavez Foundation**

PROJECT DESCRIPTION

Current Project Name: **Villa Robles**

New Project Name:

Project Street Address: **450 West Springville Drive**

City: **Porterville** State: **CA** Zip Code: **93257**

County: **Tulare**

Is Project located in unincorporated part of the County? **No**

Total Number of Units: Market: **1** Restricted: **99** Total Units: **100**

Lot Size: **5.96 acres**

Amenities: **Community Room, Swimming Pool, and Wadding Pool**

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings): **Foundation: Reinforced Concrete Slab; Exeterior: Wood Frame Stucco; Roofs: 17 Total Buildings: 16, 2 Story Residential, And 1 Community Building**

Type of Housing: ☐ New Construction ☒ Family
☒ Acq/Rehab ☐ Senior Is this an Assisted Living Facility? _____

City or county contact information:

Contact Name: _____

Title: _____

Phone Number: _____ Ext. _____

Fax Number: _____

E-mail: _____

PUBLIC BENEFIT

Percentage of Units in Low Income Housing: **100%**

Percentage of Area Median Income(AMI) for Low Income Housing Units: **40% of Units at 50% AMI and 60% of Units at 60% AMI**

Total Number of Management Units: **1**

Unit Size	% AMI	# of Restricted Units	Restricted Rent	Market Rent	Expected Savings
2 Bedrooms	50	3	\$584	\$725	\$141
2 Bedrooms	60	5	\$713	\$820	\$107
3 Bedrooms	50	30	\$671	\$780	\$109
3 Bedrooms	60	34	\$820	\$935	\$115
4 Bedrooms	50	7	\$743	\$909	\$166
4 Bedrooms	60	20	\$909	\$1,010	\$101

Remarks:

OTHER PUBLIC BENEFIT

SERVICES PROVIDED

- ☐ High-speed internet service in each affordable unit of an on-going nature for a minimum of 10 years.
☐ After school program of an on going nature for the minimum of 10 years.
☐ Educational classes (which are not the same as the after school program) for a minimum of 10 years.
☐ Licensed childcare providing 20 hours or more per week(Monday through Friday) to residents of the development.
☐ Contract for services, such as assistance with the daily living activities, or provision of senior counseling services.

ENVIRONMENT

Energy

Does the facility exceed Title 24 Standards? ☐ Yes ☒ No ☐ N/A

If Yes, by what percent? _____%

Does the facility have solar(PV) panels? ☐ Yes ☒ No ☐ N/A

If Yes, what is the size in kWh? _____

Does the facility purchase carbon credits? ☐ Yes ☒ No ☐ N/A

If Yes, what is the annual consumption? _____

Water

Does the facility provide any of the following:

Efficient Toilets? ☐ Yes ☒ No ☐ N/A

Water-saving showerheads? ☐ Yes ☒ No ☐ N/A

Drought tolerant landscaping? ☐ Yes ☒ No ☐ N/A

Other, specify: _____

Transportation

Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☒ No ☐ N/A

Does the entity maintain a fuel efficient fleet? ☐ Yes ☒ No ☐ N/A

Waste

Does the project provide recycling facilities? ☐ Yes ☒ No ☐ N/A

WORKFORCE

Employment Creation

Job Type/Description	During Construction	Post Construction
None	<u>0</u>	<u>0</u>

GOVERNMENTAL INFORMATION

Congressional District #	State Senate District #	State Assembly District #
<u>21</u>	<u>18</u>	<u>34</u>

Application Number: **2011110 - Villa Robles**
 Name of Borrower: **Cesar Chavez Foundation**

FINANCING STRUCTURE

Type of Financing: ☐ Public Sale ☒ Private Placement ☐ Refunding
 For Refundings only: Will you be applying for State Volume Cap? **No**
 For Refundings only: Is this a transfer of property to a new owner? _____
 Maturity: **30 Years** Interest Rate Mode: ☒ Fixed ☐ Variable

CONSTRUCTION FINANCING:

Credit Enhancement: ☒ None ☐ Letter of Credit
☐ FNMA(Fannie Mae) ☐ Freddie Mac
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

PERMANENT FINANCING:

Credit Enhancement: ☒ None ☐ Letter of Credit
☐ FNMA(Fannie Mae) ☐ Freddie Mac
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

Expected Rating: ☒ Unrated ☐ S & P _____
☐ Moody's _____ ☐ Fitch _____

Projected State Allocation Pool: ☒ General ☐ Mixed Income ☐ Rural

Will the project use Tax-Credit as a source of funding?: **Yes**

SOURCES & USES

CONSTRUCTION SOURCES

Tax-Exempt Bond Proceeds:	\$4,984,000
Taxable Bond Proceeds:	
Tax Credits:	\$503,683
Developer Equity:	\$100
Other Funds(Describe):	
Land Lease	\$2,259,087
Deferred Developer Fee	\$1,222,491
_____	_____
_____	_____
_____	_____
TOTAL:	\$8,969,361

USES

Land Acquisition:	\$4,817,500
Building Acquisition:	
Construction or Remodel:	\$2,169,605
Cost of Issuance:	\$257,039
Capitalized Interest:	\$35,010
Reserves:	
Other Funds(Describe):	
Dev Fee	\$1,222,491
Architect & Engineering	\$100,000
Relocation	\$45,000
Contractor Overhead/Profit	\$124,690
Soft Costs	\$198,026
TOTAL:	\$8,969,361

Application Number: **2011110 - Villa Robles**
Name of Borrower: **Cesar Chavez Foundation**

PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: N/A	Firm: TBD
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

ADDITIONAL REQUIREMENT

Please provide the following as an additional attachment:

<u>Attachment</u>	<u>Description of Information</u>
-------------------	-----------------------------------

A	\$5,000 non-refundable* issuance fee deposit payable to "California Communities."
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*Refundable only if financing not approved.

MAILING ADDRESS

California Communities®
2033 N. Main St., Suite 700
Walnut Creek, CA 94596

RESOLUTION NO. 09 -2012

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTERVILLE,
CALIFORNIA, APPROVING ISSUANCE BY THE CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT AUTHORITY OF MULTIFAMILY HOUSING
REVENUE BONDS (THE "BONDS") IN AN AGGREGATE PRINCIPAL AMOUNT
NOT TO EXCEED \$9,400,000 FOR THE VILLA ROBLES APARTMENTS PROJECT**

WHEREAS, the California Statewide Communities Development Authority, (the "Authority") is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement dated June 1, 1988, (the "Agreement") among certain local agencies throughout the State of California, including the City of Porterville (the "City") to assist in obtaining financing for projects and purposes serving the public interest proposes to issue multifamily housing revenue bonds (the "Bonds") in an amount not to exceed \$9,400,000 and to lend the proceeds thereof to a California limited partnership to be created with Cesar Chavez Foundation as the General Partner (the "Borrower"), to assist in the financing of the acquisition, rehabilitation and development of a multifamily rental housing development commonly known as Villa Robles Apartments located at 450 West Springville Drive, in the City of Porterville, California (the "Project"), to be owned and operated by the Borrower; and

WHEREAS, the Bonds or a portion thereof will be "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, Section 147(f) of the Code, requires the City Council of the City of Porterville, California (the "City Council"), as the elected representative of the City, the political subdivision in which the Project is located, to approve the issuance of the Bonds after a public hearing has been held following reasonable notice; and

WHEREAS, notice of the public hearing was published in a newspaper of general circulation within the City at least 14 days before the date of such hearing; and

WHEREAS, the City Council has held a public hearing regarding the issuance of the Bonds in which interested persons were provided an opportunity to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the interest on the Bonds may qualify for a federal tax exemption under Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code"), only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, this City Council of the City is the elected legislative body of the City and is the applicable elected representative required to approve the issuance of the Bonds within the meaning of Section 147(f) of the Code; and

WHEREAS, the City Council now desires to approve the issuance of the Bonds by the Authority and the approval is intended to constitute the approval required by Section 147(f) of the Code and Section 9 of the Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORTERVILLE, CALIFORNIA, as follows:

1. The City Council hereby finds and determines that the foregoing recitals are true and correct.

2. The City Council hereby approves the financing of the Project by the Authority with the proceeds of the Bonds. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds by the Authority for the purposes of: Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is to be located, in accordance with said Section 147(f) of the Code and Section 9 of the Agreement.

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

4. Neither the City nor its staff have reviewed or considered the financial feasibility of the Project or the expected operation of the Project with regard to any State of California statutory requirements and the adoption of this resolution shall not obligate without further formal action on the part of the City Council: (a) the City to provide financing to the Borrower for the acquisition, rehabilitation and equipping of the Project or to issue any obligations for the purposes of financing the same; or (b) the City, or any department of the City, to approve any applications or request for, or take any other action in connection with, any environmental, general plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, equipping or operation of the Project.

5. The Bonds will not constitute an indebtedness, obligation or a pledge of the faith and credit of the City. The Bonds will be limited obligations of the Authority payable solely from the revenues of the Project.

6. Notwithstanding any other provision of this resolution, neither the City Council nor the City or any of its officials or employees represents, warrants or guarantees that the Bonds qualify as "private activity bonds" pursuant to Section 141 or 147(f) of the Code.

7. The issuance and delivery of the Bonds shall be subject to the approval of and execution by the Authority of all financing documents relating thereto to which the Authority is a party and subject to the sale of the Bonds by the Authority.

8. The City Clerk is hereby authorized to forward a certified copy of this resolution and a copy of the affidavit of publication of the public hearing notice to:

Toger Swanson
Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102

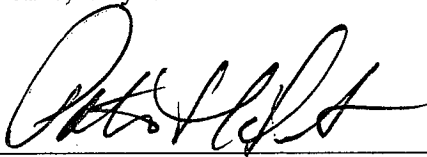
9. This resolution shall take effect upon the date of its final passage.

PASSED, APPROVED AND ADOPTED this 17th day of January, 2012.



Ronald L. Irish, Mayor

ATTEST:
John D. Lollis, City Clerk



By: Patrice Hildreth, Chief Deputy City Clerk

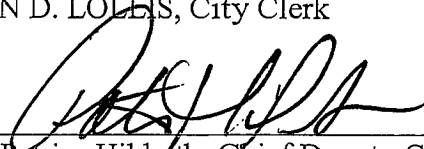
STATE OF CALIFORNIA)
CITY OF PORTERVILLE) SS
COUNTY OF TULARE)

I, JOHN D. LOLLIS, the duly appointed City Clerk of the City of Porterville do hereby certify and declare that the foregoing is a full, true and correct copy of the resolution passed and adopted by the Council of the City of Porterville at a regular meeting of the Porterville City Council duly called and held on the 17th day of January, 2012.

THAT said resolution was duly passed, approved, and adopted by the following vote:

Council:	McCRACKEN	HAMILTON	IRISH	SHELTON	WARD
AYES:	X	X	X		X
NOES:				X	
ABSTAIN:					
ABSENT:					

JOHN D. LOLLIS, City Clerk


By: Patrice Hildreth, Chief Deputy City Clerk



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 311

SACRAMENTO, CA 95814

TELEPHONE: (916) 653-3255

FAX: (916) 653-6827

www.treasurer.ca.gov/cdlac

MEMBERS

Bill Lockyer, Chairman

State Treasurer

Edmund G. Brown Jr.

Governor

John Chiang

State Controller

Sean L. Spear

Executive Director

September 4, 2012

Tom Sweet

Treasurer

California Statewide Communities Development Authority

1100 K Street, Suite 101

Sacramento, CA 95814

**RE: REVISED RESOLUTION ATTESTING TO THE
TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION
(Villa Robles Apartments, Application # 12-056)**

Dear Mr. Sweet,

We received letters dated August 17, 2012 and August 23, 2012 from Caitlin Lancot on behalf of California Statewide Communities Development Authority requesting a change to Resolution No. 12-48 for the Villa Robles Apartments Project. The purpose of this letter is to approve the requested change and provide you with the Revised Resolution (see attached).

In the letter, it was requested that the credit enhancement provider of record should be changed from Wells Fargo Bank, N.A./ Freddie Mac to private placement with Citibank, N.A. In addition, it was also requested that the sustainable building methods should be changed from improving energy efficiency by 15% and implementing building management practices to improving energy efficiency by 20%. The Revised Resolution No. 12-48, Exhibit A, Item numbers 8, 31 and 33 reflect this change.

The revised Resolution No. 12-48 establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. Please do not hesitate to call should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "S.L. Spear", is positioned above the typed name of the Executive Director.

SEAN L. SPEAR
Executive Director

ENCLOSURE

c: Caitlin Lancot, California Statewide Communities Development Authority
J. Toger Swanson, Esq., Kutak Rock LLP
Erica L. Dukes, Not Applicable
Robin Raida, Villa Robles Housing, L.P.

RESOLUTION NO. 12-48
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
REVISED EXHIBIT A

1. Applicant: California Statewide Communities Development Authority
2. Application No.: 12-056
3. Project Sponsor: Villa Robles Housing, L.P. (Villa Robles Housing, LLC and NFWSC Housing Corporation)
4. Project Management Co.: Cescar Chavez Foundation
5. Project Name: Villa Robles Apartments
6. Type of Project: New Construction/Family
7. Location: Porterville, CA
8. Private Placement Purchaser: Citibank, N.A.
9. The Private Placement Purchaser at the time of issuance will be the same as represented in the application.
10. Total Number of Units: 99 plus 1 manager unit
11. Total Number of Restricted Rental Units: 99
12. The term of the income and rental restrictions for the Project will be at least 55 years.
13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable
14. Income and Rental Restrictions:
For the entire term of the income and rental restrictions, the Project will have:

At least 40 Qualified Residential units rented or held vacant for rental for persons or families whose income is at 50% or below of the Area Median Income.

At least 59 Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% or below of the Area Median Income.
15. For acquisition and rehabilitation projects, a minimum of \$10,000 in hard construction costs will be expended for each Project unit. **Not Applicable**
16. A minimum of \$0,000 of public funds will be expended for the Project. **Not Applicable**

RESOLUTION NO. 12-48

Exhibit A

Page 2 of 4

17. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$0,000. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing. **Not Applicable**
18. If the Project received points for having large family units, for the entire term of the income and rental restrictions, the Project will have at least 91 three-bedroom or larger units. **Applicable**
19. For a period of ten (10) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit. **Not Applicable**
20. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents an after school programs of an ongoing nature on-site or there must be an after school program available to Project residents within 1/4 mile of the Project. The programs shall include, but are not limited to: tutoring, mentoring, homework club, and art and recreation activities to be provided weekdays throughout the school year for at least 10 hours per week. **Applicable**
21. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/4 mile of the Project. **Not Applicable**
22. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/4 mile of the Project. **Not Applicable**
23. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/4 mile of the Project. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs, and senior companion programs. Services shall be provided for a minimum of 100 hours per year. **Not Applicable**
24. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.) **Not Applicable**
25. All projects that receive points for being a Federally Assisted At-Risk Project will renew all Section 8 HAP Contracts or equivalent Project-based subsidies for their full term, and will seek additional renewals, if available, throughout the Project's useful life. **Not Applicable**
26. All projects that receive points for being a Federally Assisted At-Risk Project based on an expiring Low Income Housing Tax Credit Regulatory Agreement or Tax-Exempt Bond Regulatory Agreement shall have a plan in place to re-certify the incomes of the existing tenants and shall not cause involuntary displacement of any tenant whose income may exceed the Project's income limits. **Not Applicable**

RESOLUTION NO. 12-48

Exhibit A

Page 3 of 4

27. Applicants shall meet the multiple sustainable building standards utilizing landscaping and construction materials which are compatible with the neighborhood in which the proposed project is to be located, and that the architectural design and construction materials will provide for low maintenance and durability, as well as be suited to the environmental conditions to which the project will be subjected: **Applicable With Waiver(s)**

Section Waived:

<input type="checkbox"/>	Energy Efficiency
<input type="checkbox"/>	CALGreen Compliance
<input type="checkbox"/>	Landscaping
<input type="checkbox"/>	Roofs
<input type="checkbox"/>	Exterior Doors
<input type="checkbox"/>	Appliances
<input type="checkbox"/>	Window Coverings
<input type="checkbox"/>	Water Heater
<input type="checkbox"/>	Floor Coverings
<input type="checkbox"/>	Paint
<input checked="" type="checkbox"/>	Insulation

28. The project commits to becoming certified under any one of the following programs upon completion:
- a. Leadership in Energy & Environmental Design (LEED) **Not Applicable**
 - b. Green Communities **Not Applicable**
 - c. GreenPoint Rated Multifamily Guidelines **Not Applicable**
29. The project is a New Construction or Adaptive Reuse Project exceeding the Standards of Title 24, Part 6, of the California Building Code by:
- a. 17.5% **Not Applicable**
 - b. 20% **Not Applicable**
 - c. 25% **Not Applicable**
30. The Project will exceed the minimum energy efficiency certification requirements for New Construction/ Adaptive Reuse:
- a. LEED for Homes (Silver) **Not Applicable**
 - b. LEED for Homes (Gold) **Not Applicable**
 - c. Green Point Rated (100) **Not Applicable**
 - d. Green Point Rated (125) **Not Applicable**
31. The project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the building(s) by:
- a. 15% **Not Applicable**
 - b. 20% **Applicable**
 - c. 25% **Not Applicable**
 - d. 30% **Not Applicable**

RESOLUTION NO.

Exhibit A

Page 4 of 4

32. The project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:
- | | |
|---|-----------------------|
| a. Photovoltaic generation that offsets tenants loads | Not Applicable |
| b. Photovoltaic generation that offsets 50% of common area load | Not Applicable |
| c. Solar hot water for all tenants who have individual water meters | Not Applicable |
33. The project will implement sustainable building management practices that include: 1) development of a percent-specific maintenance manual including replacement specifications and operating information on all energy and green building features; 2) Certification of building management staff in sustainable building operations per *BPI Multifamily Building Operator* or equivalent training program; and 3) Undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required): **Not Applicable**
34. The project will sub-meter centralized hot water systems for all tenants: **Not Applicable**

Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- c. Casa Velasco Housing, L.P. (Casa Velasco Apartments), City of Fresno, County of Fresno; up to \$9 million in multi-family housing debt obligations.

SUMMARY AND APPROVALS

DATE: SEPTEMBER 13, 2012

APPLICANT: CASA VELASCO HOUSING, L.P./CESAR CHAVEZ FOUNDATION

AMOUNT: UP TO \$9,000,000 OF TAX-EXEMPT MULTI-FAMILY HOUSING REVENUE BONDS

PURPOSE: FINANCE THE ACQUISITION AND REHABILITATION OF CASA VELASCO APARTMENTS LOCATED AT 4050 NORTH FRUIT AVENUE IN FRESNO, CA

CSCDA PROGRAM: HOUSING

Background:

The proposed project, Casa Velasco Apartments (the "Project"), is a 150-unit multi-family property located in Fresno, California. The Project application was filed on September 9, 2011 and induced on September 28, 2011.

Summary:

Casa Velasco Housing, L.P. (the "Borrower") has requested CSCDA to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$9,000,000 (the "Bonds") for the purpose of financing the acquisition and rehabilitation of the Project. The Project will be rehabilitated to provide 70 two-bedroom units, 56 three-bedroom units, and 24 four-bedroom units to low-income families in Fresno.

The Project was initially built in 1996 on 8 acres in the city of Fresno. There are 20 two-story apartment buildings, a community building, manager's office, laundry facility, swimming pool, playground, basketball court, and parking spread throughout the site. Proposed renovations include resurfacing the asphalt, repairing and repainting wrought iron, correcting drainage issues and replacing landscaping to make it drought tolerant, replacing non-energy efficient lights with new fixtures, adding gutters to the building, and installing new signage. In addition, all buildings will be painted, windows will be replaced, and exterior doors will be replaced as needed.

Each apartment contains a range/oven, refrigerator, dishwasher, garbage disposal, carpet, tile, blinds, central air-conditioning, washer/dryer connections, coat closet, and a balcony or patio. In the interior of the units, all flooring, cabinets and countertops will be replaced. Carbon monoxide detectors will be installed, doors and lighting will be replaced with energy efficient fixtures as needed, toilets and shower heads will be replaced with water efficient fixtures, and all units will be repainted. The rehabilitation is expected to begin in September, 2012 and be completed by July, 2013.

The Borrower has previously constructed or rehabilitated 30 multifamily and senior housing properties, including 2 with CSCDA. The Borrower currently has one other active application pending with CSCDA.

Public Benefit:

- Project Affordability
 - 100% of the Project's units will be income restricted:
 - 60 units reserved for tenants whose income is at or below 50% AMI
 - 88 units reserved for tenants whose income is at or below 60% AMI
 - 2 manager units
 - The term of the income and rental restrictions for the Project will be at least 55 years
- Site Amenities
 - The Project is located within a Public Transit Corridor
 - The Project is located within ½ mile of a park or recreational facility
 - The Project is located within ½ mile of a grocery store
 - The Project is located within ½ mile of a public K-12 school
 - The Project is located within ½ mile of a public library
 - The Project will provide after school programs for a minimum of 10 years
- Economic Benefits
 - Based upon \$16,595,689 Project costs using a 1.8 multiplier the Project produces \$29,872,240.20 total economic activity, and at 2.1 jobs per unit produces approximately 315 jobs. (Multipliers based on June 2010 study by Blue Sky Consulting Group and Center for Housing Policy on impact of housing in California using IMPLAN system.)

Agency Approvals:

TEFRA Hearing: October 27, 2011, City of Fresno, unanimous approval

CDLAC Approval: May 16, 2012

Estimated Sources and Uses:

Sources:

Tax-Exempt Bond Proceeds	\$9,000,000	54.23%
LIHTC Equity	\$699,132	4.21%
GP Capital	\$100	0.00%
Deferred Developer Fee	\$1,775,747	10.70%
Land Note	<u>\$5,120,710</u>	<u>30.86%</u>
Total Sources	\$16,595,689	100.00%

Uses:

Acquisition Costs	\$9,955,500	59.99%
Total Hard Construction Costs	\$3,416,716	20.59%
Architecture and Engineering Costs	\$150,000	0.90%
Contractor Overhead & Profit	\$196,352	1.18%
Developer Fee	\$2,236,823	13.48%
Relocation	\$67,500	0.41%
Cost of Issuance	\$287,950	1.74%
Capitalized Interest	\$75,548	0.46%
Other Soft Costs	<u>\$209,300</u>	<u>1.26%</u>

Total Uses

\$16,595,689

100.00%

Finance Team:

- Bond Counsel: Kutak Rock LLP, Omaha
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Private Placement Lender: Citibank, N.A.

Financing Structure:

The variable rate construction Bonds will mature in no more than 24 months and then be converted to the permanent phase for 30 years. The projected true interest cost of the fixed rate Bonds under current market conditions is 5.26%. The Bonds will be privately placed with Citibank.

By using \$9,000,000 in CSCDA Bonds the Project is able to leverage an additional \$7,595,689 in other resources, for a ratio of 1.18 to 1.

Policy Compliance:

The Project complies with the following policies:

- CSCDA General Policies
- CSCDA Issuance Policies
- CDLAC's Qualified Residential Rental Program Requirements

Financing Approval:

Based on the overall public benefits as outlined in the California Debt Limit Allocation Committee resolution, as described on the attached Exhibit A, approval of the issuance of Bonds by the City of Fresno, and conformance to the CSCDA Issuance Policies, the Commission shall approve the Resolution as submitted to the Commission, which:

1. Approves the issuance of the Bonds and the financing of the Project;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

Attachments:

1. Original application
2. City of Fresno TEFRA Resolution
3. CDLAC Qualified Residential Rental Program Resolution Exhibit A



Building Communities, Investing in Local Government Since 1988

Housing Bond Application

APPLICANT INFORMATION

Application Number: **2011075**
Name of Developer: **Cesar Chavez Foundation**
Primary Contact: **Sandra Santana**
Title: **Project Manager**
Address: **316 W. 2nd Street, Suite 600
Los Angeles, CA 90012**
Telephone Number: **(213) 362-0260 Ext. 258**
Fax Number: **(213) 362-0265**
E-mail: **ssantana@chavezfoundation.org**

BORROWER DESCRIPTION

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation
☐ Municipality ☒ Partnership
☐ Other (specify): _____

For Non-profits only: Will you be applying for State Volume Cap? **No**

Name of Borrowing Entity: **Fruit & Ashlan, L.P.**

Date Established: **1996**

Number of Multi-Family Housing Projects Completed in the Last 10 Years: **12**

Number of Low Income Multi-Family Housing Projects Completed in the Last 10 Years: **12**

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/PLACEMENT AGENT

Firm: **TBD**

Contact:

Address:

Telephone:

Fax:

E-mail:

BOND COUNSEL

Firm: **Kutak Rock LLP**

Contact: **J. Toger Swanson**

Address: **1650 Farnam Street
Omaha, NE 68102**

Telephone: **(402) 231-8805**

Fax: **(402) 346-1148**

E-mail: **j.toger.swanson@kutakrock.com**

Application Number: **2011075 - Casa Velasco**
Name of Borrower: **Cesar Chavez Foundation**

PROJECT DESCRIPTION

Current Project Name: **Casa Velasco**

New Project Name:

Project Street Address: **4050 North Fruit Avenue**

City: **Fresno** State: **CA** Zip Code: **93705**

County: **Fresno**

Is Project located in unincorporated part of the County? **No**

Total Number of Units: Market: **2** Restricted: **148** Total Units: **150**

Lot Size: **8.32 acres**

Amenities: **Afterschool program / community center, outdoor pool, basketball court, & playground**

Type of Construction (i.e., Wood Frame, 2 Story, 10 Buildings): **Foundation: Reinforced Concrete Slab; Exterior: Wood Frame With Stucco; Roofs: Wood Frame With Pitched Concrete Tiles. 20, 2 Story Buildings.**

Type of Housing: ☐ New Construction ☒ Family
☒ Acq/Rehab ☐ Senior Is this an Assisted Living Facility? _____

City or county contact information:

Contact Name: _____

Title: _____

Phone Number: _____ Ext. _____

Fax Number: _____

E-mail: _____

PUBLIC BENEFIT

Percentage of Units in Low Income Housing: **100%**

Percentage of Area Median Income(AMI) for Low Income Housing Units: **60 units @ 50% AMI and 88 units @ 60% AMI**

Total Number of Management Units: **2**

Unit Size	% AMI	# of Restricted Units	Restricted Rent	Market Rent	Expected Savings
2 Bedrooms	50	33	\$581	\$730	\$149
2 Bedrooms	60	36	\$710	\$800	\$90
3 Bedrooms	50	21	\$672	\$875	\$203
3 Bedrooms	60	34	\$821	\$950	\$129
4 Bedrooms	50	8	\$745	\$1,090	\$345
4 Bedrooms	60	16	\$911	\$1,090	\$179

Remarks:

OTHER PUBLIC BENEFIT

SERVICES PROVIDED

- ☐ High-speed internet service in each affordable unit of an on-going nature for a minimum of 10 years.
- ☐ After school program of an on going nature for the minimum of 10 years.
- ☐ Educational classes (which are not the same as the after school program) for a minimum of 10 years.
- ☐ Licensed childcare providing 20 hours or more per week(Monday through Friday) to residents of the development.
- ☐ Contract for services, such as assistance with the daily living activities, or provision of senior counseling services.

ENVIRONMENT

Energy

Does the facility exceed Title 24 Standards? ☐ Yes ☒ No ☐ N/A

If Yes, by what percent? _____%

Does the facility have solar(PV) panels? ☐ Yes ☒ No ☐ N/A

If Yes, what is the size in kWh? _____

Does the facility purchase carbon credits? ☐ Yes ☒ No ☐ N/A

If Yes, what is the annual consumption? _____

Water

Does the facility provide any of the following:

Efficient Toilets? ☐ Yes ☒ No ☐ N/A

Water-saving showerheads? ☐ Yes ☒ No ☐ N/A

Drought tolerant landscaping? ☐ Yes ☒ No ☐ N/A

Other, specify: _____

Transportation

Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☒ No ☐ N/A

Does the entity maintain a fuel efficient fleet? ☐ Yes ☒ No ☐ N/A

Waste

Does the project provide recycling facilities? ☐ Yes ☒ No ☐ N/A

WORKFORCE

Employment Creation

Job Type/Description	During Construction	Post Construction
None	0	0

GOVERNMENTAL INFORMATION

Congressional District #	State Senate District #	State Assembly District #
12	16	31

Application Number: **2011075 - Casa Velasco**
 Name of Borrower: **Cesar Chavez Foundation**

FINANCING STRUCTURE

Type of Financing: ☐ Public Sale ☒ Private Placement ☐ Refunding
 For Refundings only: Will you be applying for State Volume Cap? **No**
 For Refundings only: Is this a transfer of property to a new owner? _____
 Maturity: **30 Years** Interest Rate Mode: ☒ Fixed ☐ Variable

CONSTRUCTION FINANCING:

Credit Enhancement: ☒ None ☐ Letter of Credit
☐ FNMA(Fannie Mae) ☐ Freddie Mac
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

PERMANENT FINANCING:

Credit Enhancement: ☒ None ☐ Letter of Credit
☐ FNMA(Fannie Mae) ☐ Freddie Mac
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **Wells Fargo**

Expected Rating: ☒ Unrated ☐ S & P _____
☐ Moody's _____ ☐ Fitch _____

Projected State Allocation Pool: ☒ General ☐ Mixed Income ☐ Rural

Will the project use Tax-Credit as a source of funding?: **Yes**

SOURCES & USES

CONSTRUCTION SOURCES

Tax-Exempt Bond Proceeds:	\$9,000,000
Taxable Bond Proceeds:	
Tax Credits:	\$699,132
Developer Equity:	\$100
Other Funds(Describe):	
Land Lease	\$5,120,710
Deferred Dev Fee	\$1,775,747
_____	_____
_____	_____
_____	_____
TOTAL:	\$16,595,689

USES

Land Acquisition:	\$9,955,500
Building Acquisition:	
Construction or Remodel:	\$3,416,716
Cost of Issuance:	\$287,950
Capitalized Interest:	\$75,548
Reserves:	
Other Funds(Describe):	
Developer Fee	\$2,236,823
Architect & Engineering	\$150,000
Contractor Overhead/Profit	\$196,352
Relocation	\$67,500
Soft Costs	\$209,300
TOTAL:	\$16,595,689

Application Number: **2011075 - Casa Velasco**
Name of Borrower: **Cesar Chavez Foundation**

PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: N/A	Firm: TBD
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

ADDITIONAL REQUIREMENT

Please provide the following as an additional attachment:

<u>Attachment</u>	<u>Description of Information</u>
-------------------	-----------------------------------

A	\$5,000 non-refundable* issuance fee deposit payable to "California Communities."
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*Refundable only if financing not approved.

MAILING ADDRESS

California Communities®
2033 N. Main St., Suite 700
Walnut Creek, CA 94596



RESOLUTION NO. 2011-216

**A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO,
CALIFORNIA APPROVING THE ISSUANCE BY THE
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT
AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS
IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$9 MILLION FOR THE CASA VELASCO APARTMENTS**

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies throughout the State of California, including the City of Fresno (the "City"), to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily low income residential rental housing projects; and

WHEREAS, a to-be formed limited partnership (the "Borrower") whose general partner will have as its sole member Cesar Chavez Foundation, has requested that the Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds (the "Bonds") in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series issued from time to time, and at no time to exceed \$9 million in outstanding aggregate principal amount, for the purpose of, among other things: (a) to finance the acquisition and rehabilitation of a 150-unit multifamily low income residential rental housing project, commonly known as "the Casa Velasco Apartments", (the "Project"), located at 4050 North Fruit Avenue, Fresno, California and operated by the Borrower and managed by Cesar Chavez Foundation; and (b) fund a debt service reserve fund, if deemed necessary and advisable by the Authority, and (c) pay certain costs of issuing the Bonds; and

WHEREAS, the Bonds or a portion thereof will be "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

Adopted 10/27/11
Approved 11/7/11
Effective 11/7/11

Certified Copy SW
City Clerk's Office
Date 11/8/11

2011-216



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

WHEREAS, the Authority has requested that the Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 the Agreement, among certain local agencies, including the City; and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the Bonds would be held on the date specified in such notice; and

WHEREAS, pursuant to Section 147(f) of the Code, the Council, following notice duly given, has held a public hearing regarding the issuance of the Bonds, in which interested persons were provided an opportunity to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the Authority is also requesting that the City Council approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed the Project (the "Refunding Bonds"), but only in such cases where federal tax laws would not require additional consideration or approval by the City Council; and

WHEREAS, the Council now desires to approve the issuance of the Bonds by the Authority and the approval is intended to constitute the approval required by Section 147(f) of the Code and Section 9 of the Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRESNO AS FOLLOWS:

Section 1. The Council accepts the above recitals as true and correct.

Section 2. The Council hereby approves the issuance of the Bonds and the Refunding Bonds by the Authority. It is the purpose and intent of the Council that this Resolution constitutes approval of the issuance of the Bonds by the Authority, for the purposes of: (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is to be located, in accordance with said Section 147(f), and (b) Section 9 of the Agreement.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing approved hereby.

Certified Copy
City Clerk's Office
Date 11/8/11



Section 4. Neither the City nor its staff have reviewed or considered the financial feasibility of the Project or the expected operation of the Project with regards to any State of California statutory requirements, and adoption of this Resolution shall not obligate, without further formal action on the part of the Council: (i) the City to provide financing to the Applicant for the acquisition, refurbishment and development of the Project or to issue the Bonds for purposes of financing; or (ii) the City, or any department of the City, to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, development or operation of the Project.

Section 5. The Bonds will not constitute indebtedness or obligation, or a pledge of the faith and credit of the City. The Bonds will be limited obligations of the Authority, payable solely from revenues of the Project.

Section 6. Notwithstanding any other provision of this Resolution, neither the Council, nor the City or any of its officials or employees, represents, warrants, or guarantees that the Bonds qualify as "private activity bonds" pursuant to Sections 141 or 147(f) of the Code.

Section 7. The City Clerk shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the hearing notice to:

J. Toger Swanson, Esq.
Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102

Section 8. This Resolution shall take effect upon the date of its final passage.

* * * * *

Certified Copy _____
City Clerk's Office _____

Date _____

sw
11/8/11



STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno at a regular meeting held on the 27th day of October, 2011.

AYES: Baines, Olivier, Quintero, Westerlund, Xiong, Brand

NOES: None

ABSENT: Borgeas

ASBTAIN: None

Mayor Approval: _____ November 7, 2011

Mayor Approval /No Return: _____ N/A, 2011

Mayor Veto: _____ N/A, 2011

Council Override Vote: _____ N/A, 2011

REBECCA E. KLISCH
City Clerk

BY: Stacey Woo
Deputy

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

BY: Mark Gleason
Mark Gleason, Deputy

Certified Copy
City Clerk's Office
Date 11/8/11



October 27, 2011

RECEIVED

Council Adoption: 10/27/11
Mayor Approval:
Mayor Veto:
Override Request:

TO: MAYOR ASHLEY SWEARENGIN
FROM: REBECCA E. KLISCH, CMC
City Clerk
2011 NOV -7 PM 4:02
CITY CLERK, FRESNO CA

SUBJECT: TRANSMITTAL OF COUNCIL ACTION FOR APPROVAL OR VETO

At the Council meeting of 10/27/11, Council adopted the attached Resolution No. 2011-216 entitled **TEFRA, multifamily hsg rev bonds not to exceed \$9 million, Casa Velasco Apartments**, Item No. **10:10 A.M. #1**, by the following vote:

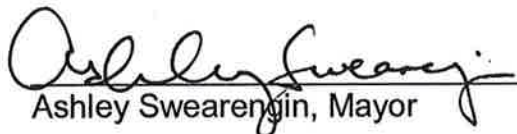
Ayes : Baines, Olivier, Quintero, Westerlund, Xiong, Brand
Noes : None
Absent : Borgeas
Abstain : None

Please indicate either your formal approval or veto by completing the following sections and executing and dating your action. Please file the completed memo with the Clerk's office on or before November 7, 2011. In computing the ten day period required by Charter, the first day has been excluded and the tenth day has been included unless the 10th day is a Saturday, Sunday, or holiday, in which case it has also been excluded. Failure to file this memo with the Clerk's office within the required time limit shall constitute approval of the ordinance, resolution or action, and it shall take effect without the Mayor's signed approval.

Thank you.

APPROVED:

VETOED for the following reasons: (Written objections are required by Charter; attach additional sheets if necessary.)



Ashley Swearengin, Mayor

Date: 11/7/11

COUNCIL OVERRIDE ACTION:

Date: _____

Ayes :
Noes :
Absent :
Abstain :

Certified Copy 
City Clerk's Office
Date: 11/8/11



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 311

SACRAMENTO, CA 95814

TELEPHONE: (916) 653-3255

FAX: (916) 653-6827

www.treasurer.ca.gov/cdlac

MEMBERS

Bill Lockyer, Chairman

State Treasurer

Edmund G. Brown Jr.,

Governor

John Chiang

State Controller

Sean L. Spear

Executive Director

May 16, 2012

Tom Sweet

Treasurer

California Statewide Communities Development Authority

1100 K Street, Suite 101

Sacramento, CA 95814

**RE: RESOLUTION ATTESTING TO THE
TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION**

Dear Mr. Sweet,

Enclosed is a copy of Resolution No. 12-49, adopted by the California Debt Limit Allocation Committee (the "Committee") on May 16, 2012, authorizing the California Statewide Communities Development Authority to use \$9,000,000 of its unused 2009 Carryforward Allocation, for the Casa Velasco Apartments Project.

While your application was for a portion of the 2012 State Ceiling on Qualified Private Activity Bonds, because you had remaining carryforward allocation, the Committee decided to transfer some or all of that allocation to this Project. The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. You are advised to consult bond counsel regarding the making of a carryforward election pursuant to the rules of the Internal Revenue Service.

The following is additional information pertaining to the use of the allocation for this Project:

1. Performance Deposit: Pursuant to Section 5050 of the Committee's Regulations, the performance deposit certified in support of this project (\$45,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the allocation transferred was used for the issuance of bonds for the specific Project and the payment of the second installment of the CDLAC filing fee. The full amount of the deposit will be released upon the Committee's approval if at least 80% of the allocation is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. Reporting of Issuance: Enclosed is a "Report of Action Taken" form to be used to report the issuance of bonds pursuant to Section 9 of the Resolution.

3. IRS Certification: The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.

Tom Sweet
May 16, 2012
Page 2

4. Second Installment of Filing Fee: Enclosed is an invoice for this Project. Please note that this is a change from past practice where the Committee's invoice for the second installment of the filing fee was sent with the IRS Certification after the Report of Action Taken. The Committee will no longer forward an invoice with the IRS Certification. The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

5. Certification of Compliance: Enclosed is a Certification of Compliance to be submitted to the Committee annually on March 1st of each year on sponsor letterhead pursuant to Section 13 of the Resolution.

Please consult the Committee's Regulations for a full explanation of the use of allocation. Do not hesitate to contact me should you have questions.

Sincerely,



SEAN L. SPEAR
Executive Director

Enclosures

c: Caitlin Lanctot, California Statewide Communities Development Authority
J. Toger Swanson, Esq., Kutak Rock, LLP
Ron Lehr, Wedbush Securities
Robin Raida, Casa Velasco Housing, LP

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 12-49

**A RESOLUTION TRANSFERRING A PORTION OF THE 2012 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the California Statewide Communities Development Authority ("Applicant") for the transfer to the Applicant of a portion of the 2012 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, previously the Committee transferred to the Applicant a portion of the 2009 State Ceiling on Private Activity Bonds for rental projects on a carryforward basis ("Carryforward Allocation"); and

WHEREAS, to fully utilize the remaining Carryforward Allocation, the Committee must approve its transfer to other projects with the same issuer; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2012 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application and/or to authorize the transfer of remaining Carryforward Allocation to the Projects described in the Application; and

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant authorization to use \$9,000,000 of its remaining 2009 Carryforward for the Project. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution; together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, section 10337(c) and section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. The Committee may consent to changes in the terms and conditions set forth in this Resolution as changed circumstances may dictate.

Section 4. Any material changes in the structure of the bond sale structure prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use any Allocation transferred hereby from the 2012 State Ceiling to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer any Allocation or Carryforward Allocation to any governmental unit in the State other than this Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **August 24, 2012**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Article 8, Chapter 1 of the Committee's Regulations.

Section 8. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee by facsimile communication to the fax number listed in Section 5140 of the Committee's Regulations that the Allocation has been used. This facsimile notice shall identify the Applicant, the project or program, the date the Allocation and the Carryforward Allocation were used, and the amount of Allocation and Carryforward Allocation used.

Section 9. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 10. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee. Any unused amount of the Carryforward Allocation authorized in Section 1 of the Resolution shall be retained by the Applicant for the period allowed by Section 146.f.3.A. of the Internal Revenue Code regarding carryforward elections. Use of any unused Carryforward Allocation shall be in accordance with Section 5132 of the Committee's Regulations regarding carryforward elections.

Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions, whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 12. In consideration of the Allocation transferred to, and the Carryforward Allocation authorized for use by the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution annually on March 1st of each year or when reasonably requested by the Committee.


Section 14. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, SEAN L. SPEAR, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on May 16, 2012 at 11:01 a.m. with the following votes recorded:

AYES:	Bettina Redway for State Treasurer Bill Lockyer Pedro Reyes for Governor Edmund G. Brown Jr. Alan Gordon for State Controller John Chiang
-------	---

NOES:	None
ABSTENTIONS:	None
ABSENCES:	None


SEAN L. SPEAR, Executive Director

Date: May 16, 2012

RESOLUTION NO. 12-49
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

1. Applicant: California Statewide Communities Development Authority
2. Application No.: 12-057
3. Project Sponsor: Casa Velasco Housing, LP (Casa Velasco Housing, LLC and NFWSC Housing Corporation)
4. Project Management Co.: Cesar Chavez Foundation
5. Project Name: Casa Velasco Apartments
6. Type of Project: Acquisition and Rehabilitation/Family
7. Location: Fresno, CA
8. Private Placement Purchaser: Wells Fargo Bank, N.A.
9. The Private Placement Purchaser at the time of issuance will be the same as represented in the application.
10. Total Number of Units: **148** plus **2** manager units
11. Total Number of Restricted Rental Units: **148**
12. The term of the income and rental restrictions for the Project will be at least **55** years.
13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable
14. Income and Rental Restrictions:
For the entire term of the income and rental restrictions, the Project will have:

At least **60** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 50% or below of the Area Median Income.

At least **88** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% or below of the Area Median Income.
15. For acquisition and rehabilitation projects, a minimum of \$10,000 in hard construction costs will be expended for each Project unit. **Applicable**
16. A minimum of \$0,000 of public funds will be expended for the Project. **Not Applicable**

17. At a minimum, the financing for the Project shall include a *Taxable Tail* in the amount of \$0,000. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing. **Not Applicable**
18. If the Project received points for having large family units, for the entire term of the income and rental restrictions, the Project will have at least 79 three-bedroom or larger units. **Applicable**
19. For a period of ten (10) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit. **Not Applicable**
20. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents an after school programs of an ongoing nature on-site or there must be an after school program available to Project residents within 1/4 mile of the Project. The programs shall include, but are not limited to: tutoring, mentoring, homework club, and art and recreation activities to be provided weekdays throughout the school year for at least 10 hours per week. **Applicable**
21. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/4 mile of the Project. **Not Applicable**
22. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/4 mile of the Project. **Not Applicable**
23. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/4 mile of the Project. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs, and senior companion programs. Services shall be provided for a minimum of 100 hours per year. **Not Applicable**
24. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.) **Not Applicable**
25. All projects that receive points for being a Federally Assisted At-Risk Project will renew all Section 8 HAP Contracts or equivalent Project-based subsidies for their full term, and will seek additional renewals, if available, throughout the Project's useful life. **Not Applicable**
26. All projects that receive points for being a Federally Assisted At-Risk Project based on an expiring Low Income Housing Tax Credit Regulatory Agreement or Tax-Exempt Bond Regulatory Agreement shall have a plan in place to re-certify the incomes of the existing tenants and shall not cause involuntary displacement of any tenant whose income may exceed the Project's income limits. **Not Applicable**

27. Applicants shall meet the multiple sustainable building standards utilizing landscaping and construction materials which are compatible with the neighborhood in which the proposed project is to be located, and that the architectural design and construction materials will provide for low maintenance and durability, as well as be suited to the environmental conditions to which the project will be subjected: **Applicable**

Section Waived:

<input type="checkbox"/>	Energy Efficiency
<input type="checkbox"/>	CALGreen Compliance
<input type="checkbox"/>	Landscaping
<input type="checkbox"/>	Roofs
<input type="checkbox"/>	Exterior Doors
<input type="checkbox"/>	Appliances
<input type="checkbox"/>	Window Coverings
<input type="checkbox"/>	Water Heater
<input type="checkbox"/>	Floor Coverings
<input type="checkbox"/>	Paint
<input type="checkbox"/>	Insulation

28. The project commits to becoming certified under any one of the following programs upon completion:

- | | |
|---|-----------------------|
| a. Leadership in Energy & Environmental Design (LEED) | Not Applicable |
| b. Green Communities | Not Applicable |
| c. GreenPoint Rated Multifamily Guidelines | Not Applicable |

29. The project is a Rehabilitation Project reducing energy use on a per square foot basis by 25% of the California Building Code by:

- | | |
|----------|-----------------------|
| a. 17.5% | Not Applicable |
| b. 20% | Not Applicable |
| c. 25% | Not Applicable |

30. The Project will exceed the minimum energy efficiency certification requirements for New Construction/ Adaptive Reuse:

- | | |
|----------------------------|-----------------------|
| a. LEED for Homes (Silver) | Not Applicable |
| b. LEED for Homes (Gold) | Not Applicable |
| c. Green Point Rated (100) | Not Applicable |
| d. Green Point Rated (125) | Not Applicable |

31. The project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the building(s) by:

- | | |
|--------|-----------------------|
| a. 15% | Not Applicable |
| b. 20% | Not Applicable |
| c. 25% | Not Applicable |
| d. 30% | Not Applicable |

32. The project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:

- | | |
|---|-----------------------|
| a. Photovoltaic generation that offsets tenants loads | Not Applicable |
| b. Photovoltaic generation that offsets 50% of common area load | Not Applicable |
| c. Solar hot water for all tenants who have individual water meters | Not Applicable |

33. The project will implement sustainable building management practices that include: 1) development of a percent-specific maintenance manual including replacement specifications and operating information on all energy and green building features; 2) Certification of building management staff in sustainable building operations per BPI Multifamily Building Operator or equivalent training program; and 3) Undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required): **Not Applicable**
34. The project will sub-meter centralized hot water systems for all tenants: **Not Applicable**

The following certification must be submitted by the Project Sponsor (on Project Sponsor letterhead) to the Applicant (Issuer) who will then forward it to the California Debt Limit Allocation Committee annually on March 1st (or at such other time as requested by the Committee).

CERTIFICATION OF COMPLIANCE

Project Name: Casa Velasco Apartments

(If project has changed name since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: California Statewide Communities Development Authority

CDLAC Application No.: 12-057

Pursuant to Section 13 of Resolution No. 12-49 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on May 16, 2012, I, _____, an Officer of the

Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check or write N/A to the items list below :

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by attached the applicable third party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received point for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: May 16, 2012

Invoice No.: FY 11-1259
Application No.: 12-057
Analyst Initials: AO

To: Caitlin Lanctot
Program Manager
California Statewide Communities Development Authority
2033 North Main Street, Suite 700
Walnut Creek, CA 94596

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER: California Statewide Communities Development Authority

NAME OF PROJECT OR PROGRAM: Casa Velasco Apartments

ALLOCATION AWARD DATE: May 16, 2012

ALLOCATION AWARD AMOUNT: \$9,000,000

<u>AMOUNT DUE:</u>	Allocation award x .00035	=	\$	3,150.00
	Less initial application fee	=	-\$	600.00
	Amount Due	=	\$	2,550.00

Issuer or bond trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: \$

AMOUNT OF BOND ALLOCATION USED: \$

The application fee is based on the amount of allocation used to issue bonds. Please complete the following *only if* the amount of allocation used is less than the amount of allocation awarded, and remit the *revised* amount due.

<u>REVISED AMOUNT DUE:</u>	Amount issued x .00035	=	\$	
	Less initial application fee	=	-\$	600.00
	Revised Amount Due	=	\$	

PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK OR
RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT

Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- d. Total Road Improvement Program (TRIP) Approval, City of Barstow, County of San Bernardino; up to \$25,000,000 in Gas Excise Tax Securitization Bonds.

SUMMARY AND APPROVALS

DATE: SEPTEMBER 7, 2012
APPLICANT: CITY OF BARSTOW
AMOUNT: UP TO \$25,000,000 OF TRANSPORTATION REVENUE CERTIFICATES OF PARTICIPATION
PURPOSE: FINANCE THE IMPROVEMENT OF STREET INFRASTRUCTURE
PROGRAM: TOTAL ROAD IMPROVEMENT PROGRAM (TRIP)

Background:

In 2008 the Commission approved the ability of the Authority to offer a program to cities and counties to finance street improvement projects by a pledge of gas tax revenues and other transportation-related funding, with the Authority entering into Installment Sale Agreements with such cities and counties which are members of the Authority. The payments under which would represent payments on Certificates of Participation (“COPs”) to be executed and delivered on a pooled or stand-alone basis.

An eighteen cent state fuel excise tax is collected on all gasoline, diesel and other fuel sales, and distributed by the State Controller on a monthly basis to cities and counties. This fuel excise tax was further increased in March 2010 by state legislation which swapped former gasoline sales taxes (Prop. 42 funds) for an increase in fuel excise taxes. The State reaffirmed this fuel excise tax – gasoline sales tax swap through the passage of AB105 in March 2011.

Gas Tax funds are apportioned by population and by the number of registered vehicles. Article XIX of the State Constitution restricts use of the Gas Tax funds to maintenance/construction of public streets and highways. Most cities and counties use Gas Tax revenues for operations and maintenance.

The Original Measure I Ordinance imposed the Measure I Sales Tax, which is a tax of one-half of one percent (0.5%) of the gross receipts of retailers from the sale of tangible personal property sold at retail in the County of San Bernardino and a use tax at the same rate upon the storage, use, or other consumption in the County of San Bernardino of such property purchased from any retailer for storage, use, or other consumption in the County of San Bernardino, subject to certain limited exceptions. As approved by the voters in 1989, the Measure I Sales Tax was limited to 30 years in duration. On June 2, 2004, the San Bernardino County Transportation Authority adopted the Measure I Ordinance, which extended the imposition of the Measure I Sales Tax until March 31, 2040. The Measure I Ordinance was submitted to the electors of the County of San Bernardino and approved at an election held in November 2004, by more than two-thirds of the voters. The Measure I revenue pledge for the TRIP COPs was approved by the San Bernardino Associated Government Board on September 5, 2012. This represents the first time a city within San Bernardino County will pledge their Measure I revenues to a TRIP COPs.

Summary:

The City of Barstow (the “City”) received initial approval of the issuance a not-to-exceed amount of \$25 million of Transportation Revenue Certificates of Participation (COPs) on April 16, 2012 through CSCDA’s TRIP Program. The COPs are scheduled to be issued in fall 2012.

Revenues for FY 2010/11

	\$562,382	Gas Tax Revenues (collected under the Streets & Highways Code).
	<u>\$1,488,242</u>	Local Measure I revenues from San Bernardino County Transportation Authority
Total:	\$2,050,624	

The proposed COPs will be secured solely by a pledge of Barstow’s Gas Tax Revenues and its apportionment of Local Measure I revenues. Based on current interest rates, the maximum annual COP payment will be approximately \$1,360,000. The all-in interest rate is currently estimated to be 5.25%. Based on Barstow’s FY2010/11 Transportation Revenues, the COPs will have maximum annual payment coverage of over 1.50 times the debt.

The City of Barstow is undertaking the financing as part of the City’s ongoing effort to accelerate street system improvements within its jurisdiction. The financing is comprised of facilities that are eligible for expenditure of Gas Tax Revenues and Measure I Receipts under applicable laws of the State.

Public Benefit:

- The issuance of the certificates on behalf of the City of Barstow will allow the City to make much needed improvements to their street infrastructure that would otherwise have been deferred due to lack of sufficient funds.
- The program will provide the ability to catch up on backlog repairs; increase the service level of the street network; and lower maintenance costs long term.
- The issuance will call for Certificates of Participation under an installment sale structure. No lease of assets would be required, wherein past transactions of this nature have required a lease of city/county assets.

Approvals:

Based on the overall public benefit, conformance to the California Communities Issuance Policies, and the City of Barstow’s approval of the financing the Commission shall approve the Resolution which:

1. Approves the issuance of the certificates of participation through the Total Road Improvement Program;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

Attachment A – Total Road Improvement Program

Local Approval Information and Projects:

On April 16, 2012, the City of Barstow approved a resolution authorizing the issuance of Gas Tax Revenue COPs TRIP Program. The following projects are those anticipated to be funded by the financing:

<u>Name of Project Component</u>	<u>Description of Project Component</u>	<u>Estimated Cost</u>
Street Reconstruction	Approximately 37.42 miles of streets located in the City of Barstow, which are in need of reconstruction.	\$20,953,000

Validation:

City of Barstow Validation. The City of Barstow filed a complaint in the Superior Court of the State of California for the County of San Bernardino (the “San Bernardino County Superior Court”) pursuant to California Government Code Section 53510 et seq. and California Code of Civil Procedure Section 860 et seq. (collectively, the “Validation Law”) seeking to validate certain issues raised by the proposed execution and delivery of the Certificates.

The City has judicially validated the Certificates’ use of a Special Fund (gas tax revenues) allowing exclusion to the California Constitutional debt limit. The San Bernardino County Superior Court entered a default judgment to the effect that the Certificates are valid, legal, binding obligations of the City and the City has the legal ability to pledge gas tax revenues toward the repayment of the Certificates

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Los Angeles
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: De La Rosa & Co., Los Angeles
- Underwriter’s Counsel: Goodwin Proctor LLP, Los Angeles
- Financial Advisor: Urban Futures, Inc, Orange
- Trustee: Wells Fargo Bank, Los Angeles

Financing Structure:

The COPs will mature in no more than thirty years and will be issued as fixed rate tax-exempt obligations. The COPs will be publicly offered by the Underwriter in minimum denominations of \$5,000. The COPs are expected to receive an “A” rating from Standard & Poor’s. If the COPs qualify for Assured Guaranty COP insurance (“Aa3/AA-” rating, Moody’s negative outlook) and there is an economic benefit, the COPs may be issued with Assured Guaranty insurance. The proposed sale of COPs will comply with the Authority’s policies for the issuance of publicly offered securities.

The City of Barstow is currently considering issuing \$17,135,000. However, if interest rates improve or if the City's funding needs change, the City may consider issuing up to \$25,000,000 to fund other street projects.

Estimated Sources and Uses:

Sources:

COP Proceeds	\$ <u>17,135,000</u>
Total Sources	\$ 17,135,000

Uses:

Project Fund	\$ 15,463,974
Debt Service Reserve Fund	\$ 1,365,000
Cost of Issuance	\$ <u>306,026</u>
Total Uses	\$ 17,135,000



Building Communities, Investing in Local Government Since 1988

TRIP Bond Application

APPLICANT INFORMATION

Application Number: **2012075**

Name of Borrower: **City of Barstow**

Primary Contact: **Oliver Chi**

Title: **Assistant City Manger**

Street Address: **220 E Mountain View Street** Suite: **A**

City: **Barstow** State: **CA** Zip Code: **92311**

Telephone Number: **(760) 577-4510**

Fax Number: **(760) 577-4510**

E-mail: **bshumey@cacommunities.org**

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation
☒ Municipality ☐ Partnership
☐ Special District ☐ Other (specify): _____

Date Organized: **09/30/1947**

PROJECT INFORMATION

Project Name: **TRIP 2012 - City of Barstow**

Facility Name: **City of Barstow**

Street Address: **220 E Mountain View St**

City: **Barstow** State: **CA** Zip Code: **92311**

County: **San Bernardino**

Is Project located in unincorporated part of the County? **No**

Has the city or county in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Contact Name: _____

Title: _____

Phone Number: _____ Ext. _____

Fax Number: _____

E-mail: _____



Building Communities, Investing in Local Government Since 1988

TRIP Bond Application

FINANCING INFORMATION

Principal Amount: **\$25,000,000**

Tax-exempt Amount: **\$25,000,000**

Taxable Amount: **\$0**

Proposed Closing Date: **10/30/2012**

Maturity: **30 Years** Interest Rate Mode: ☒ Fixed ☐ Variable

Type of Offering: ☒ Public Offering ☐ Private Placement

Denominations: **5,000**

Type of Financing: ☐ Acquisition of Existing Facility ☒ New Construction
☐ Refunding

Credit Enhancement: ☒ None ☐ Letter of Credit
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

Expected Rating: ☐ Unrated ☒ S & P A-
☐ Moody's _____ ☐ Fitch _____

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/PLACEMENT AGENT

Firm: **De La Rosa and Company**

Contact: **John Kim**

Address: **10866 Wilshire Blvd, Suite 1650
Los Angeles, CA 90024**

Telephone: **(310) 207-1975**

Fax: **(310) 207-1995**

E-mail: **jkim@ejdelarosa.com**

BOND COUNSEL

Firm: **Orrick, Herrington & Sutcliffe, LLP**

Contact: **Bill Bothwell**

Address: **777 S Figueroa St, Suite 3200
Los Angeles, CA 90017**

Telephone: **(213) 612-2403**

Fax: **(213) 612-2020**

E-mail: **wbothwell@orrick.com**



Building Communities, Investing in Local Government Since 1988

TRIP Bond Application

PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: N/A	Firm: TBD
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

ADDITIONAL INFORMATION REQUIRED

Please provide the following information as additional attachments:

<u>Attachment</u>	<u>Description of Information</u>
	No Additional Requirement

MAILING ADDRESS

California Communities®
2033 N. Main St., Suite 700
Walnut Creek, CA 94596



TRIP Bond Application Attachment D

Application: **2012075 - TRIP 2012 - City of Barstow**
 Borrower: **City of Barstow**
 Facility #1: **City of Barstow**

PUBLIC BENEFITS

ENVIRONMENT

Energy

- Does the facility exceed Title 24 Standards? ☐ Yes ☐ No ☒ N/A
 If Yes, by what percent? _____ %
 Does the facility have solar(PV) panels? ☐ Yes ☐ No ☒ N/A
 If Yes, what is the size in kWh? _____
 Does the facility purchase carbon credits? ☐ Yes ☐ No ☒ N/A
 If Yes, what is the annual consumption? _____

Water

- Does the facility provide any of the following:
 Efficient Toilets? ☐ Yes ☐ No ☒ N/A
 Water-saving showerheads? ☐ Yes ☐ No ☒ N/A
 Drought tolerant landscaping? ☐ Yes ☐ No ☒ N/A
 Other, specify: _____

Transportation

- Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☐ No ☒ N/A
 Does the entity maintain a fuel efficient fleet? ☐ Yes ☐ No ☒ N/A

Waste

- Does the project provide recycling facilities? ☐ Yes ☐ No ☒ N/A

WORKFORCE

Employment Creation

Job Type/Description	During Construction	Post Construction
<u>None</u>	<u>0</u>	<u>0</u>

GOVERNMENTAL INFORMATION

Congressional District #	State Senate District #	State Assembly District #
_____	<u>18</u>	<u>34</u>

RESOLUTION NO. 4660-2012

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF CALIFORNIA COMMUNITIES TRANSPORTATION REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2012C (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM) PURSUANT TO A TRUST AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, CERTIFICATE PURCHASE AGREEMENT AND AN INSTALLMENT SALE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES, AND AUTHORIZING THE FILING OF A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is empowered to assist the City of Barstow (the "City") in financing certain public capital improvements pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement among a number of California cities, counties and special districts, including the City of Barstow, dated June 1, 1988;

WHEREAS, the legislative body (the "Legislative Body") of the City has determined that the design, acquisition and construction of certain roadway improvements and street resurfacing, (as more fully described in the herein defined Installment Sale Agreement, the "Project") is necessary and proper for, and for the common benefit of, the City, and under the terms of applicable law, the payment for such Project may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund, as defined in the Installment Sale Agreement;

WHEREAS, in order to achieve a lower net interest cost and lower costs of issuance in connection with financing the acquisition of the Project, the City has determined to participate with certain other local agencies which are also members of the Authority (collectively, the "Local Agencies") in the California Communities Total Road Improvement Program (TRIP) (the "Program") established by the Authority to finance street improvement projects, such as the Project;

WHEREAS, pursuant to the Program the Authority will acquire and construct the Project for, and sell the Project to, the City, pursuant to an Installment Sale Agreement by and between the City and the Authority, in the form presented to this meeting (with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Installment Sale Agreement");

WHEREAS, the City desires to authorize the execution and delivery of additional Contracts, as defined in the Installment Sale Agreement, in the future from time to time for the purpose of financing the design, acquisition and construction of additional

roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund;

WHEREAS, installment sale payments payable in connection with the installment sale agreement of each local agency participating in the Program will be combined, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to a Trust Agreement, among the Authority, the Trustee and the Local Agencies (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement"), will execute and deliver California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012C (or such other subseries to be designated) (T.R.I.P. – Total Road Improvement Program) (the "Certificates"), which evidence and represent proportionate and undivided interests in such combined installment sale payments;

WHEREAS, the Authority may determine that securing the timely payment of the principal and interest evidenced by the Certificates by obtaining a bond insurance policy (a "Certificate Insurance Policy") with respect thereto issued by a municipal bond insurer (a "Certificate Insurer") could be economically advantageous to the Local Agencies;

WHEREAS, E. J. De La Rosa & Co., Inc., or such other investment banking firm as may be selected in the sole discretion of the Authority (the "Underwriter"), has submitted to the Local Agencies and the Authority a proposed form of an agreement to purchase the Certificates in the form of a Certificate Purchase Agreement (the "Certificate Purchase Agreement");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the Certificates has been prepared;

WHEREAS, the City is a member of the Authority and the Project is to be located within the boundaries of the City;

WHEREAS, the improvement and reconstruction of the Project will provide additional life and more efficient fuel consumption on the streets resulting in significant public benefit;

WHEREAS, the City hereby finds that the financing of such public capital improvements within the City will result in significant public benefits in the form of a safe and reliable transportation network, demonstrable savings in effective interest rates, and the more efficient delivery of City services to residential and commercial development;

WHEREAS, on this date, the City held a public hearing on the financing of such public capital improvements within the City in accordance with Section 6586.5 of the Act;

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the City of Barstow; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE BODY OF THE CITY OF BARSTOW, as follows:

Section 1. The foregoing recitals herein contained are true and correct and the Legislative Body so finds.

Section 2. The Project is hereby approved. Any of the Authorized Officers designated in Section 9 hereof (the "Authorized Officers") are authorized to implement the Project in accordance with the provisions of the Installment Sale Agreement and this Resolution.

Section 3. The form of the Installment Sale Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Installment Sale Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the installment sale payments shall not exceed \$25,000,000, the true interest cost applicable to the interest components of the installment payments shall not exceed 7.00% per annum and the final principal installment due on the Installment Agreement shall be no later than June 1, 2042. Pursuant to the terms of the Installment Sale Agreement, the Legislative Body further authorizes the execution and delivery of additional Contracts in the future from time to time for the purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund, and/or Measure I Revenues.

Section 4. The form of Trust Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Trust Agreement in substantially said form, with such changes, insertions

and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The execution and delivery of the Certificates, on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement and the Installment Sale Agreement, is hereby authorized and approved. The Certificates shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Trust Agreement, as the same shall be completed.

Section 5. The form of Certificate Purchase Agreement, on file with the Clerk of the Legislative Body, including the form of the Pricing Confirmation set forth as an exhibit thereto (the "Pricing Confirmation") is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Certificate Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter's discount for the sale of the Certificates shall not exceed 1.25% of the aggregate principal amount of the principal components of the installment sale payments payable under the Installment Sale Agreement. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

Section 6. The form of Preliminary Official Statement, on file with the Clerk of the Legislative Body, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Certificates is hereby authorized and approved. Any one of the Authorized Officers is hereby authorized and directed to provide the Underwriter with such information relating to the City as they shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement. Upon inclusion of the information relating to the City therein, the Preliminary Official Statement is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule; *provided* that no representation is made as to the information contained in the Preliminary Official Statement relating to the other Local Agencies or any Certificate Insurer or Certificate Insurance Policy. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the City might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter. The Authority is hereby authorized and directed, at or after the time of the sale of the Certificates, for and in the name and on behalf of the City, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Authority is hereby authorized to apply for a Certificate Insurance Policy for the Certificates and to obtain such insurance if the present value cost of such insurance is less than the present value of the estimated interest savings with respect to the Certificates.

Section 8. The form of Installment Sale Agreement provides that Measure I Revenues, as a category of Other Available Revenues, as those terms are respectively defined in the Installment Sale Agreement, may be used to make 2012 Installment Sale Payments. Prior to the execution and delivery of the Installment Sale Agreement, the Authorized Officers, in consultation with the City's Financial Advisor for the Program, shall determine if significant interest rate savings could be achieved through a formal pledge of Measure I Revenues to the payment of 2012 Installment Sale Payments; and if so determined, the Installment Sale Agreement may be amended to reflect such pledge, subject to any then outstanding commitment or pledge of Measure I Revenues, such amendment to be conclusively evidenced by the execution and delivery of the Installment Sale Agreement.

Section 9. The Authorized Officers are, and each of them is, authorized and directed, for and in the name of the City, to instruct Orrick, Herrington & Sutcliffe LLP, as special counsel to the Program to bring a validation action under Section 860 of the California Code of Civil Procedure to determine the legality and validity of the Installment Sale Agreement, the Trust Agreement, the Certificates and the other documents and proceedings authorized pursuant to this Resolution and to execute and return the fee agreement for such services on file with the Clerk.

Section 10. The Authorized Officer designated below and any and all other officers, agents and employees of the City are hereby authorized and directed to take any and all actions and execute and deliver any and all documents necessary or convenient to accomplish the purposes of this Resolution.

Authorized Officers:

TITLE

- (1) Mayor
- (2) City Manager
- (3) Assistant City Manager

Section 11. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 12. This Resolution shall be in full force and effect upon its adoption.

PASSED, APPROVED and ADOPTED this 16th day of April, 2012.


Julie Hackbarth-McIntyre, Mayor Pro Tem

ATTEST:


JoAnne V. Cousino, City Clerk



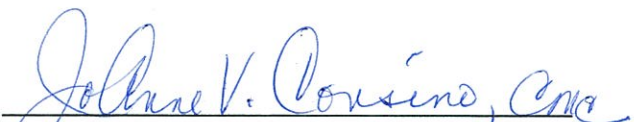
I, JoAnne V. Cousino, City Clerk of the City of Barstow and ex-officio Clerk of the Council, DO HEREBY CERTIFY UNDER PENALTY OF PERJURY that the foregoing is a true and correct copy of Resolution No. 4660-2012 of said Council which was adopted at its regular meeting of April 16, 2012, by the following vote:

AYES: Council Members Saenz, Silva and Mayor Pro Tem
Hackbarth-McIntyre

NOES: Council Member Hailey and Mayor Gomez

ABSENT: None

ABSTAINED: None


JoAnne V. Cousino, City Clerk

**AGENDA MATTER:****CONSIDERATION OF PARTICIPATION IN THE CALIFORNIA COMMUNITIES FINANCING POOL PROGRAM TO FUND STREET RECONSTRUCTION PROJECTS****EXECUTIVE SUMMARY:**

During the past several years, the City has spent considerable energy and resources to coordinate a program to reconstruct failing streets in the community. In fact, the City has rebuilt around 6.98 miles of streets during the last two years. Furthermore, the City is currently working to complete the reconstruction of the streets located in the projects known as Section I, Section II, Section III, and the Hospital Streets Reconstruction Project. These additional street segments constitute an additional 2.92 miles of streets being rebuilt.

Concurrent to executing our current street reconstruction projects, City staff has been working to complete a comprehensive Pavement Management Study (PMS). That review was recently finished (Attachment A) and it has been determined that around 37.42 miles of City streets are failing and in need of reconstruction. All of the failing streets that are in need of reconstruction were identified in the PMS as being located in seventeen (17) different sections of the City and all told, it is estimated that the cost to reconstruct the failing streets will be \$20.953 million.

Staff has invested a significant amount of time analyzing different options to address the backlog of failing streets in town. Of the alternatives analyzed, staff believes that the City Council should give strong consideration to joining the statewide street financing program called the Total Road Improvement Program (TRIP) offered by the California Statewide Communities Development Authority (California Communities).

DISCUSSION:

As the City Council is well aware, the City currently rebuilds and maintains streets utilizing funding from Measure I Local Transportation Sales Tax funds and Gas Tax funds. Each year, the City receives around \$1.8 million in Measure I dollars and \$650,000 in Gas Tax monies. While these funding sources allow the City to make a significant annual investment to meet street infrastructure needs, the PMS demonstrated that the cost to repair all of the failing streets in Barstow greatly outweighs currently available resources.

If the City were to rely solely on current funding sources, it is anticipated that over the course of the next several years, the City will only be able to reconstruct a small portion of the streets that have been identified as failing in the PMS report.

(continued on Page 2)

RECOMMENDED ACTION:

Staff recommends that the City Council take the following actions:

1. Review the TRIP pooled financing plan and provide staff with comments regarding the City's potential participation in the program.
2. If the City Council determines that the City would like to maintain the option of participating in the TRIP program's August 2012 financing pool, staff recommends the following:
 - a. Adopt Resolution No. _____ (Attachment C) approving the execution and delivery of California Communities Transportation Revenue Certificates of Participation, Series 2012C, approving the form of all financing documents, and authorizing filing of a legal validation action on behalf of the City of Barstow in the San Bernardino Superior Courts.

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Oliver Chi <i>OC</i>	N/A	N/A	April 16, 2012
C.M. APPROVAL	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
Charles C. Mitchell <i>CCM</i>	N/A	City Manager	16

DISCUSSION (CONTINUED):

California Communities Overview

Given the overall situation facing the City, staff has been analyzing a variety of different options to make significant improvements in Barstow's street infrastructure system. Staff believes that one fiscally responsible method through which funding could be raised to pay for reconstructing City streets is the TRIP program offered by California Communities.

California Communities is a joint powers authority (JPA) that was co-founded by the League of California Cities and California State Association of Counties to provide cities and counties access to low-cost, tax-exempt financing programs. Since 2007, California Communities has offered the TRIP program to assist individual cities in the issuance of Certificates of Participation (COPs) that are backed by Gas Tax and / or transportation sales tax in a pooled financing manner.

TRIP Program Overview

Through the TRIP program, Barstow can pledge up to two-thirds (2/3) of future Gas Tax and Measure I revenues through an installment sale agreement with California Communities. California Communities would then issue COPs to raise the funding necessary to reconstruct City streets.

One of the reasons that staff recommends consideration of the TRIP program is due to the fact that the City would have full flexibility under the initiative at anytime to:

1. Downsize or change the COP financing terms
2. Participate in a later financing pool
3. Not issue COPs at all

This means that even if the City Council decided to participate in the program now and then at a later date prior to the issuance of the COPs determined that the City should not participate in the program, Barstow would have the ability to withdraw. Since all the financing costs are contingent on the COPs being issued, the only liability that the City would be exposing itself to by participating in the TRIP program now would be a \$15,000 legal validation fee payable to Orrick, Herrington & Sutcliffe.

In addition to the flexibility of the program, there are several other reasons why staff believes that the City should consider engaging the TRIP financing program, including:

- Current market environment offers outstanding interest rates which would provide more capital funding for the City
 - The most recent TRIP financing program sold COPs on January 31, 2012 and was able to achieve a 4.51% interest rate
- Construction costs are anticipated to increase in the future
 - According to the State Department of General Services, since 2007, construction costs have increased an average of 2.62% annually
- In particular, with the current cost of gas increasing, it is expected that street reconstruction costs will increase even more rapidly than overall construction costs

- With funding raised through the TRIP program, staff will be able to bid out a larger and more comprehensive street reconstruction project
 - The larger project should result in more competitive construction bid responses

Funding Amount That Could Be Raised

If the City Council were to participate in the TRIP financing program, staff would recommend that the City make a commitment of between 15 years and 20 years. Given those timeframes, the City could raise the following amounts for street reconstruction projects:

- With a 15-year commitment at a projected interest rate of 5.25%, the City could raise an estimated \$16,780,000 for use towards street reconstruction projects
- With a 20-year commitment at a projected interest rate of 5.5%, the City could raise an estimated \$19,660,000 for use towards street reconstruction projects

Additional preliminary financing details are included for review as Attachment B.

Under either the 15-year or 20-year scenario, the City would have to pledge two-thirds (2/3) of its Measure I and Gas Tax revenues (approximately \$1,633,333) each year towards financing costs. It is important to note, however, that under either scenario, the City would still have around \$816,667 per year of Measure I and Gas Tax funds for use towards other priority street maintenance / project costs. Table 1 below illustrates these figures in greater detail.

Table 1

Funding Sources	Annual Funding Amount
Gas Tax Revenues	\$650,000
Measure I	\$1,800,000
TOTAL	\$2,450,000

TRIP Pledged Amount - 2/3 of Total	\$ 1,633,333
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Annual Remaining City Funds For Street Projects	\$ 816,667
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Pavement Preservation Program to be Developed

It is worth noting that staff has been working on the development of a comprehensive pavement preservation system to maintain the City streets that have been reconstructed. If the City Council were to participate in the TRIP program to accelerate the reconstruction of failing street infrastructure, staff would simultaneously coordinate a process to implement an overall pavement preservation program based on the principles of the 7-14-21 road maintenance philosophy.

Under this proposed concept, the City would adopt a preventative street maintenance strategy whereby a pavement preservation technique (such as a slurry seal) would be applied to all newly constructed streets roughly every seventh year. As part of this program, staff would also analyze the best way to program future City monies (including Gas Tax, Measure I, and other funding sources) to fully implement a comprehensive pavement preservation system.

Issuance Costs Reduced & Process Streamlined Through TRIP

By coordinating a process through which multiple agencies combine and “pool” their Gas Tax and local transportation sales tax dollars, participants in the TRIP program can achieve economies of scale in financing the cost to repair streets.

Some of the advantages of a pooled financing structure include the following:

- More attractive interest rates based on a larger offering size
- Shared financing costs
- Streamlined documentation
- Being part of a statewide pooled program
- Flexibility to set terms & timing

Also, it is worth noting that California Communities selected all of the financing professionals in the TRIP program via a competitive RFP process and negotiated reduced fees on behalf of its member agencies.

Next Steps

The next TRIP pool is scheduled for August 2012 which will include the cities of Chico and Lynwood. Barstow would have the opportunity to join these two cities in issuing COPs jointly under the TRIP financing program. Of course, no city would be responsible for any other city’s obligation under the program.

In order for the City to participate in the August 2012 pool, the City Council would have to authorize Barstow’s participation in the program tonight. The primary driver of the timeframe for participating in the August 2012 pool is due to the fact that the financing structure and pledge of Measure I and Gas Tax revenues must be judicially validated pursuant to proceedings commenced in the Superior Court of the County of San Bernardino. That validation process takes 90 days. Therefore, in order for participation in the August 2012 pool to be available as an option for City Council consideration, staff would need authorization to proceed this evening.

STREET COMMITTEE REVIEW:

This item was discussed at the Street Committee meeting held on April 4, 2012. The Committee agreed that the City Council should consider participating in the TRIP program and noted that the City should simultaneously coordinate a comprehensive pavement preservation management program.

FISCAL IMPACT:

15-Year Commitment

Assuming a commitment of 15-years, the City could issue \$16.78 million of COPs. That financing would generate about \$14.85 million in proceeds for street projects, \$1.63 million to establish a reserve fund, and around \$297,889 to pay for financing fees. The \$16.78 million of COPs would be repaid over 15 years with annual payments of about \$1.63 million. It is projected that the annual payments will be paid from Measure I and Gas Tax revenues. Combined, the City currently collects about \$2.45 million from these two local funding sources. These revenues are expected to grow steadily over time based on population and sales tax growth in the City and San Bernardino County.

20-Year Commitment

Assuming a commitment of 20-years, the City could issue \$19.66 million of COPs. That financing would generate about \$17.71 million in proceeds for street projects, \$1.63 million to establish a reserve fund, and around \$323,330 to pay for financing fees. The \$19.66 million of COPs would be repaid over 20 years with annual payments of about \$1.63 million. It is projected that the annual payments will be paid from Measure I and Gas Tax revenues. Combined, the City currently collects about \$2.45 million from these two local funding sources. These revenues are expected to grow steadily over time based on population and sales tax growth in the City and San Bernardino County.

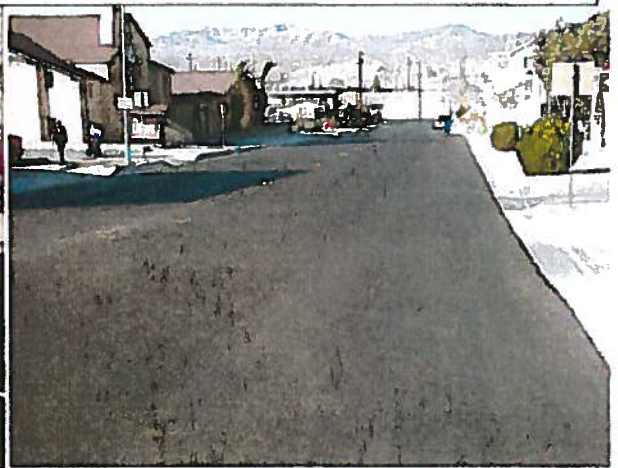
It is important to note that under either the 15-year or 20-year scenario, the City would still have \$816,667 per year of Measure I and Gas Tax funds for use towards other street maintenance / project costs.

In addition, as noted above in the report, the TRIP program gives the City Council full flexibility in determining Barstow's participation in the program. This means that the City Council could decide to move forward tonight and still at a later date, prior to the issuance of the COPs, withdraw the City's participation from the program. If that scenario were to occur, the only cost that City would be responsible for would be a \$15,000 legal validation fee.

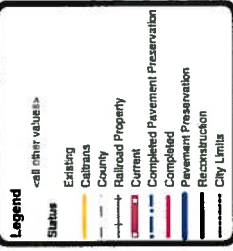


PAVEMENT MANAGEMENT SYSTEM

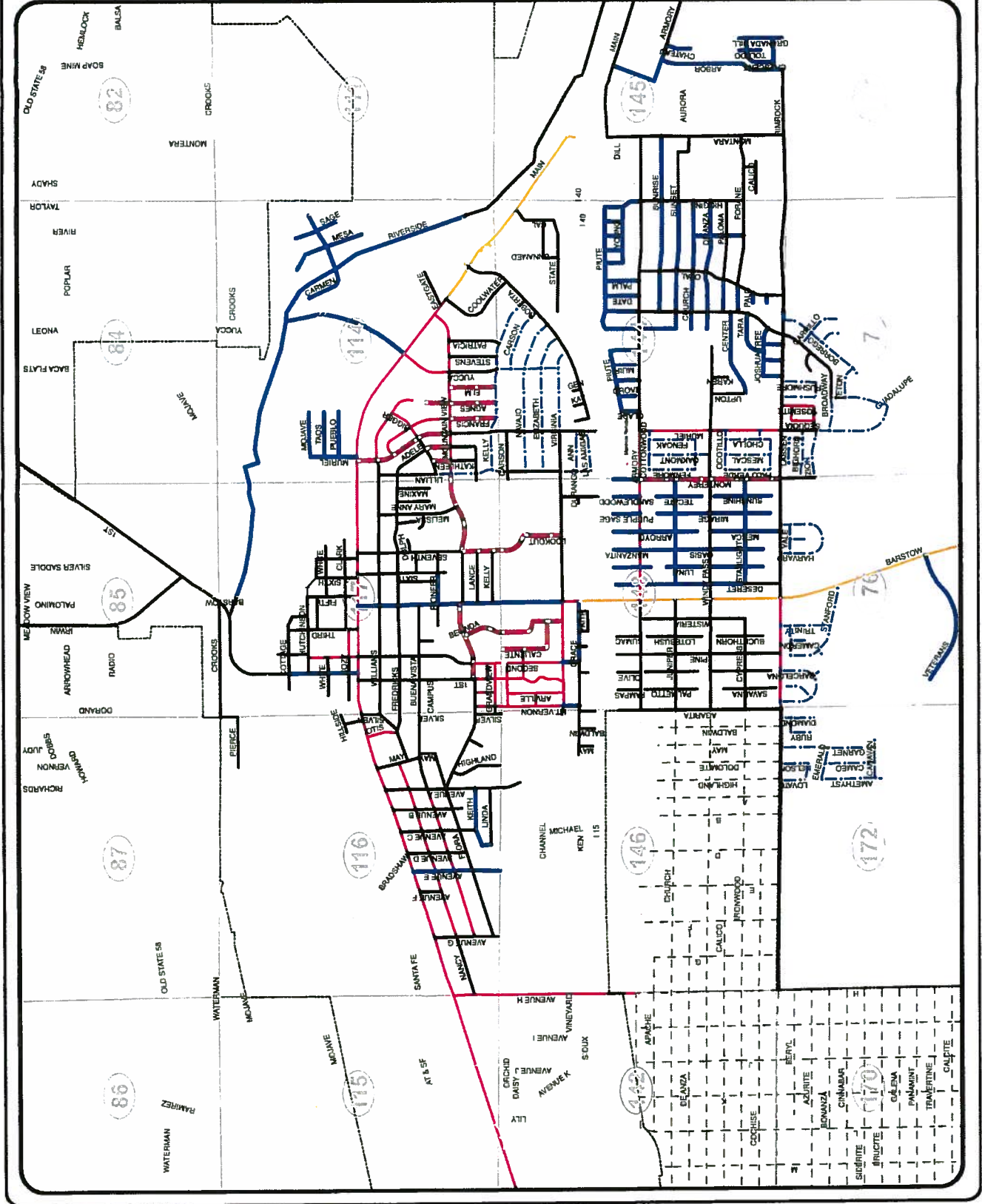
T.R.I.P. – TOTAL ROAD IMPROVEMENT POOLED FINANCING PROGRAM

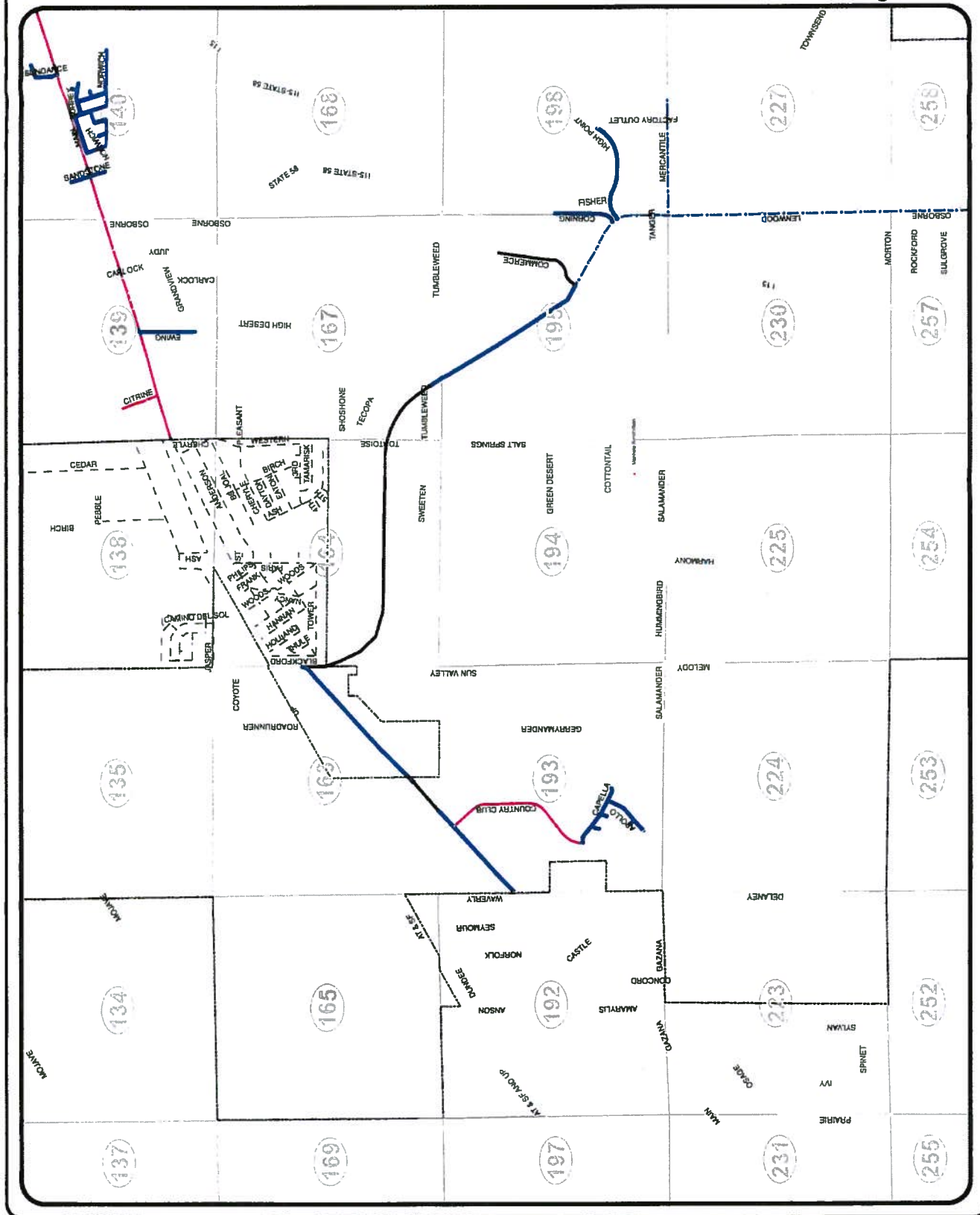
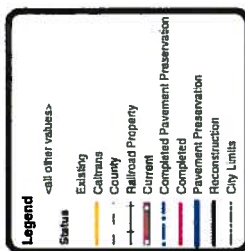


Pavement Management System



Engineering Division
Enterprise GIS Data





PAVEMENT MANAGEMENT SYSTEM Reconstruction

MAP SECTION: 114

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
ADELE DR	MTN VIEW ST	LANCE DR	445	32	Reconstruction	0.08	\$47,196.97
BIGGER ST	ADELE DR	KATHLEEN DR	244	30	Reconstruction	0.05	\$25,878.79
BIGGER ST	KATHLEEN DR	LILLIAN DR	248	30	Reconstruction	0.05	\$26,303.03
BIGGER ST	ADELE DR	MURIEL DR	217	38	Reconstruction	0.04	\$23,015.15
COOLWATER LN	MAIN ST	ROBERTA ST	1495	37	Reconstruction	0.28	\$158,560.61
EASTGATE RD	MAIN ST	EASTGATE END	645	50	Reconstruction	0.12	\$68,409.09
KATHLEEN DR	MTN VIEW ST	LANCE DR	445	28	Reconstruction	0.08	\$47,196.97
KELLY DR	LILLIAN DR	MURIEL DR	670	37	Reconstruction	0.13	\$71,060.61
LANCE DR	ADELE DR	KATHLEEN DR	289	29	Reconstruction	0.05	\$30,651.52
LANCE DR	LILLIAN DR	LILLIAN END	115	29	Reconstruction	0.02	\$12,196.97
LANCE DR	KATHLEEN DR	LILLIAN DR	234	29	Reconstruction	0.04	\$24,818.18
PATRICIA AVE	MTN VIEW ST	KELLY DR	920	37	Reconstruction	0.17	\$97,575.76
STEVENS AVE	MTN VIEW ST	KELLY DR	842	37	Reconstruction	0.16	\$89,303.03
SECTION 114 TOTAL:						1.29	\$722,166.67

MAP SECTION: 116

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
ALLEY BTWN NANCY S	MAY AVE	AVE A	538	16	Reconstruction	0.10	\$57,060.61
ALLEY BTWN W. MAIN	MAY AVE	AVE A	445	15	Reconstruction	0.08	\$47,196.97
ALLEY BTWN W. MAIN	AVE F	AVE F END	673	17	Reconstruction	0.13	\$71,378.79
ALLEY BTWN W. MAIN	AVE E	AVE F	358	16	Reconstruction	0.07	\$37,969.70
ALLEY BTWN W. MAIN	AVE C	AVE D	364	18	Reconstruction	0.07	\$38,606.06
ALLEY BTWN W. MAIN	AVE B	AVE C	367	18	Reconstruction	0.07	\$38,924.24
ALLEY BTWN W. MAIN	AVE G	AVE H	1091	18	Reconstruction	0.21	\$115,712.12
ALLEY BTWN W. MAIN	AVE A	AVE B	348	18	Reconstruction	0.07	\$36,909.09
AVE C	NANCY ST	MAIN ST	355	39	Reconstruction	0.07	\$37,651.52
AVE C	BUENA VISTA ST	NANCY ST	313	39	Reconstruction	0.06	\$33,196.97
AVE C	FLORA ST	BUENA VISTA ST	313	39	Reconstruction	0.06	\$33,196.97
AVE C	KEITH ST	FLORA ST	262	39	Reconstruction	0.05	\$27,787.88
AVE A	LINDA LN	A AVE CUL-DE-SAC	585	45	Reconstruction	0.11	\$62,045.45
AVE A	KEITH ST	LINDA LN	285	37	Reconstruction	0.05	\$30,227.27
AVE A	FLORA ST	KEITH ST	515	37	Reconstruction	0.10	\$54,621.21
AVE A	MAIN ST	NANCY ST	401	37	Reconstruction	0.08	\$42,530.30
AVE A	NANCY ST	BUENA VISTA ST	347	37	Reconstruction	0.07	\$36,803.03
AVE A	BUENA VISTA ST	FLORA ST	420	37	Reconstruction	0.08	\$44,545.45
AVE B	FLORA ST	AVE B CUL-DE-SAC	153	40	Reconstruction	0.03	\$16,227.27
AVE B	BUENA VISTA ST	FLORA ST	315	40	Reconstruction	0.06	\$33,409.09
AVE B	MAIN ST	NANCY ST	367	40	Reconstruction	0.07	\$38,924.24
AVE B	NANCY ST	BUENA VISTA ST	367	40	Reconstruction	0.07	\$38,924.24
AVE D	NANCY ST	MAIN ST	355	37	Reconstruction	0.07	\$37,651.52
AVE D	BUENA VISTA ST	NANCY ST	315	37	Reconstruction	0.06	\$33,409.09
AVE D	FLORA ST	BUENA VISTA ST	318	37	Reconstruction	0.06	\$33,727.27
AVE F	NANCY ST	MAIN ST	354	39	Reconstruction	0.07	\$37,545.45
AVE G	FLORA ST	BUENA VISTA ST	373	41	Reconstruction	0.07	\$39,560.61
AVE G	BUENA VISTA ST	NANCY ST	348	41	Reconstruction	0.07	\$36,909.09
AVE G	NANCY ST	MAIN ST	373	41	Reconstruction	0.07	\$39,560.61
AVE G	FLORA ST	AVE G CUL-DE-SAC	160	38	Reconstruction	0.03	\$16,969.70
BRADSHAW DR	MAIN ST	SANTA FE DR	645	30	Reconstruction	0.12	\$68,409.09
BUENA VISTA ST	1ST AVE	MAY AVE	1455	39	Reconstruction	0.28	\$154,318.18
BUENA VISTA ST	MAY AVE	AVE A	590	39	Reconstruction	0.11	\$62,575.76

DILLINGHAM DR	MAIN ST	HILLSIDE	278	25	Reconstruction	0.05	\$29,484.85
FLORA ST	AVE D	AVE C	412	37	Reconstruction	0.08	\$43,696.97
FLORA ST	AVE A	MAY ST	630	37	Reconstruction	0.12	\$66,818.18
FLORA ST	AVE B	AVE A	400	37	Reconstruction	0.08	\$42,424.24
FLORA ST	AVE C	AVE B	421	37	Reconstruction	0.08	\$44,651.52
FLORA ST	AVE G	AVE E	1255	35	Reconstruction	0.24	\$133,106.06
FLORA ST	AVE E	AVE D	335	37	Reconstruction	0.06	\$35,530.30
FREDRICKS ST	OTIS AVE	1ST AVE	975	34	Reconstruction	0.18	\$103,409.09
FREDRICKS ST	MAY ST	OTIS AVE	556	34	Reconstruction	0.11	\$58,969.70
H ST	MAIN ST	SANTA FE YARD	555	40	Reconstruction	0.11	\$58,863.64
HIGHLAND AVE	MTN VIEW ST	HIGHLAND CUL-DE-SAC	1020	27	Reconstruction	0.19	\$108,181.82
LINDA LN	AVE A	KEITH ST	1185	37	Reconstruction	0.22	\$125,681.82
MAY AVE	FLORA ST	BUENA VISTA ST	283	37	Reconstruction	0.05	\$30,015.15
MAY ST	NANCY ST	MAIN ST	398	29	Reconstruction	0.08	\$42,212.12
MAY ST	FREDRICKS ST	NANCY ST	158	29	Reconstruction	0.03	\$16,757.58
MAY ST	BUENA VISTA ST	FREDRICKS ST	215	29	Reconstruction	0.04	\$22,803.03
MTN VIEW ST	SILVER LN	HIGHLAND AVE	1190	37	Reconstruction	0.23	\$126,212.12
MTN VIEW ST	HIGHLAND AVE	AVE A	280	37	Reconstruction	0.05	\$29,696.97
NANCY ST	AVE H	AVE G	1081	37	Reconstruction	0.20	\$114,651.52
PIERCE ST	CROOKS ST	PIERCE ST END	1110	30	Reconstruction	0.21	\$117,727.27
SANTA FE DR	BRADSHAW DR	SANTA FE END	2010	31	Reconstruction	0.38	\$213,181.82
SILVER LN	WILLIAMS ST	SILVER LN END	160	19	Reconstruction	0.03	\$16,969.70
WILLIAMS ST	SILVER LN	FREDRICKS ST	385	33	Reconstruction	0.07	\$40,833.33
SECTION 116 TOTAL:							\$3,156,363.64

MAP SECTION: 117

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
1ST AVE	HUTCHINSON ST	IRWIN RD	3480	37	Reconstruction	0.66	\$369,090.91
1ST AVE	MAIN ST	WILLIAMS ST	380	39	Reconstruction	0.07	\$40,303.03
1ST AVE	OLD HWY 58	IRWIN RD	4135	37	Reconstruction	0.78	\$438,560.61
1ST AVE	BUENA VISTA ST	MTN VIEW ST	1010	39	Reconstruction	0.19	\$107,121.21
1ST AVE	FREDRICKS ST	BUENA VISTA ST	367	39	Reconstruction	0.07	\$38,924.24
1ST AVE	WILLIAMS ST	FREDRICKS ST	375	39	Reconstruction	0.07	\$39,772.73
2ND AVE	MAIN ST	WILLIAMS ST	365	35	Reconstruction	0.07	\$38,712.12
2ND AVE	MAIN ST	COZY LANE	125	44	Reconstruction	0.02	\$13,257.58
2ND AVE	WHITE ST	HUTCHINSON ST	345	44	Reconstruction	0.07	\$36,590.91
2ND AVE	COZY LANE	WHITE ST	412	44	Reconstruction	0.08	\$43,696.97
2ND AVE	WILLIAMS ST	FREDRICKS ST	363	35	Reconstruction	0.07	\$38,500.00
2ND AVE	HUTCHINSON ST	COTTAGE ST	319	44	Reconstruction	0.06	\$33,833.33
2ND AVE	MTN VIEW ST	BUENA VISTA ST	1025	36	Reconstruction	0.19	\$108,712.12
2ND AVE	BUENA VISTA ST	FREDRICKS ST	373	36	Reconstruction	0.07	\$39,560.61
2ND AVE	COTTAGE ST	ROAD END N/O	122	44	Reconstruction	0.02	\$12,939.39
3RD AVE	MAIN ST	CLARK ST	185	31	Reconstruction	0.04	\$19,621.21
3RD AVE	CLARK ST	HUTCHINSON ST	705	31	Reconstruction	0.13	\$74,772.73
3RD AVE	COTTAGE ST	HUTCHINSON ST	325	29	Reconstruction	0.06	\$34,469.70
4TH AVE	HUTCHINSON ST	CUL-DE-SAC N/O	170	36	Reconstruction	0.03	\$18,030.30
5TH AVE	CLARK ST	WHITE ST	366	37	Reconstruction	0.07	\$38,818.18
5TH AVE	WHITE ST	HUTCHINSON ST	342	37	Reconstruction	0.06	\$36,272.73
5TH AVE	MAIN ST	CLARK ST	201	37	Reconstruction	0.04	\$21,318.18
6TH AVE	CLARK ST	WHITE ST	337	37	Reconstruction	0.06	\$35,742.42
6TH AVE	WHITE ST	HUTCHINSON ST	178	37	Reconstruction	0.03	\$18,878.79
6TH AVE	BUENA VISTA ST	PIONEER ST	385	37	Reconstruction	0.07	\$40,833.33
6TH AVE	FREDRICKS ST	BUENA VISTA ST	353	37	Reconstruction	0.07	\$37,439.39
6TH AVE	WILLIAMS ST	FREDRICKS ST	353	37	Reconstruction	0.07	\$37,439.39
6TH AVE	MAIN ST	WILLIAMS ST	375	37	Reconstruction	0.07	\$39,772.73
6TH AVE	FREDRICKS ST	BUENA VISTA ST	353	37	Reconstruction	0.07	\$37,439.39
6TH AVE	PIONEER ST	6TH AVE CUL-DE-SAC	116	37	Reconstruction	0.02	\$12,303.03
6TH AVE	MAIN ST	CLARK ST	205	37	Reconstruction	0.04	\$21,742.42
7TH AVE	CLARK ST	WHITE ST	182	37	Reconstruction	0.03	\$19,303.03
7TH AVE	MTN VIEW ST	LANCE DR	260	37	Reconstruction	0.05	\$27,575.76

7TH AVE	WILLIAMS ST	MAIN ST	376	37	Reconstruction	0.07	\$39,878.79
7TH AVE	WHITE ST	HUTCHINSON ST	215	37	Reconstruction	0.04	\$22,803.03
7TH AVE	MTN VIEW ST	PIONEER ST	445	37	Reconstruction	0.08	\$47,196.97
7TH AVE	PIONEER ST	BUENA VISTA ST	405	37	Reconstruction	0.08	\$42,954.55
7TH AVE	MAIN ST	CLARK ST	205	37	Reconstruction	0.04	\$21,742.42
7TH AVE	BUENA VISTA ST	FREDRICKS ST	350	37	Reconstruction	0.07	\$37,121.21
7TH AVE	FREDRICKS ST	WILLIAMS ST	350	37	Reconstruction	0.07	\$37,121.21
ALLEY BTWN FREDRICK	1ST AVE	1ST AVE END	775	18	Reconstruction	0.15	\$82,196.97
ALLEY BTWN MAIN ST	1ST AVE	SILVER LN	611	15	Reconstruction	0.12	\$64,803.03
ALLEY BTWN WILLIAM	1ST AVE	1ST AVE END	550	15	Reconstruction	0.10	\$58,333.33
ALLEY BTWN 1ST AV &	COZY LANE	WHITE ST	368	17	Reconstruction	0.07	\$39,030.30
ALLEY BTWN 1ST AVE	WHITE ST	HUTCHINSON ST	303	17	Reconstruction	0.06	\$32,136.36
ALLEY BTWN CLARK ST	FIFTH ST	SIXTH ST	305	18	Reconstruction	0.06	\$32,348.48
ALLEY BTWN E. MAIN S	BARSTOW RD	SECOND AVE	893	30	Reconstruction	0.17	\$94,712.12
ALLEY BTWN E. MAIN S	SIXTH ST	SEVENTH ST	328	20	Reconstruction	0.06	\$34,787.88
ALLEY BTWN FREDRICK	BARSTOW RD	SECOND AVE	915	18	Reconstruction	0.17	\$97,045.45
ALLEY BTWN FREDRICK	1ST AVE	2ND AVE	400	18	Reconstruction	0.08	\$42,424.24
ALLEY BTWN WHITE ST	FIFTH ST	SIXTH ST	310	15	Reconstruction	0.06	\$32,878.79
ALLEY BTWN WILLIAMS	MELISSA AVE	WILLIAMS ST	721	21	Reconstruction	0.14	\$76,469.70
ALLEY BTWN WILLIAMS	BARSTOW RD	SECOND AVE	910	18	Reconstruction	0.17	\$96,515.15
ALLEY BTWN. FREDRIC	1ST AVE	2ND AVE	400	15	Reconstruction	0.08	\$42,424.24
ALLEY N/O HUTCHINSON	1ST AVE	2ND AVE	315	18	Reconstruction	0.06	\$33,409.09
BUENA VISTA ST	PORTALES CT	BARSTOW RD	648	37	Reconstruction	0.12	\$68,727.27
BUENA VISTA ST	2ND AVE	PORTALES CT	281	37	Reconstruction	0.05	\$29,803.03
BUENA VISTA ST	6TH AVE	7TH AVE	343	35	Reconstruction	0.06	\$36,378.79
BUENA VISTA ST	1ST AVE	2ND AVE	400	39	Reconstruction	0.08	\$42,424.24
CLARK ST	3RD AVE	5TH AVE	572	37	Reconstruction	0.11	\$60,666.67
CLARK ST	5TH AVE	6TH AVE	320	37	Reconstruction	0.06	\$33,939.39
CLARK ST	6TH AVE	7TH AVE	313	37	Reconstruction	0.06	\$33,196.97
CLARK ST	7TH AVE	CLARK END	17	37	Reconstruction	0.00	\$1,803.03
COLLINS CT	FREDRICKS ST	COLLINS CUL-DE-SAC	350	35	Reconstruction	0.07	\$37,121.21
COTTAGE ST	2ND AVE	COTTAGE ST END	312	36	Reconstruction	0.06	\$33,090.91
COTTAGE ST	2ND AVE	3RD AVE	570	35	Reconstruction	0.11	\$60,454.55
COZY LANE	2ND AVE	1ST AVE	264	18	Reconstruction	0.05	\$28,000.00
COZY LANE	1ST AVE	COZY LANE END	363	18	Reconstruction	0.07	\$38,500.00

CROOKS ST	CROOKS ST	1ST AVE	170	30	Reconstruction	0.03	\$18,030.30
CROOKS ST	RIVERSIDE DR	PIERCE ST	2440	37	Reconstruction	0.46	\$258,787.88
DOLPH CT	7TH AVE	DOLPH CUL-DE-SAC	246	35	Reconstruction	0.05	\$26,090.91
FREDRICKS ST	WILSHIRE	6TH AVE	139	38	Reconstruction	0.03	\$14,742.42
FREDRICKS ST	BARSTOW RD	2ND AVE	920	37	Reconstruction	0.17	\$97,575.76
FREDRICKS ST	6TH AVE	7TH AVE	343	38	Reconstruction	0.06	\$36,378.79
FREDRICKS ST	MELISSA AVE	COLLINS CT	135	38	Reconstruction	0.03	\$14,318.18
FREDRICKS ST	COLLINS CT	7TH AVE	525	38	Reconstruction	0.10	\$55,681.82
FREDRICKS ST	MAXINE	MARY ANNE	248	37	Reconstruction	0.05	\$26,303.03
FREDRICKS ST	LILLIAN DR	MAXINE	253	27	Reconstruction	0.05	\$26,833.33
FREDRICKS ST	MARY ANNE	LILLIAN DR	231	37	Reconstruction	0.04	\$24,500.00
FREDRICKS ST	BARSTOW RD	WILSHIRE	412	38	Reconstruction	0.08	\$43,696.97
FREDRICKS ST	2ND AVE	1ST AVE	404	34	Reconstruction	0.08	\$42,848.48
GRANDVIEW DR	MT VERNON AVE	SILVER LN	100	28	Reconstruction	0.02	\$10,606.06
HUTCHINSON ST	3RD AVE	4TH AVE	258	36	Reconstruction	0.05	\$27,363.64
HUTCHINSON ST	2ND AVE	3RD AVE	481	36	Reconstruction	0.09	\$51,015.15
HUTCHINSON ST	4TH AVE	5TH AVE	360	36	Reconstruction	0.07	\$38,181.82
HUTCHINSON ST	5TH AVE	6TH AVE	420	37	Reconstruction	0.08	\$44,545.45
HUTCHINSON ST	6TH AVE	7TH AVE	413	37	Reconstruction	0.08	\$43,803.03
HUTCHINSON ST	1ST AVE	2ND AVE	319	36	Reconstruction	0.06	\$33,833.33
KELLY DR	BARSTOW RD	7TH AVE	936	37	Reconstruction	0.18	\$99,272.73
LANCE DR	BARSTOW RD	7TH AVE	936	37	Reconstruction	0.18	\$99,272.73
MARY ANNE	FREDRICKS ST	MARY ANNE CUL-DE-SAC	590	37	Reconstruction	0.11	\$62,575.76
MAXINE	FREDRICKS ST	MAXINE CUL-DE-SAC	282	38	Reconstruction	0.05	\$29,909.09
MELISSA CT	MELISSA AVE	MELISSA CT CUL-DE-SAC	314	37	Reconstruction	0.06	\$33,303.03
MELISSA AVE	MELISSA CT	FREDRICKS ST	502	37	Reconstruction	0.10	\$53,242.42
MELISSA AVE	FREDRICKS ST	WILLIAMS ST	317	37	Reconstruction	0.06	\$33,621.21
MELISSA AVE	MTN VIEW ST	MELISSA CT	633	37	Reconstruction	0.12	\$67,136.36
MTN VIEW ST	ARVILLE AVE	MT VERNON AVE	252	37	Reconstruction	0.05	\$26,727.27
MTN VIEW ST	1ST AVE	ARVILLE AVE	230	37	Reconstruction	0.04	\$24,393.94
MTN VIEW ST	2ND AVE	1ST AVE	252	37	Reconstruction	0.05	\$26,727.27
MTN VIEW ST	MT VERNON AVE	SILVER LN	146	37	Reconstruction	0.03	\$15,484.85
PALLESI	3RD AVE	5TH AVE	575	25	Reconstruction	0.11	\$60,984.85
PORTALES CT	BUENA VISTA ST	PORTALES CUL-DE-SAC	275	66	Reconstruction	0.05	\$29,166.67
POWELL CT	7TH AVE	POWELL CUL-DE-SAC	196	35	Reconstruction	0.04	\$20,787.88

SILVER LN	GRANDVIEW DR	MTN VIEW ST	455	30	Reconstruction	0.09	\$48,257.58
WHITE ST	5TH AVE	6TH AVE	320	37	Reconstruction	0.06	\$33,939.39
WHITE ST	2ND AVE	1ST AVE	259	35	Reconstruction	0.05	\$27,469.70
WHITE ST	6TH AVE	7TH AVE	300	20	Reconstruction	0.06	\$31,818.18
WHITE ST	1ST AVE	WHITE ST END	505	25	Reconstruction	0.10	\$53,560.61
WILLIAMS ST	2ND AVE	BARSTOW RD	912	37	Reconstruction	0.17	\$96,727.27
WILLIAMS ST	2ND AVE	1ST AVE	407	33	Reconstruction	0.08	\$43,166.67
WILLIAMS ST	6TH AVE	7TH AVE	343	38	Reconstruction	0.06	\$36,378.79
WILLIAMS ST	LILLIAN DR	MURIEL DR	260	34	Reconstruction	0.05	\$27,575.76
WILLIAMS ST	7TH AVE	MELISSA AVE	669	38	Reconstruction	0.13	\$70,954.55
WILLIAMS ST	BARSTOW RD	6TH AVE	552	38	Reconstruction	0.10	\$58,545.45
WILLIAMS ST	1ST AVE	SILVER LN	645	33	Reconstruction	0.12	\$68,409.09
WILLIAMS ST	MELISSA AVE	LILLIAN DR	777	38	Reconstruction	0.15	\$82,409.09
WILSHIRE	FREDRICKS ST	WILSHIRE CUL-DE-SAC	545	33	Reconstruction	0.10	\$57,803.03
SECTION 117 TOTAL:						10.60	\$5,938,545.45

MAP SECTION: 139

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
CARLOCK RD	FRONTAGE RD	CARLOCK RD END	105	40	Reconstruction	0.02	\$11,136.36
ELKS LN	MAIN ST	ELKS LN END	340	40	Reconstruction	0.06	\$36,060.61
SECTION 139 TOTAL:						0.08	\$47,196.97

MAP SECTION: 140

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
SOLAR WAY	SUNDANCE LN	SOLAR WAY END	384	37	Reconstruction	0.07	\$40,727.27
SECTION 140 TOTAL:						0.07	\$40,727.27

MAP SECTION: 142

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
AVE J	MAIN ST	AVE J END	230	36	Reconstruction	0.04	\$24,393.94
LAVERNE AVE	MAIN ST	LAVERNE AVE END	175	37	Reconstruction	0.03	\$18,560.61
VINEYARD ST	H ST	AVE I	600	37	Reconstruction	0.11	\$63,636.36
SECTION 142 TOTAL:						0.19	\$106,590.91

MAP SECTION: 144

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
ARMORY RD	OPAL AVE	BROADWAY AVE	758	61	Reconstruction	0.14	\$80,393.94
ARMORY RD	OPAL AVE	HIGGINS RD	1312	56	Reconstruction	0.25	\$139,151.52
ARMORY RD	BROADWAY AVE	MCBROOM AVE	334	61	Reconstruction	0.06	\$35,424.24
ARMORY RD	MCBROOM AVE	FOREST AVE	401	61	Reconstruction	0.08	\$42,530.30
ARMORY RD	FOREST AVE	MOSS AVE	580	61	Reconstruction	0.11	\$61,515.15
ARMORY RD	GLADE AVE	MURIEL DR	343	61	Reconstruction	0.06	\$36,378.79
ARMORY RD	MOSS AVE	GLADE AVE	582	61	Reconstruction	0.11	\$61,727.27
AURORA WAY	MONTARA RD	SUNSET ST	281	37	Reconstruction	0.05	\$29,803.03
BROADWAY AVE	PALOMA ST	DE ANZA ST	305	60	Reconstruction	0.06	\$32,348.48
BROADWAY AVE	CHURCH ST	SUNSET ST	293	60	Reconstruction	0.06	\$31,075.76
BROADWAY AVE	SUNRISE RD	ARMORY RD	345	60	Reconstruction	0.07	\$36,590.91
BROADWAY AVE	TARA ST	FORANE ST	150	60	Reconstruction	0.03	\$15,909.09
BROADWAY AVE	DE ANZA ST	CHURCH ST	293	60	Reconstruction	0.06	\$31,075.76
BROADWAY AVE	RIMROCK RD	JOSHUA TREE DR	276	43	Reconstruction	0.05	\$29,272.73
BROADWAY AVE	SUNSET ST	SUNRISE RD	301	60	Reconstruction	0.06	\$31,924.24
BROADWAY AVE	FORANE ST	PALOMA ST	287	60	Reconstruction	0.05	\$30,439.39
CAL AVE	MAIN ST	STATE ST	722	35	Reconstruction	0.14	\$76,575.76
CENTER LN	STATE ST	CENTER ST	295	19	Reconstruction	0.06	\$31,287.88
CENTER ST	CENTER LN	CAL AVE	888	20	Reconstruction	0.17	\$94,181.82
CENTER ST	BROADWAY AVE	UPTON DR	1593	37	Reconstruction	0.30	\$168,954.55
CHURCH ST	HIGGINS RD	OPAL AVE	1273	37	Reconstruction	0.24	\$135,015.15
DE ANZA ST	HIGGINS RD	OPAL AVE	1282	37	Reconstruction	0.24	\$135,969.70
FORANE ST	HIGGINS RD	OPAL AVE	1565	37	Reconstruction	0.30	\$165,984.85
GEN CT	ROBERTA ST	GEN CT CUL-DE-SAC	159	37	Reconstruction	0.03	\$16,863.64
KAREN CT	WINDY PASS	KAREN CT CUL-DE-SAC	268	37	Reconstruction	0.05	\$28,424.24
KAY CT	ROBERTA ST	KAY CT CUL-DE-SAC	206	37	Reconstruction	0.04	\$21,848.48
MURIEL DR	ZION DR	RIMROCK RD	558	55	Reconstruction	0.11	\$59,181.82
MURIEL DR	NAVAJO ST	ELIZABETH ST	328	37	Reconstruction	0.06	\$34,787.88
MURIEL DR	CARSON ST	NAVAJO ST	332	37	Reconstruction	0.06	\$35,212.12
MURIEL DR	ARMORY RD	VIRGINIA WAY	1545	37	Reconstruction	0.29	\$163,863.64
MURIEL DR	KELLY DR	CARSON ST	304	37	Reconstruction	0.06	\$32,242.42
MURIEL DR	ELIZABETH ST	VIRGINIA WAY	314	37	Reconstruction	0.06	\$33,303.03
MURIEL DR	BROADWAY AVE	ZION DR	305	55	Reconstruction	0.06	\$32,348.48

MURIEL DR	KELLY DR	MTN VIEW ST	742	37	Reconstruction	0.14	\$78,696.97
RIMROCK RD	OPAL AVE	BROADWAY AVE	750	60	Reconstruction	0.14	\$79,545.45
RIMROCK RD	MONTARA RD	OPAL AVE	3055	50	Reconstruction	0.58	\$324,015.15
ROBERTA CT	ROBERTA ST	ROBERTA CT CUL-DE-SAC	269	37	Reconstruction	0.05	\$28,530.30
ROBERTA ST	KELLY DR	CARSON ST	291	37	Reconstruction	0.06	\$30,863.64
ROBERTA ST	COOLWATER LN	KELLY DR	536	37	Reconstruction	0.10	\$56,848.48
ROBERTA ST	CARSON ST	NAVAJO ST	315	37	Reconstruction	0.06	\$33,409.09
ROBERTA ST	NAVAJO ST	ELIZABETH ST	318	37	Reconstruction	0.06	\$33,727.27
ROBERTA ST	ELIZABETH ST	VIRGINIA WAY	324	37	Reconstruction	0.06	\$34,363.64
ROBERTA ST	VIRGINIA WAY	GEN CT	740	37	Reconstruction	0.14	\$78,484.85
ROBERTA ST	GEN CT	KAY CT	283	37	Reconstruction	0.05	\$30,015.15
ROBERTA ST	KAY CT	ROBERTA CT	308	37	Reconstruction	0.06	\$32,666.67
ROBERTA ST	MAIN ST	COOLWATER LN	708	37	Reconstruction	0.13	\$75,090.91
STATE ST	CAL AVE	STATE ST CUL-DE-SAC	1783	45	Reconstruction	0.34	\$189,106.06
UPTON DR	CENTER ST	WINDY PASS	591	37	Reconstruction	0.11	\$62,681.82
WINDY PASS	MURIEL DR	OAKMONT DR	417	37	Reconstruction	0.08	\$44,227.27
WINDY PASS	MURIEL DR	UPTON DR	647	37	Reconstruction	0.12	\$68,621.21
WINDY PASS	UPTON DR	KAREN CT	322	37	Reconstruction	0.06	\$34,151.52
WINDY PASS	KAREN CT	WINDY PASS CUL-DE-SAC	447	37	Reconstruction	0.08	\$47,409.09
YUCCA AVE	CARSON ST	NAVAJO ST	218	37	Reconstruction	0.04	\$23,121.21
YUCCA AVE	ELIZABETH ST	VIRGINIA WAY	290	37	Reconstruction	0.05	\$30,757.58
YUCCA AVE	KELLY DR	MTN VIEW ST	864	37	Reconstruction	0.16	\$91,636.36
YUCCA AVE	KELLY DR	CARSON ST	248	37	Reconstruction	0.05	\$26,303.03
YUCCA AVE	NAVAJO ST	ELIZABETH ST	266	37	Reconstruction	0.05	\$28,212.12
SECTION 144 TOTAL:						6.35	\$3,554,090.91

MAP SECTION: 145

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
ARMORY RD	MONTARA RD	HIGGINS RD	1190	37	Reconstruction	0.23	\$126,212.12
CALICO DR	HIGGINS RD	CALICO DR END	727	37	Reconstruction	0.14	\$77,106.06
DILL RD	MONTARA RD	DILL RD CUL-DE-SAC	670	37	Reconstruction	0.13	\$71,060.61
FORANE ST	MONTARA RD	HIGGINS RD	1214	37	Reconstruction	0.23	\$128,757.58
FRONTAGE RD	ELKS LN	FRONTAGE RD END	2494	40	Reconstruction	0.47	\$264,515.15
GUACO AV	ARBOR WAY	GUACO AV END	109	33	Reconstruction	0.02	\$11,560.61
HALLENMAR AV	FORANE ST	CALICO DR	258	37	Reconstruction	0.05	\$27,363.64
HIGGINS RD	SUNRISE RD	SUNSET ST	299	37	Reconstruction	0.06	\$31,712.12
HIGGINS RD	PALOMA ST	FORANE ST	272	37	Reconstruction	0.05	\$28,848.48
HIGGINS RD	ARMORY RD	SUNRISE RD	333	37	Reconstruction	0.06	\$35,318.18
HIGGINS RD	DE ANZA ST	PALOMA ST	297	37	Reconstruction	0.06	\$31,500.00
HIGGINS RD	CHURCH ST	DE ANZA ST	301	37	Reconstruction	0.06	\$31,924.24
HIGGINS RD	SUNSET ST	CHURCH ST	301	37	Reconstruction	0.06	\$31,924.24
HIGGINS RD	FORANE ST	CALICO DR	295	37	Reconstruction	0.06	\$31,287.88
MAIN ST	CHATEAU WAY	LAVERNE AVE	1810	60	Reconstruction	0.34	\$191,969.70
MONTARA RD	AURORA WAY	SUNRISE RD	602	79	Reconstruction	0.11	\$63,848.48
MONTARA RD	RIMROCK RD	FORANE ST	824	79	Reconstruction	0.16	\$87,393.94
MONTARA RD	ARMORY RD	EAST MAIN ST	555	79	Reconstruction	0.11	\$58,863.64
MONTARA RD	SUNRISE RD	ARMORY RD	381	79	Reconstruction	0.07	\$40,409.09
MONTARA RD	FORANE ST	AURORA WAY	844	79	Reconstruction	0.16	\$89,515.15
PROSPECTOR ST	ARBOR WAY	PROSPECTOR ST EAST EN	125	33	Reconstruction	0.02	\$13,257.58
PROSPECTOR ST	ARBOR WAY	PROSPECTOR ST WEST EN	129	33	Reconstruction	0.02	\$13,681.82
RIMROCK RD	MONTARA RD	GRANADA HILL AV	1855	38	Reconstruction	0.35	\$196,742.42
SUNSET CT	AURORA WAY	SUNSET ST	263	37	Reconstruction	0.05	\$27,893.94

SECTION 145 TOTAL: 3.06 \$1,712,666.67

MAP SECTION: 146

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
BALDWIN LN	GRACE ST	BALDWIN CUL-DE-SAC	300	37	Reconstruction	0.06	\$31,818.18
GRACE ST	BALDWIN LN	MAY AVE	335	37	Reconstruction	0.06	\$35,530.30
GRACE ST	MT VERNON AVE	MT VERNON AVE	115	37	Reconstruction	0.02	\$12,196.97
GRACE ST	MAY AVE	GRACE CUL-DE-SAC	194	37	Reconstruction	0.04	\$20,575.76
GRACE ST	MT VERNON AVE	BALDWIN LN	335	37	Reconstruction	0.06	\$35,530.30
MAY AVE	GRACE ST	MAY CUL-DE-SAC	260	37	Reconstruction	0.05	\$27,575.76
SECTION 146 TOTAL:						0.29	\$163,227.27

MAP SECTION: 148

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
AGARITA AVE	ARMORY RD	AGARITA AVE END	419	24	Reconstruction	0.08	\$44,439.39
AGARITA AVE	JUNIPER ST	ARMORY RD	625	24	Reconstruction	0.12	\$66,287.88
AGARITA AVE	WINDY PASS	JUNIPER ST	638	24	Reconstruction	0.12	\$67,666.67
AGARITA AVE	CYPRESS DR	WINDY PASS	624	24	Reconstruction	0.12	\$66,181.82
AGARITA AVE	RIMROCK RD	CYPRESS DR	615	24	Reconstruction	0.12	\$65,227.27
ALTA VISTA LN	GRACE ST	ALTA VISTA CUL-DE-SAC	378	37	Reconstruction	0.07	\$40,090.91
ANTELOPE	GRACE ST	FAITH	168	37	Reconstruction	0.03	\$17,818.18
ARMORY RD	SUMAC CT	WISTERIA AVE	329	24	Reconstruction	0.06	\$34,893.94
ARMORY RD	PINE AVE	SUMAC CT	324	24	Reconstruction	0.06	\$34,363.64
ARMORY RD	OLIVE CT	PINE AVE	343	24	Reconstruction	0.06	\$36,378.79
ARMORY RD	PAMPAS CT	OLIVE CT	333	24	Reconstruction	0.06	\$35,318.18
ARMORY RD	WISTERIA AVE	BARSTOW RD	312	35	Reconstruction	0.06	\$33,090.91
ARMORY RD	AGARITA AVE	PAMPAS CT	423	30	Reconstruction	0.08	\$44,863.64
BUCKTHORN DR	CYPRESS DR	BUCKTHORN DR END	306	30	Reconstruction	0.06	\$32,454.55
BUCKTHORN DR	CYPRESS DR	SOUTH					
BUCKTHORN DR	CYPRESS DR	BUCKTHORN DR END	411	24	Reconstruction	0.08	\$43,590.91
CANDLELIGHT ST	TECATE DR	MIRAGE DR	336	37	Reconstruction	0.06	\$35,636.36
CANDLELIGHT ST	MONTEREY AVE	TECATE DR	304	37	Reconstruction	0.06	\$32,242.42
CANDLELIGHT ST	MIRAGE DR	ARROYO DR	329	37	Reconstruction	0.06	\$34,893.94
CANDLELIGHT ST	ARROYO DR	OASIS DR	330	37	Reconstruction	0.06	\$35,000.00
CANDLELIGHT ST	OASIS DR	LUNA DR	330	37	Reconstruction	0.06	\$35,000.00
CANDLELIGHT ST	LUNA DR	DESERET AVE	305	37	Reconstruction	0.06	\$32,348.48
COYOTE LN	GRACE ST	COYOTE CUL-DE-SAC	187	37	Reconstruction	0.04	\$19,833.33
CYPRESS DR	WISTERIA AVE	BUCKTHORN DR	355	30	Reconstruction	0.07	\$37,651.52
CYPRESS DR	PRAIRIE DR	SAVANNA DR	330	24	Reconstruction	0.06	\$35,000.00
CYPRESS DR	SAVANNA DR	AGARITA AVE	376	24	Reconstruction	0.07	\$39,878.79
CYPRESS DR	BUCKTHORN DR	PINE AVE	319	24	Reconstruction	0.06	\$33,833.33
CYPRESS DR	PINE AVE	PRAIRIE DR	309	24	Reconstruction	0.06	\$32,772.73
DESERET AVE	STARLIGHT ST	RIMROCK RD	624	37	Reconstruction	0.12	\$66,181.82
DURANGO	WESTERN WHIP	DURANGO CUL-DE-SAC	278	35	Reconstruction	0.05	\$29,484.85
FAITH	ANTELOPE	GRACE ST	405	18	Reconstruction	0.08	\$42,954.55
JUNIPER ST	PINE AVE	MADRONA DR	332	24	Reconstruction	0.06	\$35,212.12

JUNIPER ST	WISTERIA AVE	LOTEBUSH LN	332	24	Reconstruction	0.06	\$35,212.12
JUNIPER ST	MADRONA DR	PALEMETTO DR	332	24	Reconstruction	0.06	\$35,212.12
JUNIPER ST	LOTEBUSH LN	PINE AVE	332	30	Reconstruction	0.06	\$35,212.12
JUNIPER ST	PALEMETTO DR	AGARITA AVE	380	24	Reconstruction	0.07	\$40,303.03
JUNIPER ST	BARSTOW RD	WISTERIA AVE	312	36	Reconstruction	0.06	\$33,090.91
LOTEBUSH LN	JUNIPER ST	LOTEBUSH LN END NORTH	508	24	Reconstruction	0.10	\$53,878.79
LOTEBUSH LN	JUNIPER ST	LOTEBUSH LN END	461	24	Reconstruction	0.09	\$48,893.94
OLIVE CT	ARMORY RD	OLIVE CT END	464	24	Reconstruction	0.09	\$49,212.12
PALMETTO DR	ARMORY RD	PALMETTO DR END	383	24	Reconstruction	0.07	\$40,621.21
PALMETTO DR	ARMORY RD	PALMETTO DR CUL-DE-SAC	385	24	Reconstruction	0.07	\$40,833.33
PAMPAS CT	ARMORY RD	PAMPAS CT CUL-DE-SAC	419	24	Reconstruction	0.08	\$44,439.39
PINE AVE	ARMORY RD	JUNIPER ST	630	24	Reconstruction	0.12	\$66,818.18
PINE AVE	JUNIPER ST	WINDY PASS	630	24	Reconstruction	0.12	\$66,818.18
PINE AVE	ARMORY RD	PINE AVE END	410	24	Reconstruction	0.08	\$43,484.85
PINE AVE	CYPRESS DR	RIMROCK RD	618	24	Reconstruction	0.12	\$65,545.45
PINE AVE	WINDY PASS	CYPRESS DR	640	24	Reconstruction	0.12	\$67,878.79
PRAIRIE DR	CYPRESS DR	PRAIRIE DR END	490	24	Reconstruction	0.09	\$51,969.70
PRAIRIE DR	CYPRESS DR	WINDY PASS	612	24	Reconstruction	0.12	\$64,909.09
SAVANNA DR	CYPRESS DR	SAVANNA DR END SOUTH	506	24	Reconstruction	0.10	\$53,666.67
SAVANNA DR	CYPRESS DR	SAVANNA DR END NORTH	405	24	Reconstruction	0.08	\$42,954.55
STARLIGHT ST	ASTRAL DR	OASIS DR	328	37	Reconstruction	0.06	\$34,787.88
STARLIGHT ST	OASIS DR	MECCA DR	329	37	Reconstruction	0.06	\$34,893.94
STARLIGHT ST	MECCA DR	MIRAGE DR	328	37	Reconstruction	0.06	\$34,787.88
STARLIGHT ST	MIRAGE DR	SUNSHINE DR	330	37	Reconstruction	0.06	\$35,000.00
STARLIGHT ST	DESERET AVE	ASTRAL DR	305	37	Reconstruction	0.06	\$32,348.48
STARLIGHT ST	SUNSHINE DR	MONTEREY AVE	309	37	Reconstruction	0.06	\$32,772.73
SUMAC CT	ARMORY RD	SUMAC CT END	315	24	Reconstruction	0.06	\$33,409.09
WESTERN WHIP	VIRGINIA WAY	WESTERN WHIP END	144	37	Reconstruction	0.03	\$15,272.73
WINDY PASS	DESERET AVE	BARSTOW RD	242	37	Reconstruction	0.05	\$25,666.67
WINDY PASS	OAKMONT DR	MONTEREY AVE	472	37	Reconstruction	0.09	\$50,060.61
WINDY PASS	MIRAGE DR	MECCA DR	328	37	Reconstruction	0.06	\$34,787.88
WINDY PASS	MECCA DR	OASIS DR	321	37	Reconstruction	0.06	\$34,045.45
WINDY PASS	MONTEREY AVE	MIRAGE DR	661	37	Reconstruction	0.13	\$70,106.06
WINDY PASS	ASTRAL DR	DESERET AVE	330	37	Reconstruction	0.06	\$35,000.00
WINDY PASS	AGARITA AVE	PRAIRIE DR	741	24	Reconstruction	0.14	\$78,590.91

WINDY PASS	WISTERIA AVE	BARSTOW RD	324	30	Reconstruction	0.06	\$34,363.64
WINDY PASS	PINE AVE	WISTERIA AVE	662	24	Reconstruction	0.13	\$70,212.12
WINDY PASS	PRAIRIE DR	PINE AVE	331	24	Reconstruction	0.06	\$35,106.06
WINDY PASS	OASIS DR	ASTRAL DR	340	37	Reconstruction	0.06	\$36,060.61
SECTION 148 TOTAL:							\$2,978,818.18

MAP SECTION: 172							
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
RIMROCK RD	D ST	E ST	635	12	Reconstruction	0.12	\$67,348.48
RIMROCK RD	E ST	F ST	650	12	Reconstruction	0.12	\$68,939.39
RIMROCK RD	F ST	AVE G	650	12	Reconstruction	0.12	\$68,939.39
RIMROCK RD	AVE G	H ST	635	12	Reconstruction	0.12	\$67,348.48
SECTION 172 TOTAL:							\$272,575.76

MAP SECTION: 176							
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
MONTEREY AVE	BIGHORN DR	RIMROCK RD	342	37	Reconstruction	0.06	\$36,272.73
MONTEREY AVE	ZION DR	BIGHORN DR	308	37	Reconstruction	0.06	\$32,666.67
RIMROCK RD	MECCA DR	HARVARD DR	412	80	Reconstruction	0.08	\$43,696.97
RIMROCK RD	HARVARD DR	BARSTOW RD	815	80	Reconstruction	0.15	\$86,439.39
SECTION 176 TOTAL:							\$199,075.76

MAP SECTION: 178

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
BIGHORN CT	LASSEN DR	BIGHORN DR	198	37	Reconstruction	0.04	\$21,000.00
BIGHORN DR	MONTEREY AVE	MURIEL DR	833	37	Reconstruction	0.16	\$88,348.48
BROADWAY AVE	RIMROCK RD	CABRILLO DR	355	37	Reconstruction	0.07	\$37,651.52
BROADWAY AVE	GUADALUPE DR	MURIEL DR	602	37	Reconstruction	0.11	\$63,848.48
BROADWAY AVE	CABRILLO DR	BROADWAY CT	232	37	Reconstruction	0.04	\$24,606.06
BROADWAY AVE	BROADWAY CT	GUADALUPE DR	1014	37	Reconstruction	0.19	\$107,545.45
BROADWAY CT	BROADWAY AVE	BROADWAY CT CUL-DE-SAC	414	37	Reconstruction	0.08	\$43,909.09
BRYCE LN	YELLOWSTONE LN	RUSHMORE DR	255	27	Reconstruction	0.05	\$27,045.45
RIMROCK RD	MONTEREY AVE	MURIEL DR	919	80	Reconstruction	0.17	\$97,469.70
RIMROCK RD	MONTEREY AVE	MECCA DR	1004	80	Reconstruction	0.19	\$106,484.85
RIMROCK RD	MURIEL DR	YOSEMITE CT	472	80	Reconstruction	0.09	\$50,060.61
RIMROCK RD	YOSEMITE CT	RUSHMORE DR	439	80	Reconstruction	0.08	\$46,560.61
RIMROCK RD	BROADWAY AVE	RUSHMORE DR	877	60	Reconstruction	0.17	\$93,015.15
SECTION 178 TOTAL:						1.44	\$807,545.45

MAP SECTION: 195

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
COMMERCE PKWY	LENWOOD RD	COMMERCE PKWY END	1239	84	Reconstruction	0.23	\$131,409.09
SECTION 195 TOTAL:						0.23	\$131,409.09

MAP SECTION: 82

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
SOAPMINE RD	FWY OVERPASS	WEBSTER RD	2640	30	Reconstruction	0.50	\$280,000.00
SOAPMINE RD	IRWIN BENCH RD	SOAPMINE RD END	1076	30	Reconstruction	0.20	\$114,121.21
SECTION 82 TOTAL:						0.70	\$394,121.21

MAP SECTION: 84

STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
OLD HWY 58	OLD HWY 58	1ST AVE	3323	35	Reconstruction	0.63	\$352,439.39
SECTION 84 TOTAL:						0.63	\$352,439.39

MAP SECTION: 85

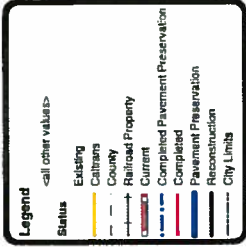
STREET NAME:	FROM:	TO:	LENGTH:	WIDTH:	METHOD:	MILES:	COST:
IRWIN RD	1ST AVE	RADIO RD	1470	35	Reconstruction	0.28	\$155,909.09
IRWIN RD	RADIO RD	HWY 58	1320	35	Reconstruction	0.25	\$140,000.00
IRWIN RD	HWY 58	OLD HWY 58	750	25	Reconstruction	0.14	\$79,545.45
SECTION 85 TOTAL:						0.67	\$375,454.55

RECONSTRUCTION TOTAL: \$20,953,015.15

TOTAL MILES : 37.42

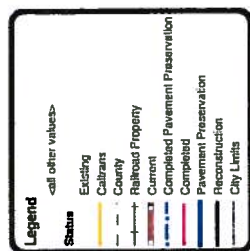


Pavement Management System



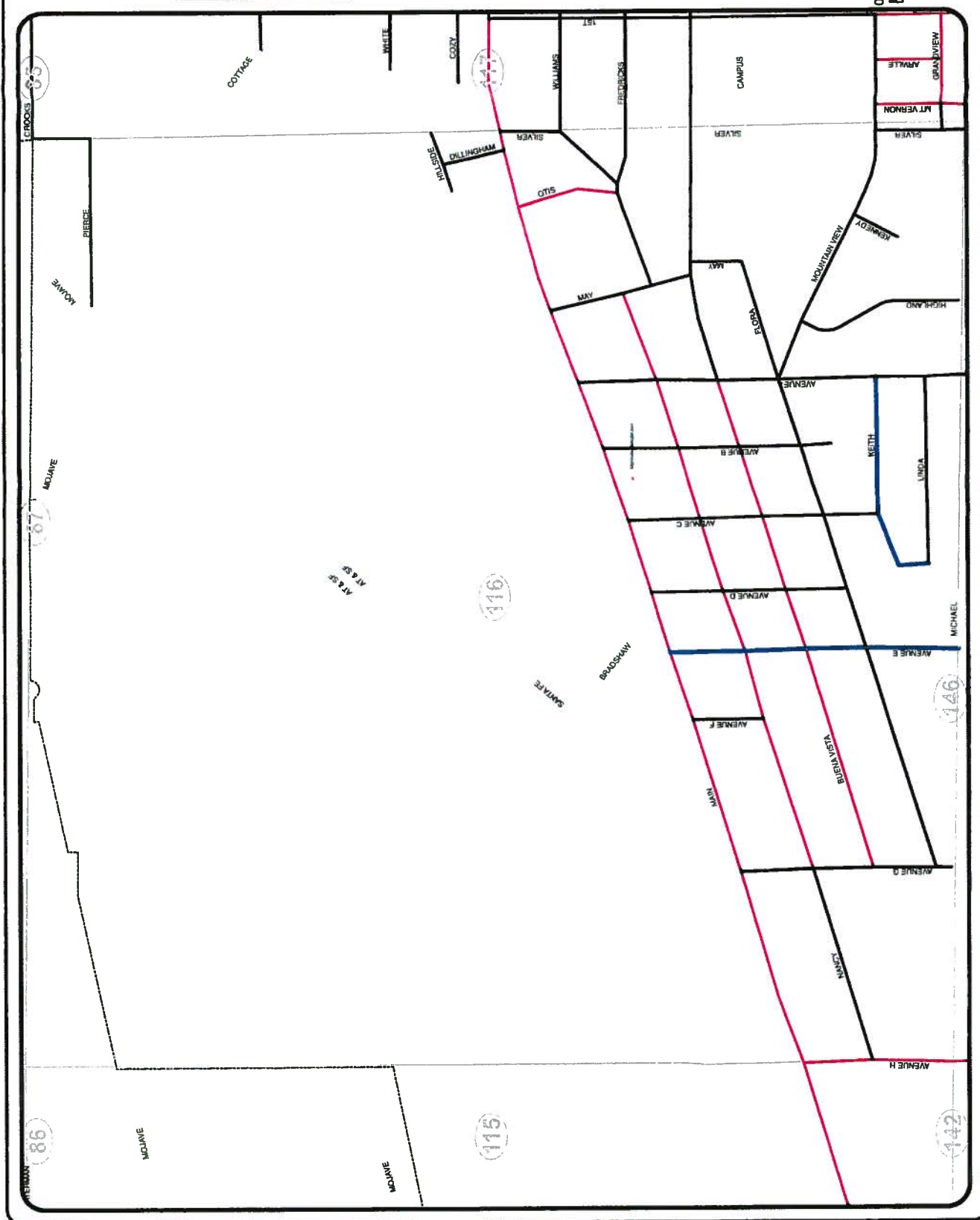
Engineering Division
Enterprise GIS Data

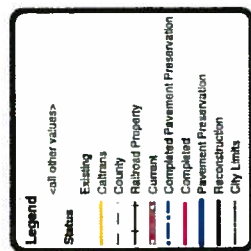




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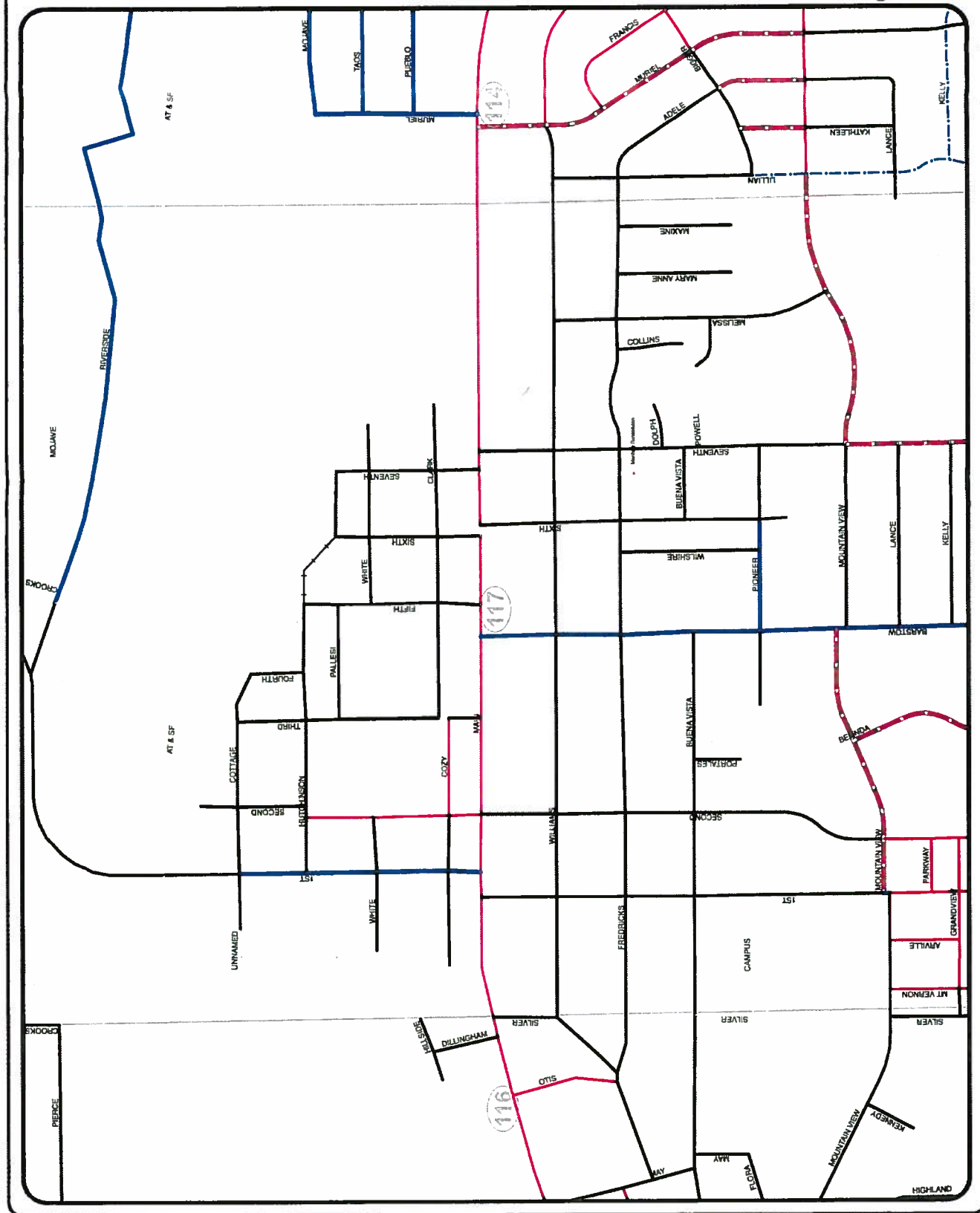
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Enterprise GIS Data**





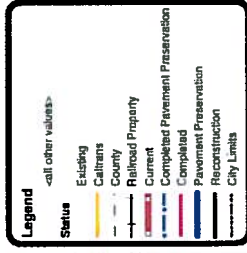
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Engineering Division
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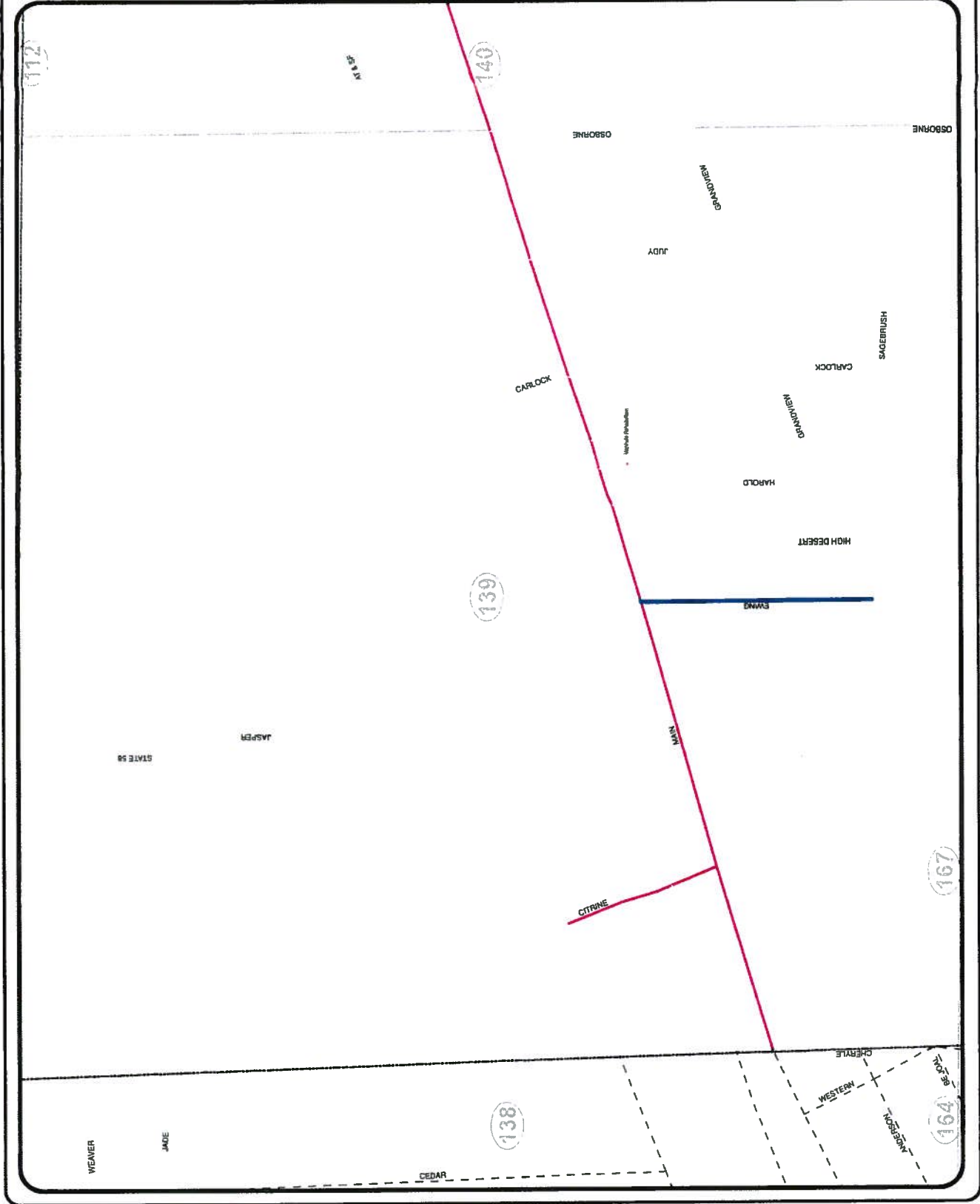


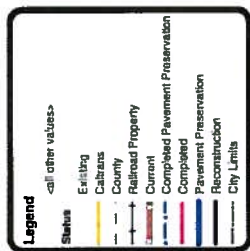


Pavement Management System



Engineering Division
Enterprise GIS Data





Engineering Division
Enterprise GIS Data





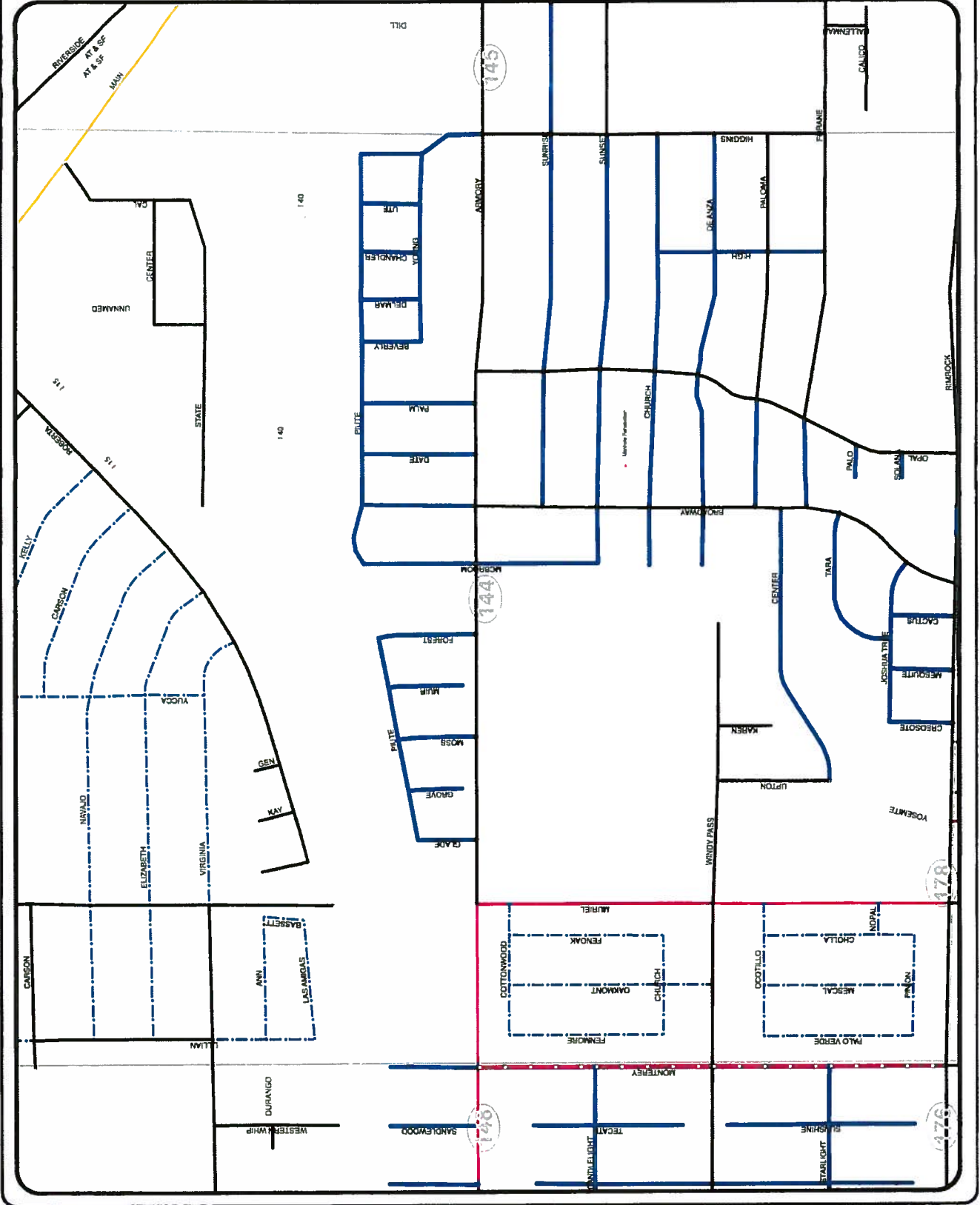
Pavement Management System

Legend
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Status	Existing	Caltrans	County	Railroad Property	Current	Completed	Pavement Preservation	Reconstruction	City Limits
	—	—	—	—	—	—	—	—	—

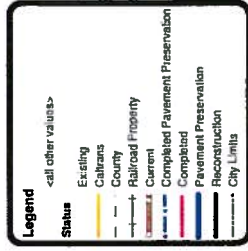


Engineering Division
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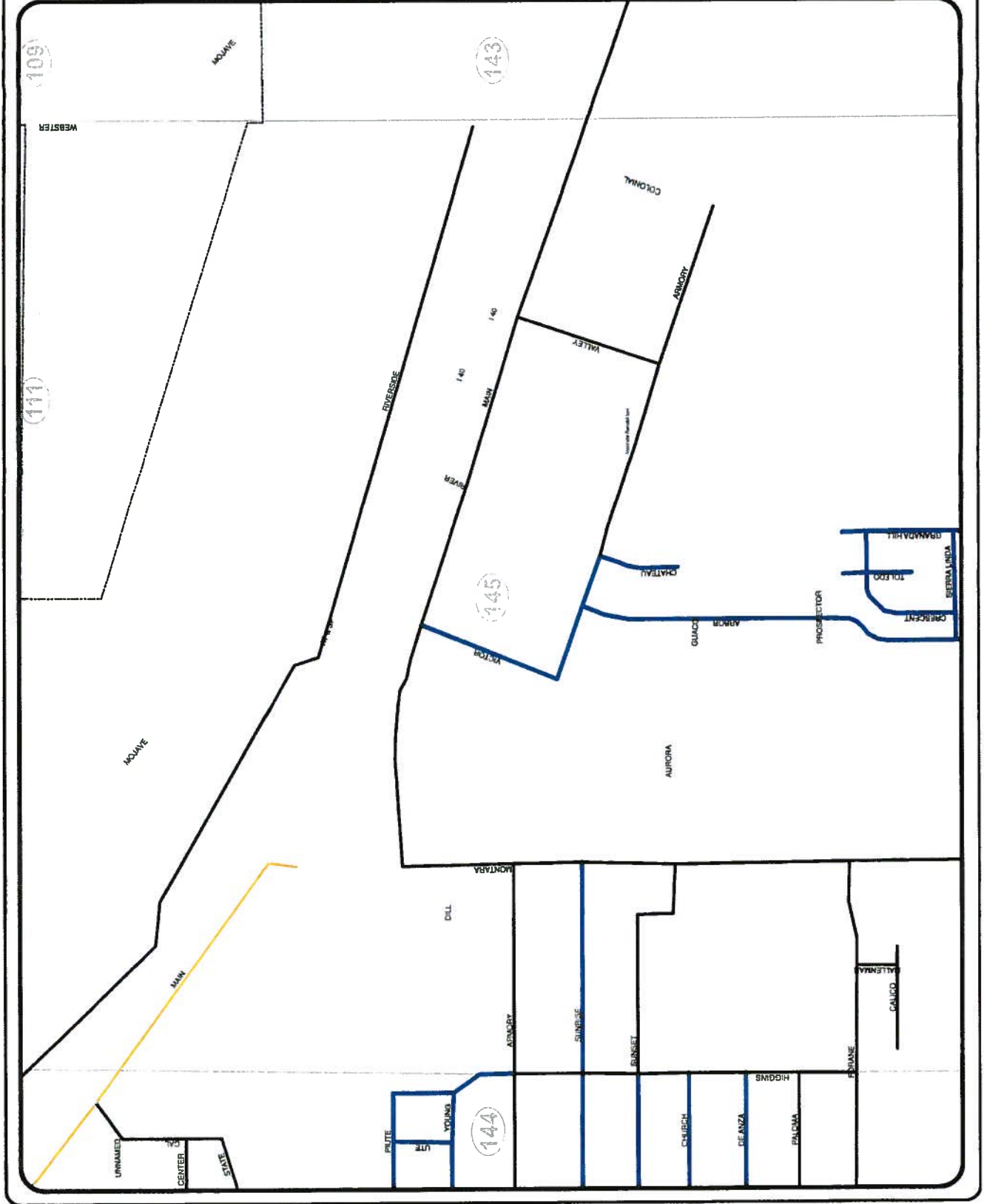




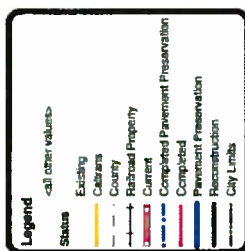
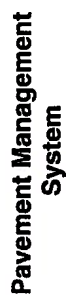
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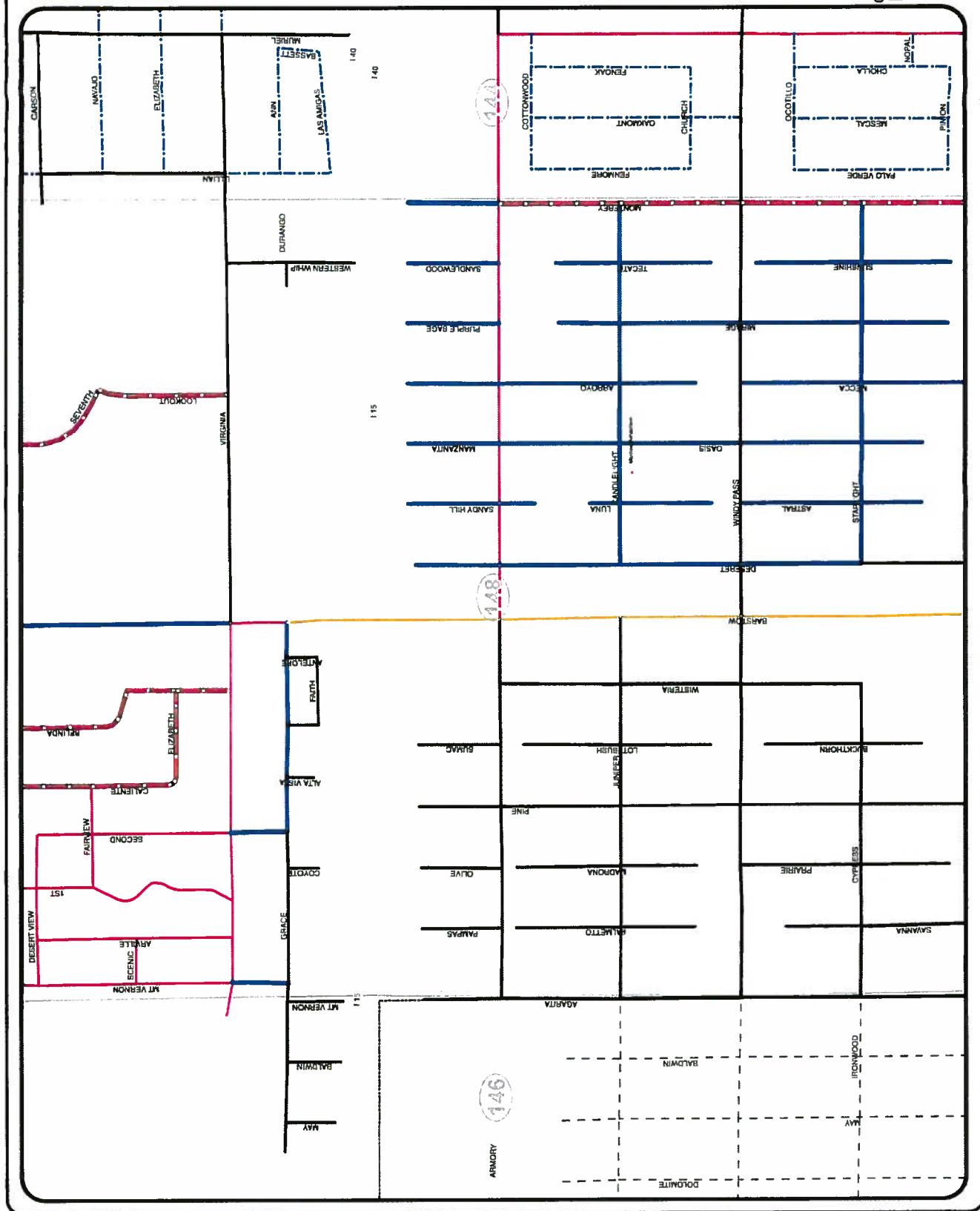
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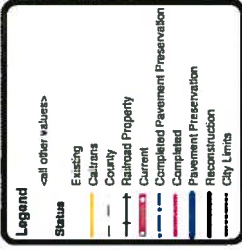


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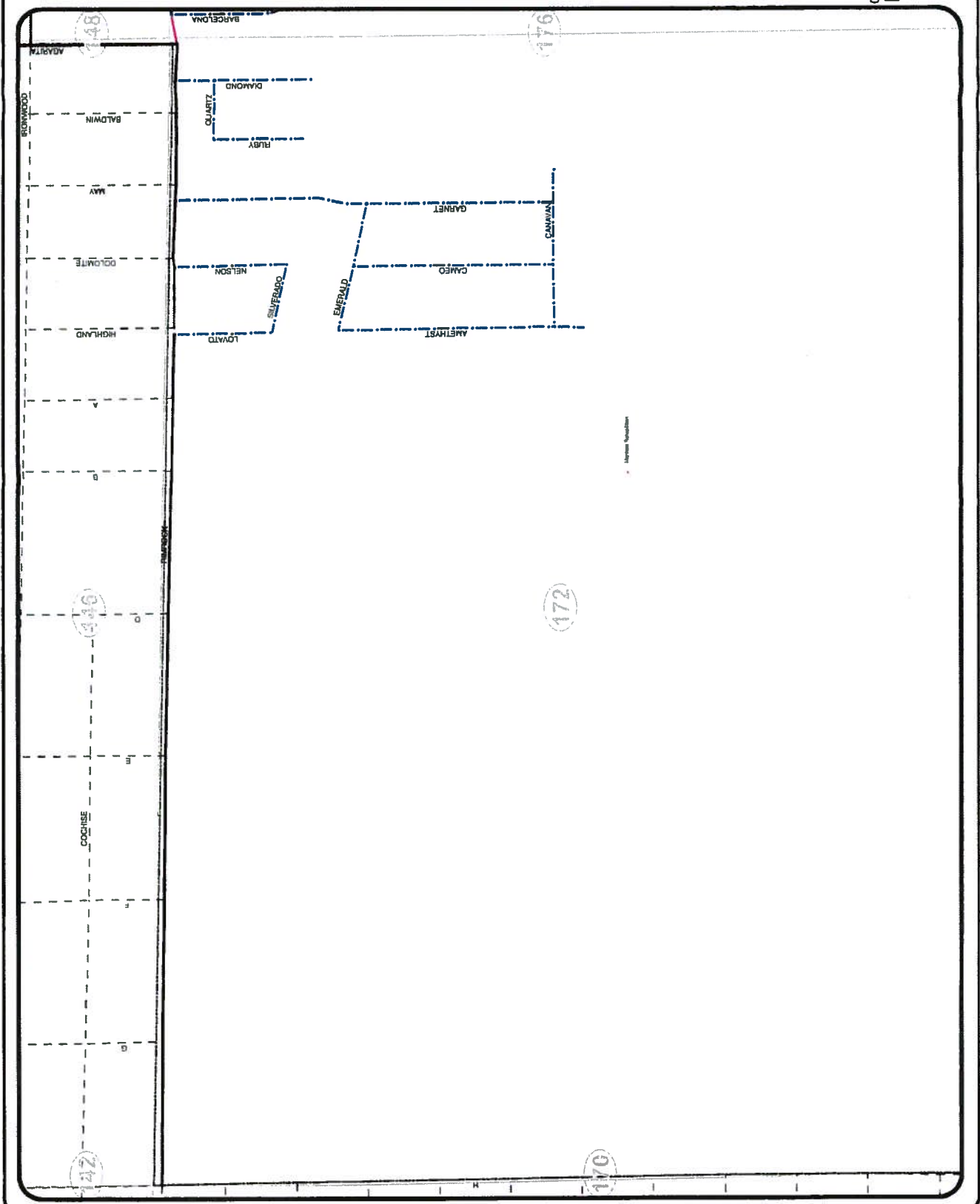




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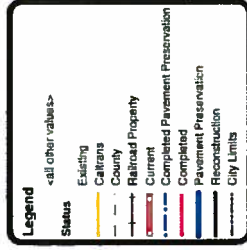


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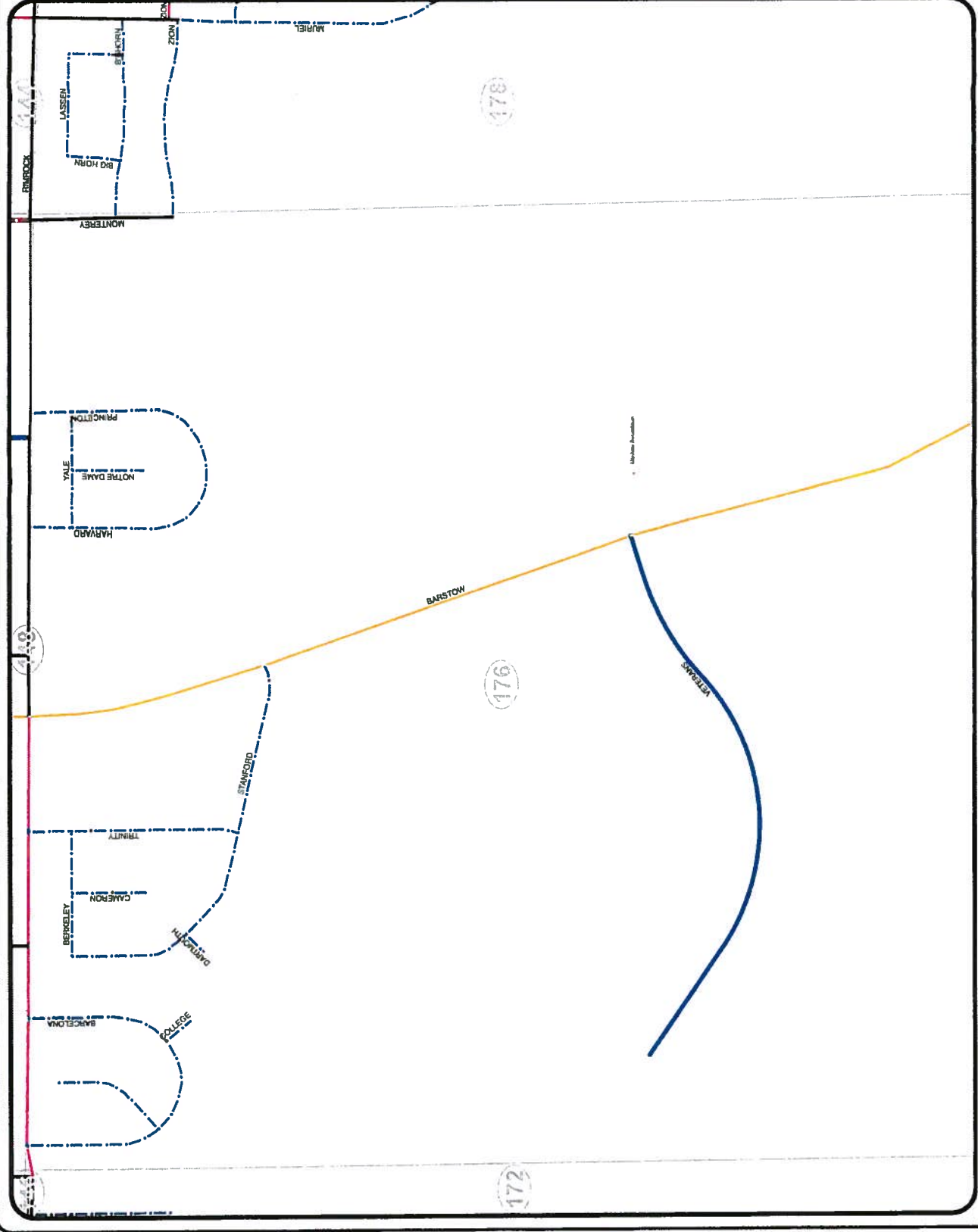




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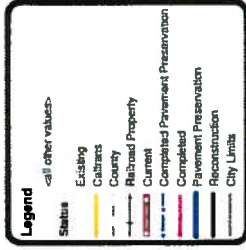


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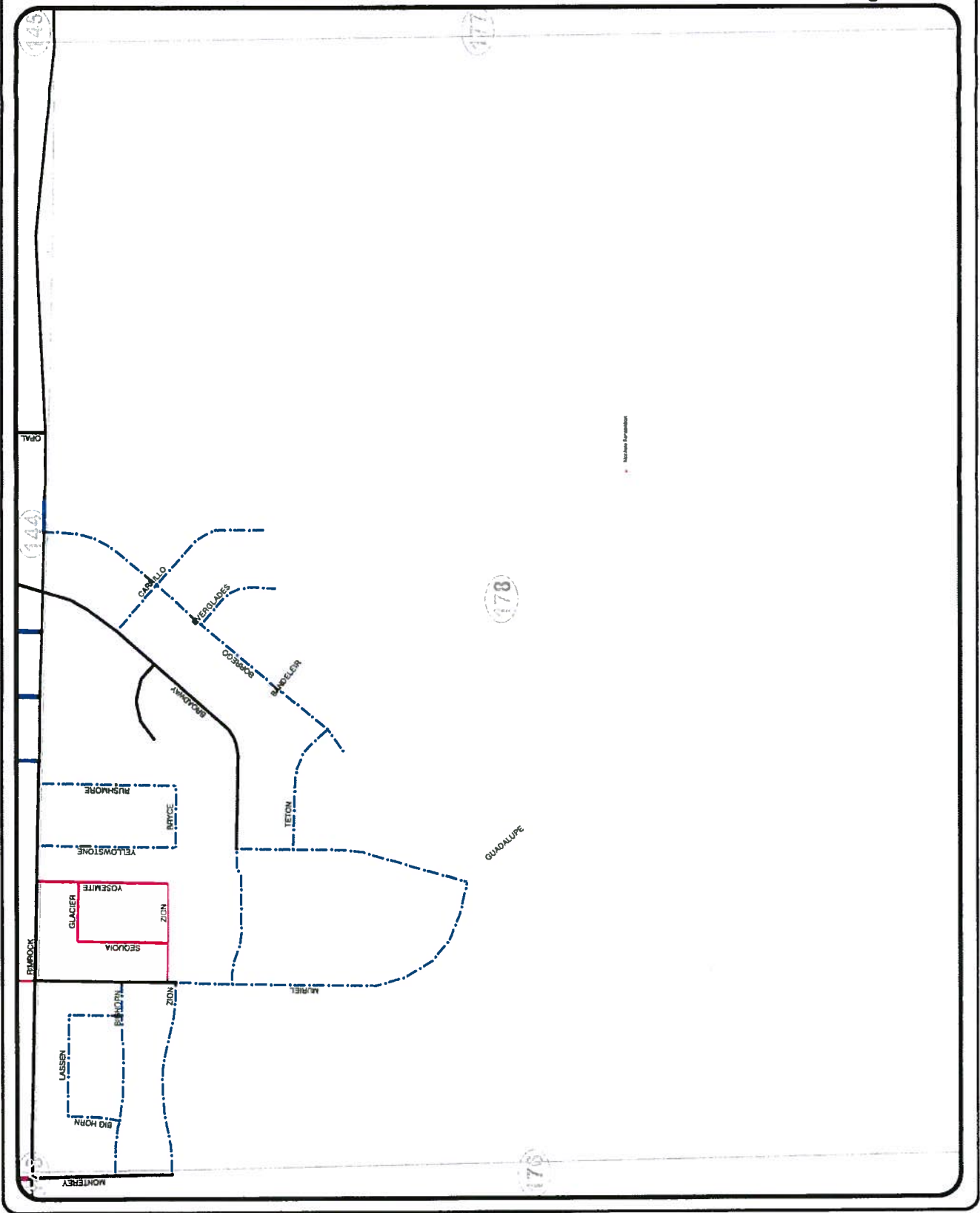




Pavement Management System



Engineering Division
Enterprise GIS Data





Pavement Management System

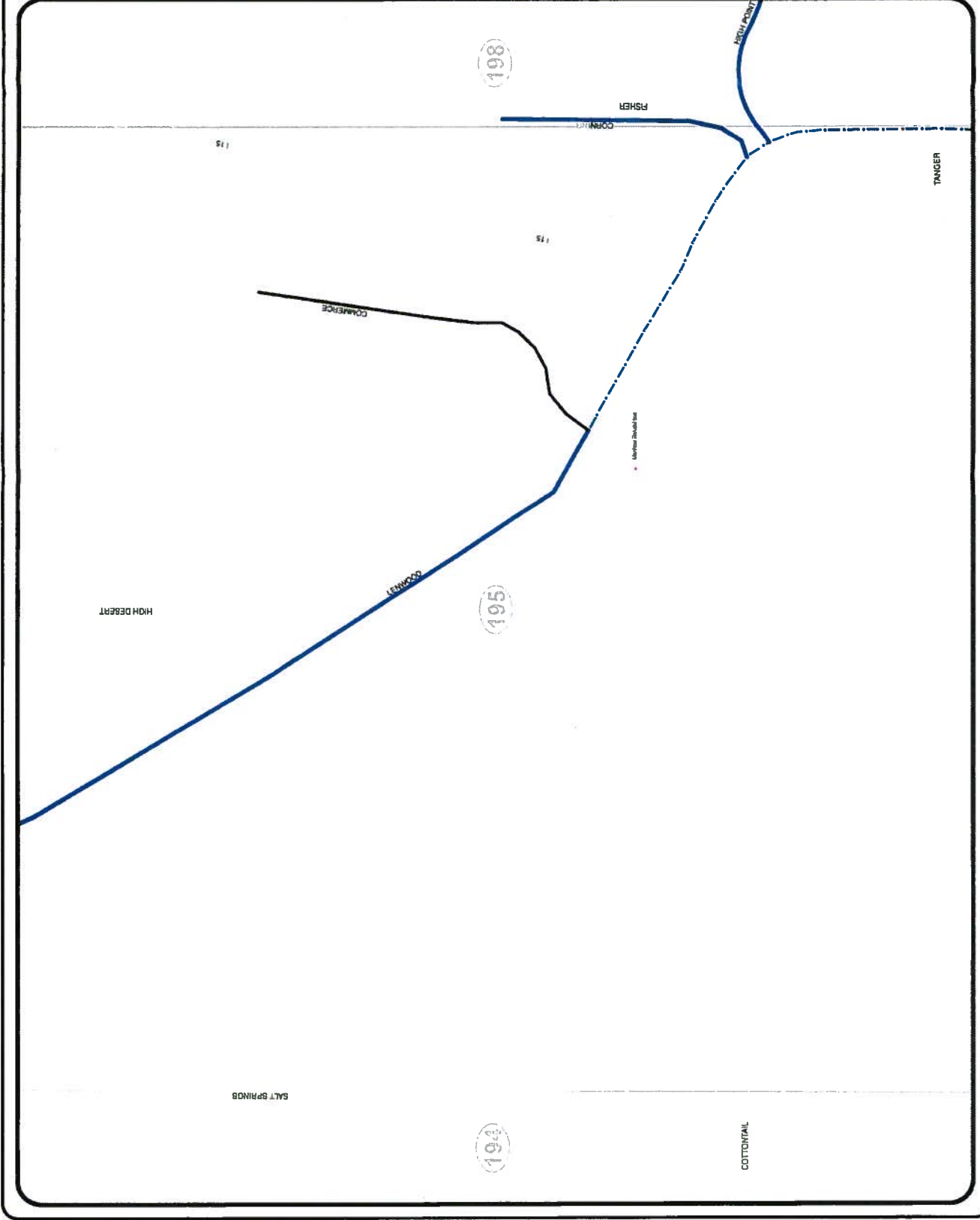
Legend

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Status	Existing
Caltrans	County
Railroad Property	Current
Completed Pavement Preservation	Completed
Pavement Preservation	Reconstruction
City Limits	

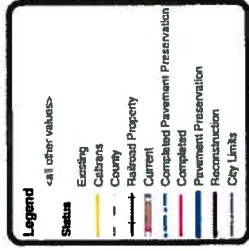


Engineering Division
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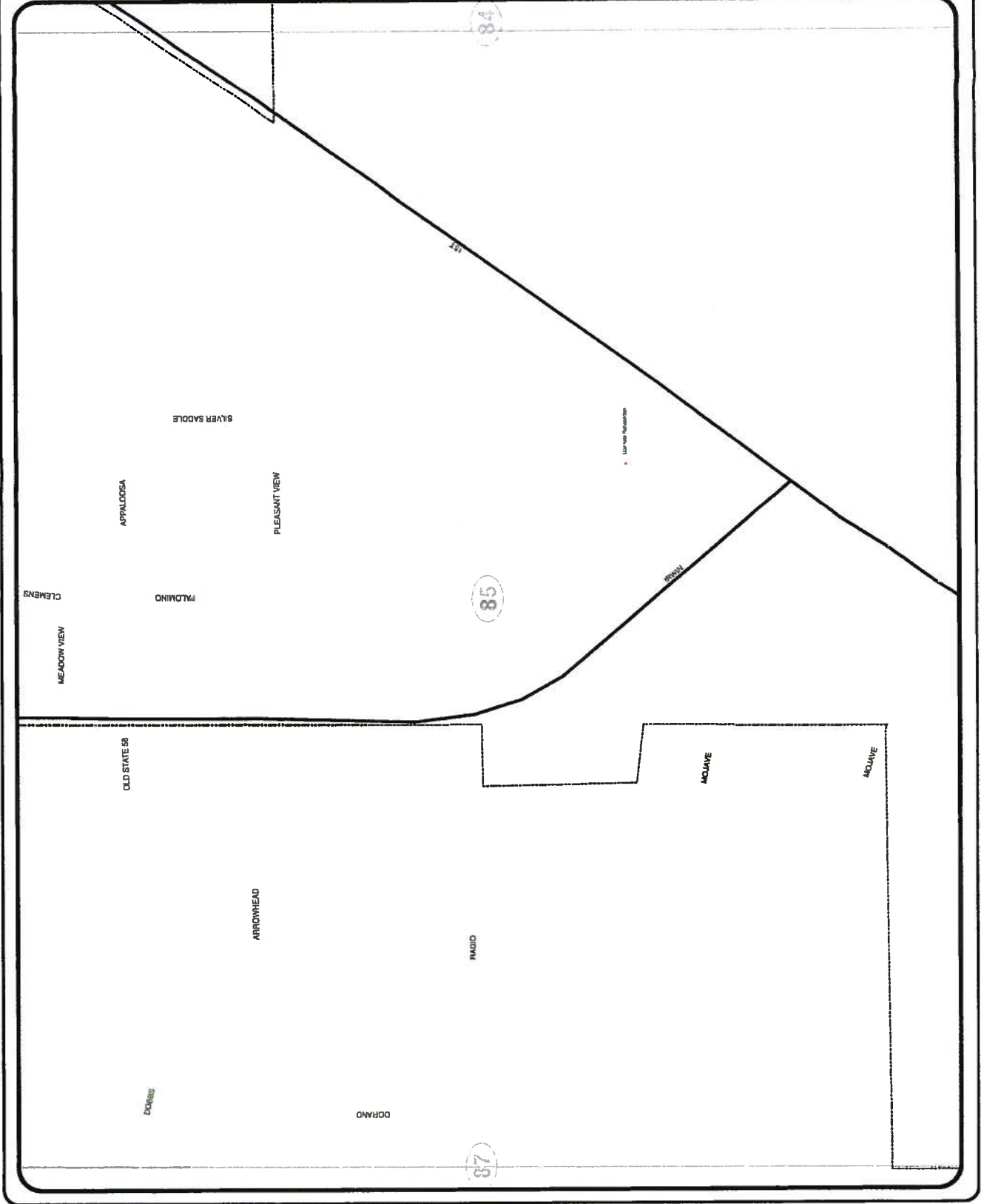


Pavement Management System



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Engineering Division
Enterprise GIS Data



**California Communities
TRIP Program
Transportation Revenue Certificates of Participation, Series 2012C**

**City of Barstow
100% Gas Tax & Measure I Revenue Pledge
Financing Scenarios**

	Scenario 1	Scenario 2
Borrowing Term	15-Year	20-Year
Description	100% of gas tax & Measure I for entire 15-year term	100% of gas tax & Measure I for entire 20-year term
All-in Bond Yield	5.25%	5.50%
# of Participants	3	3
Participant	Barstow	Barstow
Estimated Pool Size	36,780,000	39,660,000
Barstow Portion	16,780,000	19,660,000
Issuance Date	August 2012	August 2012
Total Pledged Revenues [A]	2,450,000	2,450,000
Gas Tax Revenues (1)	650,000	650,000
Measure I Revenues (2)	1,800,000	1,800,000
Annual Payment (approximate) (3) [B]	1,630,000	1,630,000
Coverage [A / B]	150%	150%
Left Over Revenues [A - B] (4)	820,000	820,000
Gas Tax Revenues	650,000	650,000
Measure I Revenues	170,000	170,000
Bond Size	16,780,000	19,660,000
Project Proceeds	14,850,736	17,706,120
Reserve Fund (5)	1,631,375	1,630,550
Bond Financing Costs (Barstow)		
Annual COP Trustee Fee (2012 payment)	1,000	1,000
Bond Counsel (6)	64,585	66,745
Validation Costs (7)	15,000	15,000
Disclosure Counsel (8)	26,667	26,667
Underwriter's Discount (9)	134,240	157,280
Rating Agency Fees	14,999	15,000
CSCDA Issuance Fee (10)	11,398	11,638
Financial Advisor (11)	20,000	20,000
Other (Printing, Trustee, Miscellaneous)	10,000	10,000
Total	\$297,889	\$323,330

Footnotes

- (1) Barstow received gas tax revenues of about \$650,000 annually.
(2) Barstow receives Measure I revenues of about \$1,800,000 annually.
(3) Includes annual COP payment, annual COP Trustee fee and annual CSCDA fee.
(4) Assumes annual COP payment made from Measure I Revenues.
(5) Reserve fund sizing calculated as maximum annual COP payment based on the standard 3-prong sizing test.
(6) If <\$5 million par, \$45,000 per participant; otherwise \$52,000 per participant + 0.075% of par.
(7) \$15,000 per participant if successful; \$7,500 if filed, but unsuccessful.
(8) If 1 participant + <\$5 million par, \$35,000; if 1 participant + >\$5 million, \$45,000; otherwise \$50,000 per pool+ \$10,000 per participant.
(9) If <\$5 million, \$35,000 per participant; otherwise \$8.00/bond which includes management fee, takedown and expenses.
(10) If <\$20 million, 0.15% of par (minimum of \$7,500); if >\$20 million, \$30,000 + 0.025% of par over \$20 million.
(11) \$30,000 per pool + \$10,000 per participant.

De La Rosa & Co. is providing the information in this document for discussion purposes in anticipation of serving as an underwriter to you. In our capacity as underwriter, we will be acting as a principal in a commercial, arm's length transaction and not as a municipal advisor, financial advisor or fiduciary to you regardless of whether we have or are currently acting as such on a separate transaction. The information we provide is not intended to be and should not be construed as "advice" within the meaning of the Securities Exchange Act of 1934. We encourage you to consult with your own legal, accounting, tax, financial and other advisors, as applicable, to the extent you deem appropriate.

March 28, 2012



CALIFORNIA COMMUNITIES
TOTAL ROAD IMPROVEMENT PROGRAM (TRIP)
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2012C
(PARTICIPANT(S): CITY OF BARSTOW)

FINANCING SCHEDULE
(as of April 3, 2012)

MARCH 2012							APRIL 2012							MAY 2012						
S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S
				1	2	3	1	2	3	4	5	6	7			1	2	3	4	5
4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12
11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19
18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26
25	26	27	28	29	30	31	29	30						27	28	29	30	31		

JUNE 2012							JULY 2012							AUGUST 2012						
S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S
					1	2	1	2	3	4	5	6	7				1	2	3	4
3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11
10	11	12	13	14	15	16	15	16	17	18	19	20	21	12	13	14	15	16	17	18
17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25
24	25	26	27	28	29	30	29	30	31					26	27	28	29	30	31	

■ Indicates Holiday. ■ Barstow City Council meets first and third Mondays of the month

Date	Action	Responsibility
Wed., Mar. 21 3 P.M.	Kick-off meeting at Barstow City Hall (Room TBD) Call In: (866) 642-1665 / Code: 620873#	All
Fri., Mar. 23	Distribute draft of POS & certificate purchase contract	Goodwin
	Submission of TRIP Program application	B
Mon., Mar. 26	Distribute draft of resolution and bonds documents	Orrick
Week of Mar. 26	Send SANBAG copy of sample Measure I certification letter	DLR, Orrick
Wed., Mar. 28 9:30 A.M.	Conference call to review documents Call In: (866) 642-1665 / Code: 620873#	All
Tues., Apr. 2	Distribute revised draft of bond documents, POS	Orrick, Goodwin
Wed., Apr. 4 3:00 P.M.	Briefing to Barstow Streets Committee on TRIP financing	B
Thurs., Apr. 5	Posting of notice of public hearing	Orrick, B
TBD	Conference call to review documents Call In: (866) 642-1665 / Code: 620873#	All



Date	Action	Responsibility
Week of Apr. 9	Meeting with SANBAG to discuss TRIP program and certification letter requirements	DLR, SANBAG, Orrick
Tue., Apr. 10	Staff report and document package submitted for Barstow City Council meeting	B
Mon., Apr. 16	Barstow City Council approves issuance of TRIP COPs and authorizes judicial validation proceedings	B
Tues., Apr. 17	File application for publication of summons	Orrick
Wed., Apr. 18	Hearing on application for publication of summons	Orrick
Thurs., Apr. 19	Distribute revised draft of bond documents, POS	Orrick, Goodwin
Week of Apr. 23	Receive executed Measure I certification letter from SANBAG	Orrick, B
Tues., Apr. 24	Conference call to review documents Call In: (866) 642-1665 / Pass: 620873#	All
Mon., Apr. 30	Posting of Summons period (at least 21 days)	Orrick, B
Tue., May 1	Distribute revised draft of bond documents, POS	Orrick, Goodwin
Mon., May 7	Submit staff report and documents for California Communities Board agenda package	CSCDA, Orrick, Goodwin
Thurs., May 17	California Communities Board approval	CSCDA
Mon., May 21	End of summons period	
Thurs., May 24	Send credit rating request letter and credit package to Standard & Poor's	DLR, UFI
Tues., May 29	Rating call with Barstow, SANBAG and S&P Call In: (866) 642-1665 / Pass: 620873#	B, SANBAG, UFI, DLR, S&P
Fri., Jun. 1	Last day for interested parties to file complaint against validation proceedings	
Mon., Jun. 4	File application for entry of default judgment	Orrick
Wed., Jun. 6	Receive S&P rating	S&P, DLR
Mon., Jun. 18	Default judgment received from Superior Court	Orrick
Wed., Jul. 18	30-day challenge period ends Print & post POS	Goodwin
Mon., Jul. 23 (Time: TBD)	Pre-pricing call Call In: (866) 642-1665 / Pass: 620873#	DLR, UFI, B
Tue., Jul. 24 (Time: TBD)	Pricing call Call In: (866) 642-1665 / Pass: 620873# Execute pricing confirmations & bond purchase contract	DLR, UFI, B CSCDA, B, DLR
Wed., Aug. 1	First draft of closing documents distributed	Orrick
Mon., Aug. 6	Deadline to deliver executed copies of closing documents/certificates to Orrick	B
Wed., Aug. 8	Pre-closing	All
Thurs., Aug. 9	Closing (funds delivered to Barstow)	DLR, Wells



Working Group

Conduit Issuer:	California Communities (CSCDA)
Borrower(s):	City of Barstow (B)
Financial Advisor:	Urban Futures (UFI)
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP (Orrick)
Disclosure & Underwriter's Counsel:	Goodwin Procter (Goodwin)
Underwriter:	De La Rosa & Co. (DLR)
Trustee:	Wells Fargo (Wells)
Rating Agency:	Standard & Poor's (S&P)

CITY OF BARSTOW

RESOLUTION NO. _____

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF CALIFORNIA COMMUNITIES TRANSPORTATION REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2012C (T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM) PURSUANT TO A TRUST AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, CERTIFICATE PURCHASE AGREEMENT AND AN INSTALLMENT SALE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES, AND AUTHORIZING THE FILING OF A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is empowered to assist the City of Barstow (the “City”) in financing certain public capital improvements pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement among a number of California cities, counties and special districts, including the City of Barstow, dated June 1, 1988;

WHEREAS, the legislative body (the “Legislative Body”) of the City has determined that the design, acquisition and construction of certain roadway improvements and street resurfacing, (as more fully described in the herein defined Installment Sale Agreement, the “Project”) is necessary and proper for, and for the common benefit of, the City, and under the terms of applicable law, the payment for such Project may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund, as defined in the Installment Sale Agreement;

WHEREAS, in order to achieve a lower net interest cost and lower costs of issuance in connection with financing the acquisition of the Project, the City has determined to participate with certain other local agencies which are also members of the Authority (collectively, the “Local Agencies”) in the California Communities Total Road Improvement Program (TRIP) (the “Program”) established by the Authority to finance street improvement projects, such as the Project;

WHEREAS, pursuant to the Program the Authority will acquire and construct the Project for, and sell the Project to, the City, pursuant to an Installment Sale Agreement by and between the City and the Authority, in the form presented to this meeting (with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Installment Sale Agreement”);

WHEREAS, the City desires to authorize the execution and delivery of additional Contracts, as defined in the Installment Sale Agreement, in the future from time to time for the purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund;

WHEREAS, installment sale payments payable in connection with the installment sale agreement of each local agency participating in the Program will be combined, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to a Trust Agreement, among the Authority, the Trustee and the Local Agencies (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement"), will execute and deliver California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012C (or such other subseries to be designated) (T.R.I.P. – Total Road Improvement Program) (the "Certificates"), which evidence and represent proportionate and undivided interests in such combined installment sale payments;

WHEREAS, the Authority may determine that securing the timely payment of the principal and interest evidenced by the Certificates by obtaining a bond insurance policy (a "Certificate Insurance Policy") with respect thereto issued by a municipal bond insurer (a "Certificate Insurer") could be economically advantageous to the Local Agencies;

WHEREAS, E. J. De La Rosa & Co., Inc., or such other investment banking firm as may be selected in the sole discretion of the Authority (the "Underwriter"), has submitted to the Local Agencies and the Authority a proposed form of an agreement to purchase the Certificates in the form of a Certificate Purchase Agreement (the "Certificate Purchase Agreement");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the Certificates has been prepared;

WHEREAS, the City is a member of the Authority and the Project is to be located within the boundaries of the City;

WHEREAS, the improvement and reconstruction of the Project will provide additional life and more efficient fuel consumption on the streets resulting in significant public benefit;

WHEREAS, the City hereby finds that the financing of such public capital improvements within the City will result in significant public benefits in the form of a safe and reliable transportation network, demonstrable savings in effective interest rates, and the more efficient delivery of City services to residential and commercial development;

WHEREAS, on this date, the City held a public hearing on the financing of such public capital improvements within the City in accordance with Section 6586.5 of the Act;

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the City of Barstow; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE BODY OF THE CITY OF BARSTOW, as follows:

Section 1. The foregoing recitals herein contained are true and correct and the Legislative Body so finds.

Section 2. The Project is hereby approved. Any of the Authorized Officers designated in Section 9 hereof (the "Authorized Officers") are authorized to implement the Project in accordance with the provisions of the Installment Sale Agreement and this Resolution.

Section 3. The form of the Installment Sale Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Installment Sale Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the installment sale payments shall not exceed \$25,000,000, the true interest cost applicable to the interest components of the installment payments shall not exceed 7.00% per annum and the final principal installment due on the Installment Agreement shall be no later than June 1, 2042. Pursuant to the terms of the Installment Sale Agreement, the Legislative Body further authorizes the execution and delivery of additional Contracts in the future from time to time for the purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund, and/or Measure I Revenues.

Section 4. The form of Trust Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Trust Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The execution and delivery of the Certificates, on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement and the Installment Sale Agreement, is hereby authorized and approved. The Certificates shall

be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Trust Agreement, as the same shall be completed.

Section 5. The form of Certificate Purchase Agreement, on file with the Clerk of the Legislative Body, including the form of the Pricing Confirmation set forth as an exhibit thereto (the "Pricing Confirmation") is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Certificate Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter's discount for the sale of the Certificates shall not exceed 1.25% of the aggregate principal amount of the principal components of the installment sale payments payable under the Installment Sale Agreement. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

Section 6. The form of Preliminary Official Statement, on file with the Clerk of the Legislative Body, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Certificates is hereby authorized and approved. Any one of the Authorized Officers is hereby authorized and directed to provide the Underwriter with such information relating to the City as they shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement. Upon inclusion of the information relating to the City therein, the Preliminary Official Statement is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule; *provided* that no representation is made as to the information contained in the Preliminary Official Statement relating to the other Local Agencies or any Certificate Insurer or Certificate Insurance Policy. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the City might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter. The Authority is hereby authorized and directed, at or after the time of the sale of the Certificates, for and in the name and on behalf of the City, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Authority is hereby authorized to apply for a Certificate Insurance Policy for the Certificates and to obtain such insurance if the present value cost of such insurance is less than the present value of the estimated interest savings with respect to the Certificates.

Section 8. The form of Installment Sale Agreement provides that Measure I Revenues, as a category of Other Available Revenues, as those terms are respectively defined in the Installment Sale Agreement, may be used to make 2012 Installment Sale Payments. Prior to the execution and delivery of the Installment Sale Agreement, the Authorized Officers, in consultation with the City's Financial Advisor for the Program, shall determine if significant

interest rate savings could be achieved through a formal pledge of Measure I Revenues to the payment of 2012 Installment Sale Payments; and if so determined, the Installment Sale Agreement may be amended to reflect such pledge, subject to any then outstanding commitment or pledge of Measure I Revenues, such amendment to be conclusively evidenced by the execution and delivery of the Installment Sale Agreement.

Section 9. The Authorized Officers are, and each of them is, authorized and directed, for and in the name of the City, to instruct Orrick, Herrington & Sutcliffe LLP, as special counsel to the Program to bring a validation action under Section 860 of the California Code of Civil Procedure to determine the legality and validity of the Installment Sale Agreement, the Trust Agreement, the Certificates and the other documents and proceedings authorized pursuant to this Resolution and to execute and return the fee agreement for such services on file with the Clerk.

Section 10. The Authorized Officer designated below and any and all other officers, agents and employees of the City are hereby authorized and directed to take any and all actions and execute and deliver any and all documents necessary or convenient to accomplish the purposes of this Resolution.

Authorized Officers:

TITLE

- (1) Mayor
- (2) City Manager
- (3) Assistant City Manager

Section 11. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 12. This Resolution shall be in full force and effect upon its adoption.

PASSED, APPROVED and ADOPTED this _____ day of _____, 2012.

Joe D. Gomez, Mayor

ATTEST:

JoAnne V. Cousino, City Clerk

I, JoAnne V. Cousino, City Clerk of the City of Barstow, California, do hereby certify that the foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Barstow held on the __ day of _____, 2012, and was adopted at the regular meeting of the City Council of the City of Barstow on ____ day of _____, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

JoAnne V. Cousino, City Clerk

2012 INSTALLMENT SALE AGREEMENT

by and between the

**CITY OF BARSTOW
as Purchaser**

and the

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY,
as Seller**

for the

**CALIFORNIA COMMUNITIES
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2012C
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)**

Dated as of _____ 1, 2012

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2012 INSTALLMENT SALE AGREEMENT

This 2012 INSTALLMENT SALE AGREEMENT (the “2012 Installment Sale Agreement”), dated as of _____ 1, 2012, by and between the CITY OF BARSTOW, a municipal corporation organized and existing under the Constitution of the State of California (the “Local Agency”), and the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”),

W I T N E S S E T H:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to cause certificates of participation to be executed and delivered to assist local agencies in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Local Agency has determined that the design, acquisition and construction of certain roadway improvements and street resurfacing, as hereinafter described (the “Project”) is necessary and proper for Local Agency purposes and uses, and under the terms of applicable law, the payment for such Project may be made from Gas Tax Revenues and Measure I Receipts, as those terms are hereinafter defined, and is for the common benefit of the Local Agency as a whole;

WHEREAS, in order to achieve a lower net interest cost and lower costs of issuance in connection with financing the Project, the Local Agency has determined to participate with certain other local agencies in the California Communities T.R.I.P. – Total Road Improvement Program (the “Program”) established by the Authority to finance projects, such as the Project;

WHEREAS, pursuant to the Program the Authority has determined to acquire and construct the Project for, and sell the Project to, the Local Agency;

WHEREAS, the Local Agency has determined to make installment sale payments as hereinafter described to the Authority for the repayment of the costs of the design, acquisition and construction of the Project and the incidental costs and expenses related thereto paid by the Authority; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the 2012 Installment Sale Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the 2012 Installment Sale Agreement;

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

ARTICLE I

DEFINITIONS

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

Accountant's Report

"Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Accreted Value

"Accreted Value" means, with respect to any Capital Appreciation Certificates, as of the date of calculation, the initial amount thereof plus the interest accrued thereon to such date of calculation, compounded from the date of initial delivery at the approximate interest rate thereof on each June 1 and December 1, as determined in accordance with the table of accreted values for any Capital Appreciation Certificates prepared at the time of sale thereof, assuming in any year that such Accreted Value increases in equal daily amounts on the basis of a year of three hundred sixty (360) days composed of twelve (12) months of thirty (30) days each.

Acquisition Fund

"Acquisition Fund" means the fund by that name established pursuant to Section 2.11 of the Trust Agreement.

Administration Fee

"Administration Fee" means an amount equal to the sum of the Authority Fee, the Trustee Fee, the Rebate Analyst Fee and any other similar fee payable in connection with the administration of the Program, payable on the 15th day of the month preceding each Certificate Payment Date, for the administrative costs of the Project and the Program.

Authority

"Authority" means the California Statewide Communities Development Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California and an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, among a number of California cities, counties and special districts, including the Local Agency, as amended.

Authority Fee

“Authority Fee” means the annual administration fee of the Authority payable, in advance, on _____, 2012 and thereafter on each Certificate Payment Date, equal to .02% of the outstanding amount of the principal components of the 2012 Installment Sale Payments.

Authorized Authority Representative

“Authorized Authority Representative” means any member of the Commission of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

Authorized Local Agency Representative

“Authorized Local Agency Representative” means the person or persons designated in Section 8.12 hereof or any other person at the time designated to act on behalf of such Local Agency by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such Local Agency by an Authorized Local Agency Representative.

Business Day

“Business Day” means any day on which the Trustee is open for business at its corporate trust office in Los Angeles, California.

Capital Appreciation Certificates

“Capital Appreciation Certificates” means any certificates of participation in 2012 Installment Sale Payments described as such when executed and delivered.

Certificates

“Certificates” means the California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012C (T.R.I.P. – Total Road Improvement Program), executed and delivered in accordance with the Trust Agreement.

Code

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

Continuing Disclosure Agreement

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated _____, 2012, by and between the Local Agency and the Trustee, in its capacity as Trustee and as Dissemination Agent, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

Contracts

“Contracts” means all installment sale contracts, capital leases or similar obligations of the Local Agency authorized and executed by the Local Agency under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Revenues on a parity with the payment of the 2012 Installment Sale Payments.

Debt Service

“Debt Service” means, for any Fiscal Year, the sum of that portion of the Installment Sale Payments required to be made at the times provided in the Contracts that would have accrued during such Fiscal Year if such Installment Sale Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding Installment Sale Payment Date of interest or principal or the date of the pertinent Contract, as the case may be; provided, that (a) if any of the Installment Sale Payments due under any of such Contracts are evidenced by Capital Appreciation Certificates, then the Accreted Value payment shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Certificate; (b) if any of the Installment Sale Payments due under any such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on such Contracts for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of (i) the actual rate on the date of calculation, or if such Contracts are not yet outstanding, the initial rate (if then established and binding), (ii) if the Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii)(1) if interest on such Contracts is excludable from gross income under the applicable provisions of the Code, the most recently published “Bond Buyer 25 Bond Revenue Index” (or comparable index if no longer published), or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities; (c) if any of the Contracts is secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least \$75,000,000, the principal payments or deposits with respect to such Contracts nominally due in the last Fiscal Year in which such Contracts mature may, at the option of the Local Agency, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the repayment provisions of such letter of credit and interest on such Contracts after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or repayment provisions and (d) if any of such Contracts is not secured by a letter of credit as described in clause (c) of this definition and 20% or more of the original principal of the Installment Sale Payments due under such Contracts is not due until the final stated maturity of the Installment Sale Payments due under such Contracts, such principal may, at the option of the Local Agency, be treated as if it were due based upon a level amortization of such principal over the term of such Installment Sale Payments or 30 years, whichever is greater.

Event of Default

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

Federal Securities

“Federal Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal and interest strips of the Resolution Funding Corporation for which separation of principal and interest is maintained in book-entry form.

Fiscal Year

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the governing body of the Local Agency as the Fiscal Year of the Local Agency.

Gas Tax Account

“Gas Tax Account” means the account established pursuant to State law by ordinance adopted by the governing body of the Local Agency and pursuant to section 3.02 hereof.

Gas Tax Revenues

“Gas Tax Revenues” means all amounts received by the Local Agency from the State in accordance with Streets and Highways Code Sections 2103, 2104(d), (e) and (f), 2105, 2106 and 2107, as such provisions may be amended, and all other revenues (except revenues received by the Local Agency in accordance with Streets and Highways Code Section 2107.5), if any, received by the Local Agency from taxes imposed on the purchase of motor vehicle fuels and any payments, subventions or reimbursements received by the Local Agency from the State in lieu of such revenues.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Local Agency which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

2012 Installment Sale Agreement

“2012 Installment Sale Agreement” means this installment sale agreement by and between the Local Agency and the Authority, dated as of _____ 1, 2012, as originally executed and as it may from time to time be amended or supplemented in accordance herewith and with the terms of the Trust Agreement.

Installment Sale Payments; 2012 Installment Sale Payments

“Installment Sale Payments” means the installment sale, rental or other periodic payments scheduled to be paid by the Local Agency under and pursuant to the Contracts.

“2012 Installment Sale Payments” means the Installment Sale Payments scheduled to be paid by the Local Agency under and pursuant to this 2012 Installment Sale Agreement.

Installment Sale Payment Date; 2012 Installment Sale Payment Date

“Installment Sale Payment Date” means any date on which Installment Sale Payments are scheduled to be paid by the Local Agency under and pursuant to any Contract.

“2012 Installment Sale Payment Date” means any date on which 2012 Installment Sale Payments are scheduled to be paid by the Local Agency under and pursuant to this 2012 Installment Sale Agreement.

Interest Payment Date

“Interest Payment Date” means a date on which interest evidenced and represented by the Certificates is due and payable, being June 1 and December 1 of each year, commencing _____ 1, 20__.

Local Agency; Local Agencies

“Local Agency” means the City of Barstow, a municipal corporation organized and existing under the Constitution of the State of California. The plural term “Local Agencies” refers to the Local Agencies listed in Schedule I to the Trust Agreement.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means the greatest total Debt Service payable in any Fiscal Year during the period commencing with the then current Fiscal Year and terminating with the Fiscal Year in which payments are due under the last Contract.

Measure I Ordinance

“Measure I Ordinance” means Ordinance No. 04-01, the Traffic Relief and Rail Expansion Ordinance, adopted by the San Bernardino County Transportation Authority on June 2, 2004, and approved by at least two-thirds of electors voting on such proposition in the November 2, 2004 election, as supplemented and amended.

Measure I Project

“Measure I Project” means a capital project for which Measure I Receipts may be expended.

Measure I Receipts

“Measure I Receipts” means Measure I Revenues allocated by the San Bernardino County Transportation Authority to the Local Agency pursuant to the Measure I Ordinance, to the extent the Project constitutes a Measure I Project, in an amount not greater than the Installment Sale Payments related to such Measure I Project.

Measure I Receipts Account

“Measure I Receipts Account” means the account by that name established pursuant to Section 3.02 hereof.

Measure I Receipts Coverage Amount

“Measure I Receipts Coverage Amount” means an amount in any Fiscal Year equal to Measure I Revenues allocated to the Local Agency in excess of Measure I Receipts but not more than 50% of Measure I Receipts for such Fiscal Year.

Measure I Revenues

“Measure I Revenues” means revenues of the San Bernardino County Transportation Authority pursuant to the Measure I Ordinance derived from a retail transactions and use tax imposed in the County of San Bernardino pursuant to Division 12 (Section 130350 *et seq.*) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Measure I Ordinance.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel of national reputation generally recognized to be well qualified in the field of law relating to municipal obligations such as the Certificates, retained by the Local Agency and satisfactory to the Trustee (who shall be under no liability by reason of such approval).

Other Available Revenues

“Other Available Revenues” means revenues, other than Revenues as herein defined, legally available to the Local Agency to make Installment Sale Payments, if any.

Proceeds Subaccount

“Proceeds Subaccount” means the Proceeds Subaccount of the Acquisition Fund established pursuant to Section 2.11 of the Trust Agreement.

Pro Rata Share of Principal

“Pro Rata Share of Principal” means, during any month, an amount of principal becoming due and payable hereunder on the next succeeding Certificate Payment Date that would have accrued if such principal were deemed to accrue monthly in equal amounts from the preceding Certificate Payment Date.

Project

“Project” means the design, engineering, permitting and construction by the Authority, for sale to the Local Agency, of certain street and roadway improvements and resurfacing, all as described more particularly in Exhibit B, attached hereto and incorporated herein.

Purchase Price

“Purchase Price” means the total of all 2012 Installment Sale Payments owed by the Local Agency to the Authority under the conditions and terms hereof for the repayment of the costs of the design, acquisition and construction of the Project and the incidental costs and expenses related thereto paid by the Authority.

Rebate Amount

“Rebate Amount” means, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Certificates.

Rebate Analyst

“Rebate Analyst” means BLX Group.

Rebate Analyst’s Fee

“Rebate Analyst’s Fee” means the fee payable to the Rebate Analyst, payable annually on each Certificate Payment Date in the amount of \$650 (if the Local Agency elects to have a 5-year calculation of the Rebate Amount performed) and \$1,500 (if the local Agency elects to have an annual calculation of the Rebate Amount performed).

Rebate Fund

“Rebate Fund” means the fund by that name established in Section 5.04 of the Trust Agreement.

Revenues

“Revenues” means all Gas Tax Revenues and Measure I Receipts.

Reserve Fund

“Reserve Fund” means the fund by that name established pursuant to Section 3.03 of the Trust Agreement.

Reserve Fund Requirement

“Reserve Fund Requirement” means, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the 2012 Installment Sale Payments; (ii) 125% of the average annual 2012 Installment Sale Payments, or (iii) the Maximum Annual Debt Service.

Reserve Subaccount

“Reserve Subaccount” means the subaccount by that name established pursuant to Section 4.03 of the Trust Agreement.

Tax Certificate

“Tax Certificate” means the Tax Certificate dated the date of initial execution and delivery of the Certificates and executed and delivered by the Local Agency.

Trust Agreement

“Trust Agreement” means that certain Trust Agreement dated as of _____ 1, 2012, by and between the Trustee, the Local Agencies and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

Trustee

“Trustee” means Wells Fargo Bank, National Association, with its corporate trust office in Los Angeles, California, acting in its capacity as trustee under and pursuant to the Trust Agreement, and its successors and assigns as provided in the Trust Agreement.

Trustee Fee

“Trustee’s Fee” means the annual administration fee of the Trustee, in the amount of \$_____ payable in advance on _____, 2012 and thereafter on each Certificate Payment Date, commencing June 1, 20__.

Section 1.02. Terms defined in the Trust Agreement. Capitalized terms not otherwise defined herein have the meanings set forth in the Trust Agreement.

ARTICLE II

THE PROJECT

Section 2.01. Design, Acquisition, Construction and Sale of the Project. The Authority hereby agrees to cause the design, acquisition and construction of the Project for, and to sell the Project to, the Local Agency; and the Local Agency agrees to transfer whatever real or personal property interest it may possess which may be required in order for the Authority to cause such design, acquisition and construction of the Project. In order to implement this provision, the Authority hereby appoints the Local Agency as its agent for the purpose of such design, acquisition and construction, and the Local Agency hereby agrees to enter into such engineering, design and construction contracts and purchase orders as may be necessary, as agent for the Authority, to provide for the complete design, acquisition and construction of the Project. The Local Agency hereby agrees that as such agent it will cause the acquisition and construction of the Project to be diligently completed after the deposit of funds in the Proceeds Subaccount of the Acquisition Fund for such purpose pursuant to Section 2.11 of the Trust Agreement, and that it will use its best efforts to cause the design, acquisition and construction of the Project to be completed by _____ 1, 20__, except for unforeseeable delays beyond the reasonable control of the Local Agency. The Authority hereby agrees to sell, and hereby sells, the Project to the Local Agency. The Local Agency hereby agrees to purchase, and hereby purchases, the Project from the Authority. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the Local Agency (whether as agent for the Authority or otherwise) for the acquisition and construction of the Project and that all such costs and expenses shall be paid by the Local Agency, regardless of whether the funds deposited in the Proceeds Subaccount of the Acquisition Fund are sufficient to cover all such costs.

ARTICLE III

2012 INSTALLMENT SALE PAYMENTS; ADMINISTRATION FEE

Section 3.01. Purchase Price and Administration Fee.

(a) The Purchase Price to be paid by the Local Agency to the Authority hereunder is the sum of the principal amount of the Local Agency's obligation hereunder plus the interest to accrue on the unpaid balance of such principal amount from the date hereof over the term hereof, subject to prepayment as provided in Section 3.03.

(b) The principal amount of the Purchase Price to be paid by the Local Agency to the Authority hereunder is \$_____.

(c) The interest to accrue on the unpaid balance of such principal amount shall be paid by the Local Agency as and shall constitute interest paid on the principal amount of the Local Agency's Purchase Price obligation hereunder.

(d) Interest on the unpaid balance of the principal amount of the Purchase Price shall accrue, from the date of the initial execution and delivery of the Certificates, on the principal component of each 2012 Installment Sale Payment at the following rates calculated on the basis of a 360-day year comprised of twelve 30-day months:

Principal Component <u>Due Date (June 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
	\$	%

(e) In addition, the Local Agency shall pay the Administration Fee for the administrative cost of the Project and the Program.

Section 3.02. Payment of 2012 Installment Sale Payments and Administration Fee.

The Local Agency shall, subject to prepayment as provided in Section 3.03, pay the Authority or the Trustee, as appropriate, (i) the Purchase Price, without offset or deduction of any kind, by paying the principal installments of the 2012 Installment Sale Payments, which principal installments shall be due annually on each Certificate Payment Date, (ii) the interest installments of the 2012 Installment Sale Payments, which interest installments shall be due semiannually on each Interest Payment Date and (iii) the Administration Fee which shall be due annually on each Certificate Payment Date. The 2012 Installment Sale Payments Schedule is set forth in Exhibit

A attached hereto. Each 2012 Installment Sale Payment and the Administration Fee shall be payable on and shall be required to be deposited with the Trustee on or before the fifteenth day of the calendar month immediately preceding its due date.

The obligation of the Local Agency to pay the Purchase Price by paying the 2012 Installment Sale Payments and the Administration Fee is, subject to Section 8.01, absolute and unconditional, and until such time as the 2012 Installment Sale Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Section 7.01), the Local Agency will not discontinue or suspend any 2012 Installment Sale Payments or Administration Fee required to be paid by it under this Section when due, whether or not the Project or any part thereof is complete, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

In order to carry out and effectuate the obligation of the Local Agency contained herein to pay the Purchase Price by paying the 2012 Installment Sale Payments and the Administration Fee, the Local Agency established the "City of Barstow Pledged Tax Fund" (the "Pledged Tax Fund" and within the Pledged Tax Fund, the "Gas Tax Account" and the "Measure I Receipts Account," which fund and accounts therein the Local Agency agrees and covenants to maintain so long as any 2012 Installment Sale Payments remain unpaid, and all money on deposit therein shall be applied and used only as provided herein. The Local Agency agrees and covenants that (i) all Gas Tax Revenues received by it shall be deposited when and as received in the Local Agency's Gas Tax Account and (ii) all Measure I Receipts received by it shall be deposited when and as received in the Measure I Receipts Account.

All of the Revenues and all money in the Pledged Tax Fund and in the funds or accounts so specified and provided for in this 2012 Installment Sale Agreement, are hereby irrevocably pledged to the punctual payment of the 2012 Installment Sale Payments and the Administration Fee, and the Revenues and such other money shall not be used for any other purpose while any of the 2012 Installment Sale Payments remain outstanding; subject to the provisions of this 2012 Installment Sale Agreement permitting application thereof for the purposes and on the terms and conditions set forth herein. This pledge shall constitute a first lien on the Revenues and such other money for the payment of the 2012 Installment Sale Payments and the Administration Fee in accordance with the terms thereof.

Notwithstanding the foregoing, the Local Agency may satisfy its obligation to deposit 2012 Installment Sale Payments with the Trustee by depositing Other Available Revenues with the Trustee, and if and when so deposited, shall be irrevocably pledged to the payment of 2012 Installment Sale Payments.

All money on deposit in the Pledged Tax Fund shall be set aside and deposited by the Local Agency in the various funds and accounts within the Revenue Fund at the following times in the following order of priority:

- (a) Interest and Principal Fund Deposits. On or before the 15th day preceding each Interest Payment Date, the Local Agency shall, from the money in the Pledged Tax

Fund, transfer to the Trustee for deposit in the Local Agency's Interest Payment Account in the Interest Fund within the Revenue Fund established under the Trust Agreement (the "Interest Payment Account"), a sum equal to the interest becoming due and payable hereunder on the next succeeding Interest Payment Date, except that no such deposit need be made if the Trustee then holds money in the Interest Payment Account equal to the amount of interest becoming due and payable hereunder on the next succeeding Interest Payment Date; and on or before the 15th day preceding each Certificate Payment Date, the Local Agency shall, from the money in the Pledged Tax Fund, transfer to the Trustee for deposit in the Principal Payment Account in the Principal Fund within the Revenue Fund established under the Trust Agreement (the "Principal Payment Account"), a sum equal to the principal becoming due and payable hereunder on the next succeeding 2012 Installment Sale Payment Date, except that no such deposit need be made if the Trustee then holds money in the Principal Payment Account equal to the amount of Principal becoming due and payable hereunder on the next succeeding 2012 Installment Sale Payment Date; and all money on deposit in the Interest Payment Account and the Principal Payment Account shall be used to make and satisfy the 2012 Installment Sale Payments due on each date and such payments shall be deposited by the Trustee to the Interest Account or the Principal Account, as the case may be, as defined in, created under and in accordance with the terms of, the Trust Agreement.

(b) Reserve Fund Deposit. On or before the 15th day of each month, the Local Agency shall, from the money in the Pledged Tax Fund, transfer to the Trustee for deposit in the Local Agency's Subaccount in the Reserve Fund (the "the Reserve Subaccount") in the Reserve Fund within the Revenue Fund that sum, if any, necessary to restore the Reserve Subaccount to an amount equal to the Reserve Fund Requirement, all in accordance with and subject to the terms and conditions of Section 4.03 of the Trust Agreement. All money in the Reserve Subaccount shall be used and withdrawn by the Trustee for the purposes specified in Section 4.03 of the Trust Agreement.

(c) Administration Fund Deposit. On or before the 15th day preceding each Certificate Payment Date, the Local Agency shall, from the remaining money on deposit in the Pledged Tax Fund, transfer to the Trustee for deposit in the Local Agency's Administration Subaccount in the Administration Fund within the Revenue Fund established under the Trust Agreement (the "Administration Subaccount"), a sum equal to the Administration Fee becoming due and payable hereunder on the next Certificate Payment Date, and all money on deposit in the Administration Subaccount shall be used to pay the Administration Fee due on such Certificate Payment Date, in accordance with the terms of the Trust Agreement.

Notwithstanding the foregoing, provided all transfers required by subparagraphs (b) and (c) above have been made, on any Business Day moneys on deposit in the Pledged Tax Fund in excess of the sum of (i) interest becoming due and payable hereunder on the next succeeding Interest Payment Date (less amounts then held by the Trustee in the Interest Payment Account) and (ii) the Pro Rata Share of Principal (less amounts then held by the Trustee in the Principal Payment Account) may be expended by the Local Agency at any time for any purpose permitted by law.

Section 3.03. Prepayment of 2012 Installment Sale Payments. The Local Agency may prepay from any source of available funds as a whole or in part on any date, on or after June 1, 20__, all or any part of the principal amount of the unpaid 2012 Installment Sale Payments becoming due on or after June 1, 20__, in such order of prepayment as the Local Agency may determine upon written direction to the Authority and the Trustee (or, if the Local Agency fails to designate the order of prepayment, on a proportionate basis among the 2012 Installment Sale Payments and by lot within an Installment Payment Date), at a prepayment price equal to the principal amount prepaid, plus accrued interest to the date of prepayment. Before making any prepayment pursuant to this section, the Local Agency shall give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid and the order thereof, which date shall be not less than thirty (30) days nor more than sixty (60) days from the date such notice is given.

ARTICLE IV

ADDITIONAL CONTRACTS

Section 4.01. Additional Contracts. So long as the Local Agency is not in default hereunder, the Local Agency may at any time execute any Contract the Installment Sale Payments under and pursuant to which, as the case may be, are payable from the Revenues on a parity with the payment by the Local Agency of the 2012 Installment Sale Payments as provided herein; provided, that the audited Revenues plus the Measure I Receipts Coverage Amount for the Fiscal Year next preceding the date of the adoption by the governing body of the Local Agency of the resolution authorizing the execution of such Contract, as evidenced by both a calculation prepared by the Local Agency and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the Local Agency shall have produced a sum equal to at least 150% of the Maximum Annual Debt Service on all Contracts outstanding after the execution of such amendment or Contract.

Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the Local Agency to execute any Contract at any time to refund any outstanding Contract.

ARTICLE V

REPRESENTATIONS AND COVENANTS OF THE LOCAL AGENCY AND THE AUTHORITY

Section 5.01. Authority; Compliance with 2012 Installment Sale Agreement and Trust Agreement. The Local Agency is a municipal corporation organized and existing under the Constitution of the State of California, with full legal right, power and authority to execute, deliver and perform its obligations under this 2012 Installment Sale Agreement, and compliance with the provision hereof will not materially conflict with or constitute a material breach of or default under any applicable provision of law, or any applicable regulation or agreement to which the Local Agency is a party or may be subject.

The Local Agency will punctually pay the 2012 Installment Sale Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate the 2012 Installment Sale Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The Authority will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to the 2012 Installment Sale Agreement and the Trust Agreement that each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the obligation of the Local Agency to repay the costs of the acquisition and construction of the Project and the costs and expenses incidental thereto paid by the Authority pursuant to, and in accordance with, and as authorized under law and the 2012 Installment Sale Agreement.

Section 5.02. Use of Proceeds of Certificates. The Authority and the Local Agency agree that the proceeds of the Certificates deposited in the Local Agency's Proceeds Subaccount of the Acquisition Fund will be used by the Local Agency, as agent for the Authority, to pay the costs of the acquisition and construction of the Project and to pay the incidental costs and expenses related thereto as provided herein and in the Trust Agreement.

Section 5.03. Against Encumbrances. The Local Agency will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the Local Agency payable from the Revenues or which may impair the security for the 2012

Installment Sale Payments and will keep the Revenues free of any and all liens against any portion of the Revenues. In the event any such lien attaches to or is filed against any portion of the Revenues, the Local Agency will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the Local Agency desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the Local Agency will forthwith pay or cause to be paid and discharged such judgment. The Local Agency will, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Revenues.

The Local Agency may pledge, encumber or otherwise secure its obligations with the Revenues, provided, that except as permitted by Section 4.01 hereof, in all instances any such pledge, lien or security is wholly subordinate and junior to the obligations of the Local Agency contained herein.

Section 5.04. Maintenance of Revenues. The Local Agency will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Revenues, including, but not limited to, the Measure I Ordinance, Sections 2119 and 2151 through 2155 of the California Streets and Highways Code and Sections 65089.3 and 65089.4 of the California Government Code relating to conformance with the congestion management program relating to the Local Agency, and will take any and all reasonable actions required in order to maintain the Local Agency's ability to receive the Revenues and apply the same as provided herein; provided, that nothing herein shall require the Local Agency to take any action or expend any Local Agency funds to comply with any such requirements deemed unreasonable in the sole discretion of the Local Agency, so long as failure to take such action or expend such funds will not cause the amount of estimated Revenues to be received by the Local Agency in the next Fiscal Year to be less than 150% of the Maximum Annual Debt Service as of the date of calculation.

Section 5.05. Tax Covenants. The Local Agency will not directly or indirectly use or permit the use of the proceeds of the obligation provided herein or any other funds of the Local Agency or take or omit to take any action which would cause such obligation to be an "arbitrage bond" within the meaning of Section 148 of the Code, or a "federal-guaranteed obligation" under Section 149(b) of the Code, or a "private activity bond" as described in Section 141 of the Code. To that end, so long as any 2012 Installment Sale Payment are unpaid, the Local Agency will comply with all requirements of such sections of the Code to the extent applicable to the obligation provided herein and with the provisions of the Tax Certificate. Upon calculation by the Rebate Analyst of a Rebate Amount, the Local Agency shall, from any source of available funds, immediately transfer an amount of money equal to the Rebate Amount to the Trustee for deposit in the Rebate Fund established pursuant to Section 5.04 of the Trust Agreement.

The Authority and the Local Agency will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest evidenced and represented by the Certificates will not be included in the gross income of the owners of

such certificates for federal income tax purposes under the Code and will take no action that would result in such interest being so included.

Section 5.06. Prompt Acquisition and Construction of the Project. The Local Agency will take all necessary and appropriate steps to acquire and construct the Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 5.07. Accounting Records and Financial Statements.

(a) The Local Agency will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Revenues and the Project, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(b) The Local Agency will prepare and file with the Trustee annually within six months after the close of each Fiscal Year or, if not then available, as soon thereafter as possible, audited financial statements of the Local Agency for the preceding Fiscal Year.

Section 5.08. Protection of Security and Rights of the Authority and the Trustee. The Local Agency will preserve and protect the security hereof and the rights of the Authority and the Trustee to the 2012 Installment Sale Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 5.09. Further Assurances. The Local Agency will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

Section 5.10. Continuing Disclosure. The Local Agency hereby covenants and agrees that it will enter into and comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this 2012 Installment Sale Agreement, failure of the Local Agency to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee shall at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owner of at least 25% aggregate principal amount in Outstanding Certificates, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Local Agency to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries).

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01. Events of Default and Acceleration of Principal. If one or more of the following “Events of Default” shall happen, that is to say --

(1) if default shall be made in the due and punctual payment of any 2012 Installment Sale Payment when and as the same shall become due and payable;

(2) if default shall be made by the Local Agency in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of 30 days after the Local Agency shall have been given notice in writing of such default by the Authority or the Trustee; or

(3) if the Local Agency shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Local Agency seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Local Agency or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default specified in clause (1) above, the Trustee shall, and for any other such Event of Default the Trustee may, by notice in writing to the Local Agency, declare the entire principal amount of the unpaid 2012 Installment Sale Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection is subject to the condition, however, that if at any time after the entire principal amount of the unpaid 2012 Installment Sale Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Local Agency shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the 2012 Installment Sale Payments due and payable prior to such declaration and the accrued interest thereon, with interest on such overdue installments at the rate or rates applicable to such unpaid principal amounts of the 2012 Installment Sale Payments if paid in accordance with their terms, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of the entire principal amount of the unpaid 2012 Installment Sale Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee, by written notice to the Local Agency, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 6.02. Application of Revenues Upon Acceleration. All Revenues upon the date of the declaration of acceleration by the Trustee as provided in Section 6.01 and all Revenues thereafter received shall be applied in the following order --

First, to the payment of the costs and expenses of the Trustee and the Authority, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses;

Second, to the payment of the interest then due and payable on the entire principal amount of the unpaid 2012 Installment Sale Payments, and, if the amount available shall not be sufficient to pay in full all such interest then due and payable, then to the payment thereof ratably, according to the amounts due thereon without any discrimination or preference; and

Third, to the payment of the unpaid principal amount of the 2012 Installment Sale Payments which has become due and payable, whether on the original due date or upon acceleration, with interest on the overdue principal and interest amounts of the unpaid 2012 Installment Sale Payments at the rate or rates of interest then applicable to such 2012 Installment Sale Payments if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the 2012 Installment Sale Payments on any date, together with such interest, then to the payment thereof ratably, according to the principal amount due on such date, without any discrimination or preference.

Section 6.03. Other Remedies. The Trustee shall have the right --

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

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

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

Section 6.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Local Agency, which is absolute and unconditional, to pay the 2012 Installment Sale Payments from the Revenues to the Trustee at the respective due dates or upon prepayment, or shall affect or impair the right of the Trustee, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any

such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Section 6.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VII

DISCHARGE OF OBLIGATIONS

Section 7.01. Discharge of Obligations.

(a) If the Local Agency shall pay or cause to be paid all the 2012 Installment Sale Payments at the times and in the manner provided herein, the right, title and interest of the Authority herein and the obligations of the Local Agency hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied.

(b) Any unpaid principal installment of the 2012 Installment Sale Payments shall on its payment date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the Local Agency makes payment of such 2012 Installment Sale Payments and the prepayment premium, if applicable, in the manner provided herein.

(c) All or any portion of unpaid principal installments of the 2012 Installment Sale Payments shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (i) notice is provided by the Local Agency to the Trustee as required by the Trust Agreement, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Permitted Investments (as that term is defined in the Trust Agreement) of the type described in clause (1) of the definition of Permitted Investments and which are not subject to redemption prior to maturity (including any such Permitted Investments issued or held in book entry form on the books of the Treasury of the United States of America) or tax-exempt obligations of a state or a political subdivision thereof which have been defeased under irrevocable escrow instructions by the deposit of such money or Permitted Investments and which are then rated in the highest rating category by the Rating Agency, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due with respect to the principal installments of such 2012 Installment Sale Payments and the principal installments of such 2012 Installment Sale Payments or such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto and (iii) an opinion of nationally recognized bond counsel is filed with the Trustee to the effect that the action taken pursuant to this subsection will not cause the interest evidenced and represented by the Certificates to be includable in gross income under the Code for federal income tax purposes.

(d) After the payment of all 2012 Installment Sale Payments and prepayment premiums, if any, as provided in this section, and payment of all fees and expenses of the Trustee, the Trustee, upon request of the Local Agency, shall cause an accounting for such period or periods as may be requested by the Local Agency to be prepared and filed with the Local Agency and the Authority and shall execute and deliver to the Local Agency and the Authority all such instruments as may be necessary or desirable to evidence such total discharge and satisfaction of the 2012 Installment Sale Agreement, and the Trustee shall pay over and

deliver to the Local Agency, as an overpayment of 2012 Installment Sale Payments, all such money or investments held by it pursuant hereto other than such money and such investments as are required for the payment or prepayment of the 2012 Installment Sale Payments, which money and investments shall continue to be held uninvested by the Trustee in trust for the payment of the 2012 Installment Sale Payments and shall be applied by the Trustee pursuant to the Trust Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Liability of Local Agency Limited to Revenues. Notwithstanding anything contained herein, the Local Agency shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the 2012 Installment Sale Payments or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of the Local Agency to make the 2012 Installment Sale Payments is a special obligation of the Local Agency payable solely from the Revenues as provided herein, and does not constitute a debt of the Local Agency or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 8.02. Benefits of 2012 Installment Sale Agreement. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Local Agency or the Trustee any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Authority, the Local Agency or the Trustee shall be for the sole and exclusive benefit of the other parties.

Section 8.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the Authority or the Local Agency or the Trustee is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority or the Local Agency or the Trustee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or the Local Agency or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 8.04. Waiver of Personal Liability. No councilmember, officer or employee of the Local Agency shall be individually or personally liable for the payment of the 2012 Installment Sale Payment, but nothing contained herein shall relieve any councilmember, officer or employee of the Local Agency from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 8.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections," "Exhibits" and other subdivisions or clauses are to the corresponding articles, sections, exhibits, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to the 2012 Installment Sale Agreement as a whole and not to any particular article, section, exhibit, subdivision or clause hereof.

Section 8.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Local Agency shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Authority and the Local Agency hereby declare that they would have executed the 2012 Installment Sale Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 8.07. Assignment. The 2012 Installment Sale Agreement and any rights hereunder shall be assigned by the Authority to the Trustee as provided in the Trust Agreement; to which assignment the Local Agency hereby expressly acknowledges and consents.

Section 8.08. Net Contract. The 2012 Installment Sale Agreement shall be deemed and construed to be a net contract, and the Local Agency shall pay absolutely net during the term hereof the 2012 Installment Sale Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 8.09. California Law. The 2012 Installment Sale Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 8.10. Indemnification. The Local Agency shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Authority and its directors, officers and employees and the Trustee and its directors, officers and employees from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, reasonable counsel fees and expenses, penalties and interest arising out of or as the result of the acquisition, construction, installation and use of the Project and each portion thereof or any accident in connection with the operation, use, condition or possession of the Project or any portion thereof resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the Local Agency or the Authority; any claim for patent, trademark or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason. The Local Agency agrees not to withhold or abate any portion of the payments required pursuant hereto by reason of any defects, malfunctions, breakdowns or infirmities of the Project. The Local Agency and the Authority mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section 8.11. Funds. Any fund required to be established and maintained herein by the Local Agency may be established and maintained in the accounting records of the Local Agency either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to any such fund shall at all times be maintained in

accordance with sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the owners of such Certificates.

Section 8.12. Notices; Authorized Local Agency Representative. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Local Agency:

City of Barstow
220 East Mountain View Street
Barstow, CA 92311
Attn: Oliver Chi, Assistant City Manager

If to the Authority:

California Statewide Communities
Development Authority
2033 North Main Street, Suite 700
Walnut Creek, CA 94596
Attention: Secretary

Local Agency Authorized Representatives:

TITLE

- (1) Mayor
- (2) City Manager
- (3) Assistant City Manager

Section 8.13. Effective Date. The 2012 Installment Sale Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article VII).

Section 8.14. Execution in Counterparts. The 2012 Installment Sale Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and attested the 2012 Installment Sale Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF BARSTOW

By: _____
City Manager

APPROVED AS TO FORM

By: _____
Local Agency Counsel

CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT
AUTHORITY

By: _____
Authorized Signatory

EXHIBIT A

2012 INSTALLMENT SALE PAYMENTS SCHEDULE

Payment Date	Interest Installment	Principal Installment	Total 2012 Installment Sale Payments
[12/01/2012]	\$	\$	\$
06/01/2013			
12/01/2013			
06/01/2014			
12/01/2014			
06/01/2015			
12/01/2015			
06/01/2016			
12/01/2016			
06/01/2017			
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12/01/2029			
06/01/2030			
12/01/2030			
06/01/2031			
12/01/2031			
06/01/2032			
12/01/2032			

EXHIBIT B

DESCRIPTION OF PROJECT

[The construction of streets and roadways within the corporate limits of the City of Barstow, which improvements are eligible costs payable from Revenues pursuant to (i) the terms of Article XIX of the California Constitution and related provisions of the California Streets and Highways Code and (ii) Measure I Receipts, including engineering, inspection, contract administration and other incidental costs. The designation of which particular streets and roadways to be improved shall be made by the City Manager of the Local Agency.]

TRUST AGREEMENT

among

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY,

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

and

**CERTAIN LOCAL AGENCIES
NAMED HEREIN**

Dated as of _____ 1, 2012

**CALIFORNIA COMMUNITIES
TRANSPORTATION REVENUE (INSTALLMENT SALE)
CERTIFICATES OF PARTICIPATION, SERIES 2012C
(T.R.I.P. – TOTAL ROAD IMPROVEMENT PROGRAM)**

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TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into as of _____ 1, 2012 (the "Trust Agreement") among WELLS FARGO BANK, NATIONAL ASSOCIATION (the "Trustee"), a national banking association duly organized and existing under and by virtue of the laws of the United States of America, the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (the "Authority") and the Local Agencies named in Schedule I hereto (the "Local Agencies");

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to cause certificates of participation to be executed and delivered to assist local agencies in financing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, each Local Agency has determined that the consummation of the transactions contemplated in its respective Agreement (as hereinafter defined) to which its is party and this Trust Agreement will result in significant public benefits, and accordingly, have determined to participate in the California Communities T.R.I.P. – Total Road Improvement Program (the "Program") established by the Authority;

WHEREAS, each Local Agency is a participant in the Program and a member of the Authority;

WHEREAS, each Local Agency participating in the Program desires to have the 2012 Installment Sale Payments (as hereinafter defined) payable in connection with its respective Agreement combined with similar payments made pursuant to the Agreements executed by the other Local Agencies participating in the Program in order to achieve a lower net interest cost and lower costs of issuance associated with executing and delivering the Certificates (described herein);

WHEREAS, each Local Agency has designated the Trustee to act as its trustee with respect to the funds received by the Local Agency in connection with the sale of the Certificates and with respect to the moneys paid by the Local Agency as 2012 Installment Sale Payments;

WHEREAS, each Local Agency participating in the Program has executed a pricing confirmation, confirming the sale to E. J. De La Rosa & Co., Inc. (the "Purchaser") of the Certificates which evidence and represent proportionate and undivided interests in the 2012 Installment Sale Payments payable in connection with its respective Agreement combined with similar payments made pursuant to the Agreements executed by the other local agencies participating in the Program and constituting part of the same series of Certificates;

WHEREAS, each Local Agency participating in the Program has authorized and directed the Trustee to execute and deliver on its behalf pursuant to the terms of the Trust Agreement, the Certificates in an amount equal to the aggregate principal amount of the principal installments payable by the Local Agencies pursuant to the Agreements;

WHEREAS, the Authority is empowered pursuant to the Agreements and the aforementioned Article 4 to cause the acquisition of the Projects (as hereinafter defined) and to finance the Projects through the execution and delivery of the Certificates;

WHEREAS, in order to provide for the execution and delivery of the Certificates (as hereinafter defined), to establish and declare the terms and conditions upon which the Certificates are to be executed, delivered and secured and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement; and

WHEREAS, the execution of the Agreements and the approval of the execution and delivery of this Trust Agreement and the Certificates have been in all respects duly and validly authorized by the governing board of the Local Agency pursuant to resolution duly adopted (collectively, the "Local Agency Resolutions");

WHEREAS, the Certificates and the form of assignment to be endorsed thereon are to be substantially in the form set forth in Exhibit A, with necessary or appropriate variations, omissions and insertions, as permitted or required hereby;

WHEREAS, the Trustee has accepted the trust created by this Trust Agreement and in evidence thereof has joined in the execution hereof; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Trust Agreement and delivery of the Certificates do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

“Acquisition Fund” means the fund by that name established and maintained pursuant to Section 2.11.

“Act” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

“Administration Fee” means, for each Local Agency, an amount equal to the sum of the Authority Fee, the Trustee Fee, the Rebate Analyst Fee and any other similar fee payable in connection with the administration of the Program, payable by each Local Agency, in accordance with the such Local Agency’s Agreement, on the 15th day of the month preceding each Certificate Payment Date, for the administrative costs of the Project and the Program.

“Administration Fund” means the fund by that name established and maintained pursuant to Section 3.03.

“Agreement” or “Agreements” means each 2012 Installment Sale Agreement, dated as of _____ 1, 2012, between the Authority and a Local Agency as originally executed and as each may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

“Authority” means the California Statewide Communities Development Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California and an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988, among a number of California cities, counties and special districts, including the Local Agency, as amended.

“Authority Fee” means, for each Local Agency, the annual administration fee of the Authority payable by each Local Agency in accordance with such Local Agency’s Agreement.

“Authorized Authority Representative” means any member of the Commission of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“Authorized Local Agency Representative” means the person or persons designated in Section 8.12 of each Agreement or any other person at the time designated to act on behalf of such respective Local Agency by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such Local Agency by an Authorized Local Agency Representative.

“Business Day” means any day on which the Trustee is open for business at its corporate trust office in Los Angeles, California.

“Cash Flow Report” means a report prepared by the Cash Flow Consultant identifying Certificates to be prepaid as a result of any prepayment pursuant to Section 2.03 hereof. In the case of any optional prepayment pursuant to section 2.03(a) hereof, such report shall demonstrate that Revenues expected to be received following such prepayment shall be sufficient to pay the regularly scheduled principal and interest represented by the Certificates as such amounts become due and payable. In the case of a mandatory prepayment pursuant to section 2.03(b) hereof, such report shall identify maturities of principal evidenced by the Certificates to be prepaid in a manner consistent with Section 7.02 hereof and Section 6.02 of the related Local Agency Agreement relating to the application of Revenues upon Acceleration.

“Cash Flow Consultant” means E. J. De La Rosa & Co., Inc. or any successor thereto appointed by the Authority.

“Certificates” means the California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012C (T.R.I.P. – Total Road Improvement Program). The term **“Serial Certificates”** means Certificates for which no sinking fund payments are provided. The term **“Term Certificates”** means Certificates which are payable on or before their specified payment dates from sinking fund payments established for that purpose and calculated to prepay such Certificates on or before their specified payment dates.

“Certificate Payment Date” means a date on which principal evidenced and represented by the Certificates is due and payable, being June 1 of each year commencing June 1, 20__.

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

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to a Local Agency, or the Local Agencies, as applicable, or the Authority and related to the authorization, execution and delivery of the Certificates, including, but not limited to costs of preparation and reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees of rating agencies, fees and charges for preparation, execution and safekeeping of the Certificates and any other costs, charges or fees in connection with the original execution, delivery, marketing and sale of the Certificates.

“Cost of Issuance Fund” means the fund by that name established and maintained pursuant to Section 2.11.

“Defeasance Obligations” means the following: (1) cash, (2) non callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre refunded municipal obligations rated “AAA” and “Aaa” by

S&P and Moody's, respectively, or (5) securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Certificates.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom -

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and

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

"2012 Installment Sale Payments" means the periodic payments scheduled to be paid by each Local Agency under and pursuant to its respective Agreement.

"Interest Fund" means the fund by that name established pursuant to Section 3.03.

"Interest Payment Account" means the account within the Interest Fund by that name established for each Local Agency pursuant to Section 3.03.

"Interest Payment Date" means a date on which interest evidenced and represented by the Certificates is due and payable, being June 1 and December 1 of each year, commencing _____ 1, 20__.

"Local Agency" or **"Local Agencies"** means, as applicable, the respective local agency or local agencies listed in Schedule I hereto, each a duly organized and existing political subdivision of the State of California.

"Office of the Trustee" means the corporate trust office of the Trustee in Los Angeles, California.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal obligations, appointed and paid by the Authority and satisfactory to and approved by the Trustee (who shall be under no liability by reason of such approval).

"Outstanding," when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 6.02) all Certificates except

(1) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(2) Certificates paid or deemed to have been paid within the meaning of Section 8.01;
and

(3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Authority pursuant hereto.

“Owner” means any person who shall be the registered owner of any Outstanding Certificate.

“Permitted Investments” means any of the following to the extent permitted by the laws of the State and the applicable Local Agency’s Investment Policy:

- A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 - 1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 - 2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - 3. Federal Financing Bank
 - 4. Federal Housing Administration Debentures (FHA)
 - 5. General Services Administration
Participation certificates
 - 6. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues.)
 - 7. U.S. Maritime Administration
Guaranteed Title XI financing
 - 8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
 - 1. Federal Home Loan Bank System
Senior debt obligations
 - 2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations
 - 3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations
 - 4. Resolution Funding Corp. (REFCORP) obligations
 - 5. Farm Credit System
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2 including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services.
- E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks which may include the Trustee and its affiliates. The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral.
- F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF which may include the Trustee and its affiliates.
- G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements (Investment Agreement criteria is available upon request).
- H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

- I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.
- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P which may include the Trustee and its affiliates.
- K. The Local Agency Investment Fund (LAIF) administered by the State of California.
- L. Repurchase Agreements for 30 days or less must follow the following criteria.

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

- 1. Repos must be between the municipal entity and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or
 - b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.
- 2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - b. The term of the repo may be up to 30 days
 - c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. Valuation of Collateral

- (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
- (2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

- a. Repo meets guidelines under state law for legal investment of public funds.

“Prepayment Price” means, with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Pricing Confirmation Supplement” means that certain Pricing Confirmation Supplement attached to each Purchase Agreement as agreed and accepted by each of the respective Local Agencies.

“Principal Fund” means the account by that name established and maintained pursuant to Section 3.03.

“Principal Payment Account” means the account within the Principal Fund by that name established for each Local Agency pursuant to Section 3.03.

“Project(s)” has the meaning ascribed to such term in each Agreement.

“Project Costs” means all costs of payment of, or reimbursement for, the engineering, design, acquisition, installation, provision and financing of the Projects, including but not limited to, engineering and installation management costs, administrative costs and capital expenditures relating to financing payments, costs of accounting, feasibility, environmental and other reports, interest during the period of acquisition and installation of the Projects, insurance costs, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs, initial fees and charges of the Authority and the Trustee, escrow fees, financing discounts, legal fees and charges, financial and other professional consultant fees and charges in connection with the foregoing.

“Program” means the California Communities T.R.I.P. – Total Road Improvement Program pursuant to which the Certificates are executed and delivered to assist local agencies in financing Projects.

“Purchase Agreement” means that certain Purchase Agreement by and between each of the respective Local Agencies and the Purchaser relating to the Agreements and the Certificates.

“Purchaser” means E. J. De La Rosa & Co., Inc. as Purchaser of the Certificates.

“Purchase Price” means with respect to any Certificate (or portion thereof) the principal amount with respect to such Certificate (or portion), plus the applicable premium, if any, payable upon purchase thereof pursuant to the provisions of such Certificate and the Trust Agreement.

“Qualified Reserve Instrument” means an insurance policy meeting the requirements of Section 3.03(3).

“Rating Agency” means Standard & Poor’s Corporation or, in the event that Standard & Poor’s Corporation no longer maintains a rating on the Certificates, any other nationally recognized bond rating agency then maintaining a rating on the Certificates, but, in each instance, only so long as Standard & Poor’s Corporation, or other nationally recognized rating agency then maintains a rating on the Certificates.

“Rebate Amount” means, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Certificates.

“Rebate Analyst” means BLX Group.

“Rebate Analyst’s Fee” means, for each Local Agency, the fee payable to the Rebate Analyst, payable by each Local Agency in accordance with such Local Agency’s Agreement.

“Rebate Fund” means the fund by that name established and maintained pursuant to Section 4.04.

“Record Date” means the 15th day of the month next preceding each Interest Payment Date, whether or not such day is a business day.

“Request” or “Certificate” with respect to a Local Agency means an instrument in writing signed on behalf of such Local Agency by an Authorized Local Agency Representative, and with respect to the Authority means an instrument in writing signed on behalf of the Authority by an Authorized Authority Representative or other person at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee.

“Reserve Fund” means the fund by that name established and maintained pursuant to Section 3.03.

“Reserve Fund Requirement” means, as of any date of calculation, separately with respect to each Agreement, an amount equal to the least of (i) 10% of the initial stated principal

amount (within the meaning of Section 148 of the Code) of the 2012 Installment Sale Payments under the Agreement; (ii) 125% of the average annual 2012 Installment Sale Payments under the Agreement; or (iii) the Maximum Annual Debt Service, as defined in each Agreement.

“Reserve Subaccount” means the Subaccount within the Reserve Fund by that name established for each Local Agency pursuant to Section 3.03.

“Revenues” means all 2012 Installment Sale Payments and other payments paid by the Local Agencies and received by the Authority pursuant to the Agreements and all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) pursuant to Section 3.04.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 3.02.

“Securities Depositories” means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee in writing.

“State” means the State of California.

“Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

“Surplus Account” means the account by that name established and maintained pursuant to Section 3.03.

“Tax Certificate” means each Tax Certificate dated the date of initial delivery of the Certificates and executed and delivered by the Authority and each Local Agency.

“Trust Agreement” means this Trust Agreement, dated as of _____ 1, 2012, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

“Trustee” means Wells Fargo Bank, National Association, or any successor thereto appointed pursuant to this Trust Agreement.

“Trustee’s Fee” means, for each Local Agency, the annual administration fee of the Trustee, in the amount of \$_____ payable in advance on _____, 2012 and thereafter on each Certificate Payment Date.

Section 1.02. Equal Security. In consideration of the acceptance of the Certificates by the Owners, the Trust Agreement shall be deemed to be and shall constitute a contract among the Trustee, the Local Agencies, and the Owners to secure the full and final payment of the interest and principal evidenced and represented by the Certificates, subject to the agreements,

conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.01. Preparation and Purpose of Certificates. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Certificates and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the execution and delivery of the Certificates do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to cause the Certificates to be executed and delivered in the form and manner provided herein for the purpose of providing funds to pay for and construct the Projects, and that the Certificates shall be entitled to the benefit, protection and security of the provisions hereof. The Trustee is hereby authorized and directed to prepare the Certificates in the initial aggregate principal amount of _____ dollars (\$ _____), evidencing and representing the aggregate principal components of the 2012 Installment Sale Payments and each evidencing and representing a proportionate, undivided interest in the 2012 Installment Sale Payments. The Local Agencies hereby authorize the Trustee to execute a letter of representations to be delivered to DTC in connection with the delivery of the Note Participations (the "Representation Letter").

Each Local Agency participating in the Program is the Local Agency required to make the 2012 Installment Sale Payments with respect to its Agreement which, when combined with the 2012 Installment Sale Payments to be made with respect to the Agreements of other Local Agencies participating in the Program and the same series, shall be evidenced by the Certificates which evidence and represent a proportionate and undivided interest in the 2012 Installment Sale Payments of each Local Agency, such that each Local Agency participating in the Program is severally, and not jointly, liable on each such Certificates in the proportion that the principal component of such Local Agency's Installment Sale Payments bears to the total aggregate principal component of the Installment Sale Payments to be made by all Local Agencies participating in the Program and the same series. Each Local Agency participating in the Program has, pursuant to its Local Agency Resolution, authorized and directed the Trustee on behalf of that Local Agency to prepare and execute the Certificates and to deliver the Certificates to the Purchaser upon payment of the purchase price thereof, pursuant to the terms of the Trust Agreement.

Section 2.02. Terms of the Certificates. The Certificates shall be designated "California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012C (T.R.I.P. – Total Road Improvement Program)." This designation is an intended revision of the nomenclature for the Certificates originally included in the materials filed in connection with the proceedings for validation of the Certificates in the interest of clarity in marketing the Certificates. The Certificates shall be dated as of _____, 2012, shall be executed and delivered only in fully registered form in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Certificates payable at any one time), and shall be payable on the Certificate Payment Dates and in the principal amounts and evidence and represent interest at the rates as set forth in the following schedule:

<u>Certificate Payment Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%

The principal evidenced and represented by the Certificates shall be payable in lawful money of the United States of America by check upon presentation thereof at maturity or on prepayment prior to maturity at the Office of the Trustee.

The Certificates shall evidence and represent interest at the rates set forth above, payable on Interest Payment Date. The Certificates shall evidence and represent interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall evidence and represent interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall evidence and represent interest from _____, 2012; provided, however, that if at the time of registration of any Certificate interest is then in default on the Outstanding Certificates, such Certificate shall evidence and represent interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Certificates. Payment of interest evidenced and represented by the Certificates due on or before the maturity or prior prepayment thereof shall be made to the person whose name appears in the Certificates registration records maintained by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date preceding each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on such Interest Payment Date (or the next Business Day if such Interest Payment Date is not a Business Day) to such registered owner at the address as it appears in such books or at such other address as may have been filed with the Trustee for that purpose.

Payment of the principal evidenced and represented by the Certificates shall be made by check upon the surrender thereof at maturity or on prepayment prior to maturity at the Office of the Trustee. The Owner of \$1,000,000 or more in aggregate principal amount evidenced by the Certificates may request in writing that the Trustee pay the interest evidenced by such Certificates by wire transfer and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth (15th) day after receipt of such request until such request is rescinded.

Section 2.03. Prepayment of Certificates.

(a) Optional Prepayment. The Certificates maturing on or after June 1, 20__, shall be subject to optional prepayment prior to maturity, at the option of the Authority

upon direction of the Local Agency, on or after June 1, 20__ in whole or in part (by lot within any maturity), on any date, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. The Local Agency shall provide notice to the Authority and the Trustee at least forty-five (45) days prior to the prepayment date (or such lesser period of time acceptable to the Trustee in its sole discretion) specifying the principal amount evidenced by and maturities of the 2012 Installment Sale Payments to be prepaid.

(b) Mandatory Prepayment. The Certificates shall be subject to mandatory prepayment prior to maturity, in whole or in part (by lot within any maturity), on any date, from amounts received upon the acceleration of 2012 Installment Sale Payments upon the occurrence of an event of default under any Agreement, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

(c) Mandatory Sinking Fund Prepayment. The Certificates maturing on June 1, 20__, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20__, in part, from mandatory sinking fund payments, on each June 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Mandatory Prepayment Date (June 1)	Principal Amount
	\$

The amount of each such prepayment shall be reduced in the event and to the extent that 2012 Installment Sale Payments payable on the corresponding 2012 Installment Sale Payment Date are optionally prepaid pursuant to the any Agreement or Agreements and applied to the prepayment of Certificates maturing on June 1, 20__. In such event, the Local Agencies shall provide the Trustee with a revised sinking fund prepayment schedule.

The Certificates maturing on June 1, 20__, are subject to mandatory prepayment on June 1 of each year commencing June 1, 20__, in part, from mandatory sinking fund payments, on each June 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Mandatory Prepayment Date (June 1)	Principal Amount
	\$

The amount of each such prepayment shall be reduced in the event and to the extent that 2012 Installment Sale Payments payable on the corresponding 2012 Installment Sale Payment Date are optionally prepaid pursuant to any Agreement or Agreements and applied to the prepayment of Certificates maturing on June 1, 20___. In such event, the Local Agencies shall provide the Trustee with a revised sinking fund prepayment schedule.

(d) Selection of Certificates. Whenever provision is made in this Trust Agreement for the prepayment or purchase of less than all of the Certificates or any given portion thereof, the Trustee shall, subject to the following sentence, select the Certificates to be prepaid or purchased, from all Certificates subject to prepayment or purchase or such given portion thereof equal to a multiple of \$5,000 or any integral multiple thereof not previously called for prepayment or purchase. Upon notice of any prepayment pursuant to Section 2.03(a) hereof or receipt of moneys resulting in a prepayment pursuant to Section 2.03(b) hereof, the Trustee shall request the Cash Flow Consultant to prepare a Cash Flow Report identifying the principal amount and maturities of the Certificates to be prepaid. The Trustee shall promptly notify the Authority in writing of any prepayment or purchase of Certificates and of the Certificates or portions thereof so selected for prepayment or purchase.

(e) Purchase in Lieu of Prepayment. In lieu of prepayment of any Certificates, amounts on deposit in the Revenue Fund or in any sinking account therein may also be used and withdrawn by the Trustee at any time, upon the Request of the Authority, for the purchase of such Certificates at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date. The principal amount of any Certificates so purchased by the Trustee in any twelve-month period ending 60 days prior to any Certificate Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Certificates required to be Prepaid on such Certificate Payment Date in such year.

(f) Notice of Prepayment or Purchase. Notice of prepayment or purchase shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the prepayment or purchase date, to (i) the respective Owners of any Certificates designated for prepayment or purchase at their addresses appearing on the registration books of the Trustee, and (ii) if the Certificates are no longer held by the Depository, to the Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Notice of prepayment shall be given by telecopy, certified, registered, or overnight mail to the

Securities Depositories and the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System. Each notice of prepayment or purchase shall state the date of such notice, the date of initial execution and delivery of the Certificates, the prepayment or purchase date, the Prepayment Price or Purchase Price, the place or places of prepayment or purchase (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Certificates of each Certificate Payment Date or Dates, and, if less than all of the Certificates of any such Certificate Payment Date, the distinctive certificate numbers of the Certificates with such Certificate Payment Date, to be prepaid or purchased and, in the case of Certificates to be prepaid or purchased in part only, the respective portions of the principal amount thereof to be prepaid or purchased. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price or Purchase Price represented thereby or of said specified portion of the principal amount thereof in the case of a Certificate to be prepaid or purchased in part only, together with interest accrued with respect thereto to the prepayment or purchase date, and that from and after such prepayment or purchase date, interest thereon shall cease to accrue, and shall require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the prepayment or purchase notice.

If any of the Certificates are prepaid pursuant to an advance refunding, notice of such advance refunding and prepayment shall be given in the same manner as above provided, and also within the same time period with respect to the actual prepayment date.

Notice of prepayment or purchase of Certificates shall be given by the Trustee, at the expense of the Authority. Conditional notice of prepayment may be given at the direction of the Authority and shall be given if funds sufficient to prepay the Certificates are not then on deposit with the Trustee.

Failure by the Trustee to give notice pursuant to this Section 2.03 to the Municipal Securities Rulemaking Board through its Electronic Municipal Marketplace Access (EMMA) System or Securities Depositories shall not affect the sufficiency of the proceedings for prepayment or purchase. Failure by the Trustee to mail notice of prepayment or purchase pursuant to this Section 2.03 to any one or more of the respective Owners of any Certificates designated for prepayment or purchase shall not affect the sufficiency of the proceedings for prepayment with respect to the Owner or Owners to whom such notice was mailed.

(g) Partial Prepayment of Purchase of Certificates. Upon surrender of any Certificate to be prepaid or purchased in part only, the Trustee shall execute and deliver to the registered owner thereof, at the expense of the Authority, a new Certificate or Certificates of authorized denominations, and having the same Certificate Payment Date, equal in aggregate principal amount to the unprepaid or unpurchased portion of the Certificate surrendered.

(h) Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest

accrued to the prepayment date with respect to, the Certificates (or portions thereof) so called for prepayment being held by the Trustee, on the prepayment date designated in such notice, the Certificates (or portions thereof) so called for prepayment shall become due and payable at the Prepayment Price specified in such notice and interest accrued with respect thereto to the prepayment date, interest with respect to the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under this Trust Agreement, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Certificates prepaid pursuant to the provisions of this Section shall be cancelled upon surrender thereof by the Trustee. All Certificates purchased pursuant to the provisions of this Section shall be registered in the name of the Authority and delivered to, or as directed in writing by, the Authority.

Section 2.04. Form of Certificates. The Certificates and the registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto attached and by this reference herein incorporated (provided that on the face of each Certificates, at the place where the portion of the form set forth below appears on the reverse side of such Certificate, there shall be inserted the following sentence: REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS CERTIFICATE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL, FOR ALL PURPOSES, HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE).

Section 2.05. Execution of Certificates. The Certificates shall be executed by the Trustee by the manual signature of an authorized signatory of the Trustee. Only those Certificates executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such execution by the Trustee shall be conclusive evidence that the Certificates so executed and registered have been duly authorized, executed and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 2.06. Transfer and Payment of Certificates. Any Certificates may, in accordance with its terms, be transferred in the records maintained pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificates shall be surrendered for transfer, the Trustee shall execute and deliver to the transferee a new Certificate or Certificates of the same series and maturity for a like aggregate principal amount. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may deem and treat the registered owner of any Certificates as the absolute owner of such Certificates for the purpose of receiving payment thereof and for all other purposes, whether such Certificates shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and

payment of the interest and principal and prepayment premium, if any, evidenced and represented by such Certificates shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Certificates to the extent of the sum or sums so paid.

The Trustee shall not be required to execute, register the transfer of or exchange any Certificates during the fifteen (15) days preceding each Interest Payment Date or the date of selection by the Trustee of Certificates for prepayment, or to register the transfer of or exchange any Certificates which have been selected for prepayment in whole or in part.

Section 2.07. Exchange of Certificates. Certificates may be exchanged at the office of the Trustee for a like aggregate principal amount of Certificates of the same series and payment date of other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

Section 2.08. Certificate Registration Books. The Trustee will keep at its office sufficient books for the registration and transfer of the Certificates which shall at all times be open to inspection by the Local Agencies or any Owner on reasonable notice during regular business hours on any Business Day, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Certificates in such books as hereinabove provided.

Section 2.09. Mutilated, Destroyed, Stolen or Lost Certificates. If any Certificate shall become mutilated the Trustee at the expense of the Owner shall thereupon authenticate and deliver, a new Certificate of like tenor and number in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled.

If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and the Authority and indemnity satisfactory to the Trustee and the Authority shall be given, the Trustee, at the expense of the Owner, shall thereupon execute and deliver, a new Certificate of like tenor and number in lieu of and in substitution for the Certificate so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Certificate executed and delivered under this Section 2.09 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Certificate executed and delivered under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates of the same series secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Certificate and any duplicate Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and duplicate Certificate shall be treated as one and the same.

Section 2.10. Temporary Certificates. The Certificates executed and delivered under this Trust Agreement may be initially executed and delivered in temporary form exchangeable for definitive Certificates when ready for delivery. The temporary Certificates may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Certificates. If the Trustee executes and delivers temporary Certificates it will execute and furnish definitive Certificates without delay and thereupon the temporary Certificates may be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Certificates an equal aggregate principal amount of definitive Certificates of authorized denominations. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates delivered hereunder.

Section 2.11. Procedure for the Execution and Delivery of Certificates; Establishment of Funds and Accounts. At any time after the sale of the Certificates, the Trustee shall execute the Certificates for delivery hereunder, and thereupon the Certificates shall be delivered by the Trustee to the purchaser thereof upon the Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Certificates from the purchaser thereof, the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority:

(a) The Trustee shall deposit in the Reserve Subaccount for each Local Agency within the Reserve Fund within the Revenue Fund established pursuant to Section 3.03 hereof a sum equal to the Reserve Fund Requirement for each Local Agency.

(b) The "Cost of Issuance Fund" is hereby established as a separate trust fund with the Trustee. The Trustee shall deposit a sum equal to the amount set forth in such Request of the Authority in the Cost of Issuance Fund. The moneys in the Cost of Issuance Fund shall be disbursed, upon the Request of the Authority, to pay Costs of Issuance. Upon the payment in full of the Costs of Issuance or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Authority to the Trustee, any balance remaining in such Fund shall be transferred to the Proceeds Subaccounts of the Acquisition Fund in proportion to the amounts initially deposited in the Costs of Issuance Fund attributable to each Local Agency, and pending such transfer and application, the moneys in such Fund may be invested as permitted by Section 3.04 hereof; provided, however, that investment income resulting from any such investment shall be retained in the Cost of Issuance Fund

(c) There shall be further created a special trust fund to be held by the Trustee called the "Acquisition Fund." Within the Acquisition Fund the Trustee shall create Proceeds Subaccounts (the "Proceeds Subaccounts") to account separately for funds in the Acquisition Fund attributable to each Local Agency. The Trustee shall deposit a sum equal to the amount set forth in such Request of the Authority in the Acquisition Fund,

and such moneys shall be credited to each of the Local Agencies in the amounts set forth in Schedule II, which is attached hereto and made a part hereof. Moneys in the Proceeds Subaccounts shall be disbursed to each Local Agency in the amounts set forth in Schedule II relating to such Local Agency pursuant to a Requisition in the form attached hereto as Exhibit B. Such Requisition shall be in the form of a sequentially numbered requisition and shall set forth the name and address of the person or persons to whom said amounts are to be disbursed and state the amounts to be disbursed are for Project Costs properly chargeable to the Proceeds Subaccount and have not been the subject of any previous requisition. Upon delivery to the Trustee of a Request of a Local Agency, any Certificate proceeds remaining in such Local Agency's Proceeds Subaccount upon completion of its Project (which completion shall be evidenced by such Request of the Local Agency) shall be applied by the Trustee to offset scheduled 2012 Installment Sale Payments required to be paid by the Local Agency under its Agreement or in such other manner as may be directed in such Request of the Local Agency. Upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Acquisition Fund shall not be disbursed, but shall instead be applied to the payment of the scheduled principal and interest represented by the Certificates as such amounts become due and payable or the prepayment price of the Certificates.

Section 2.12. Validity of Certificates. The validity of the Certificates shall not be dependent on or affected in any way by the proceedings taken by the Authority or the Trustee for the financing of the Projects or by any contracts made by the Authority or its agents in connection therewith, and shall not be dependent upon the completion of any of the Projects or upon the performance by any person, firm or corporation of his or its obligation with respect thereto. The recital contained in the Certificates that the same are executed and delivered pursuant hereto shall be conclusive evidence of their validity and of the regularity of their execution and delivery, and all Certificates shall be incontestable from and after their execution and delivery. The Certificates shall be deemed to be executed and delivered, within the meaning hereof, whenever the definitive Certificates (or any temporary Certificates exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

Section 2.13. Special Covenants as to Book-Entry Only System for Certificates. (a) Except as otherwise provided in subsections (b) and (c) of this Section 2.13, all of the Certificates initially executed and delivered shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest evidenced and represented by any Certificate registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Certificates to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Certificates initially shall be executed and delivered in the form of a single authenticated fully registered certificate for each stated payment date of such Certificates, representing the aggregate principal amount evidenced and represented by the Certificates payable on such payment date. Upon initial execution and delivery, the ownership of all such Certificates shall be registered in the registration records maintained by the Trustee pursuant to

Section 2.08 hereof in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Local Agencies, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Certificates registered in its name or the name of its nominee for the purposes of payment of the principal or prepayment price and interest evidenced and represented by such Certificates, selecting the Certificates or portions thereof to be prepaid, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of Certificates, obtaining any consent or other action to be taken by Owners of the Certificates and for all other purposes whatsoever; and neither the Trustee or the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee, the Local Agencies nor the Authority or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.13, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Certificates under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal, prepayment price or interest evidenced and represented by the Certificates, (iii) any notice which is permitted or required to be given to Owners of Certificates hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial prepayment of the Certificates, or (v) any consent given or other action taken by DTC as Owner of Certificates. The Trustee shall pay all principal, premium, if any, and interest evidenced and represented by the Certificates only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the obligations with respect to the principal, premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Certificates will be transferable to such new nominee in accordance with subsection (f) of this Section 2.13.

(c) In the event that the Authority determines that it is in the best interests of the Local Agencies or the beneficial owners of the Certificates that they be able to obtain certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of such certificates. In such event, the Certificates will be transferable in accordance with subsection (f) of this Section 2.13. DTC may determine to discontinue providing its services with respect to the Certificates at any time by giving written notice of such discontinuance to the Authority, the Local Agencies and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Certificates will be transferable in accordance with subsection (f) of this Section 2.13. Whenever DTC requests the Authority, the Local Agencies and the Trustee to do so, the Trustee, the Local Agencies and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Certificates then Outstanding. In such event, the Certificates will be transferable to such securities depository in accordance with subsection (f) of this Section 2.13, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Certificates Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal, premium, if any, and interest evidenced and represented by such Certificate and all notices with respect to each such Certificate shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights and immunities with respect to its actions thereunder as it has with respect to its actions under this Trust Agreement.

(f) In the event that any transfer or exchange of Certificates is authorized under subsection (b) or (c) of this Section 2.13, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered Owner thereof of the Certificates to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 hereof. In the event Certificates are delivered to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Certificates, another securities depository as Owner of all the Certificates, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 hereof shall also apply to, among other things, the registration, exchange and transfer of the Certificates and the method of payment of principal, premium, if any, and interest evidenced and represented by the Certificates.

ARTICLE III

REVENUES

Section 3.01. Pledge of Revenues; Assignment. All Revenues and any other amounts (including proceeds of the sale of the Certificates) held by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Acquisition Fund created pursuant to Section 2.11 and the Rebate Fund created pursuant to Section 4.04) are hereby irrevocably pledged to the payment of the principal, interest and premium, if any, evidenced and represented by the Certificates as provided herein, and the Revenues shall not be used for any other purpose while any of the Certificates remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the funds and accounts established hereunder (other than amounts on deposit in the Acquisition Fund created pursuant to Section 2.11 and the Rebate Fund created pursuant to Section 4.04) for the payment of the interest and principal evidenced and represented by the Certificates in accordance with the terms hereof and thereof.

The Authority hereby assigns to the Trustee all of the Authority's rights and remedies under the Agreements, including, but not limited to, the Authority's security interest in and lien upon the Revenues.

Section 3.02. Receipt and Deposit of Revenues in the Revenue Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants that all Revenues when and as received shall be received by the Authority in trust hereunder for the benefit of the Owners and shall be deposited when and as received by the Authority in the Revenue Fund which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain with the Trustee so long as any Certificates shall be Outstanding under the Trust Agreement. All Revenues shall be accounted for separately for each Local Agency and held in trust in the Revenue Fund. All Revenues, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely for the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided.

Section 3.03. Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. Subject to Section 4.04, all money in the Revenue Fund shall be set aside by the Trustee in the following respective special funds and accounts within the Revenue Fund in the following order of priority:

- (1) Interest Fund, and within the Interest Fund, an Interest Payment Account for each Local Agency;
- (2) Principal Fund, and within the Principal Fund, a Principal Payment Account for each Local Agency;

- (3) Reserve Fund, and within the Reserve Fund, a Reserve Subaccount for each Local Agency;
- (4) Administration Fund, and within the Administration Fund, an Administration Subaccount for each Local Agency; and
- (5) Surplus Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section. Notwithstanding the foregoing, the Trustee need not create separate accounts within the Interest Fund, the Principal Fund, the Reserve Fund and the Administration Fund, but shall keep sufficient records to account separately for the deposits attributable to each Local Agency.

(1) Interest Fund. On or before the Business Day immediately preceding each Interest Payment Date, the Trustee shall set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency Interest Payment Account that amount of money which is equal to the amount of interest becoming due and payable with respect to such Local Agency's Agreement on the next succeeding Interest Payment Date. No such deposit need be made if the amount contained in a Local Agency Interest Payment Account is at least equal to the aggregate amount of interest becoming due and payable in connection with such Local Agency's Agreement on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Certificates as it shall become due and payable (including accrued interest evidenced and represented by any Certificates purchased or prepaid prior to the payment dates thereof).

(2) Principal Fund. On or before the Business Day immediately preceding each Certificate Payment Date the Trustee shall set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency Principal Payment Account an amount of money equal to the amount of principal becoming due and payable with respect to such Local Agency's Agreement on the next succeeding Certificate Payment Date. No such deposit need be made if the amount contained in a Local Agency Principal Payment Account is at least equal to the aggregate amount of principal becoming due and payable in connection with such Local Agency's Agreement on such Certificate Payment Date. All money in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Certificates as it shall become due and payable, whether on their respective Certificate Payment Dates or prepayment, except that any money in any sinking fund account shall be used and withdrawn by the Trustee only to purchase or to prepay or to pay Term Certificates for which such sinking fund account was created.

(3) Reserve Fund. The Trustee shall set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency's Reserve Subaccount that amount of money (or other authorized deposit of security) which shall be required to maintain the Reserve Subaccount in the full amount of the Reserve Fund Requirement. No deposit need be made in any Reserve Subaccount so long as there shall be on deposit therein a sum equal to the related Local Agency Reserve Fund Requirement. All money in each Reserve Subaccount

(including all amounts which may be obtained from any insurance policy on deposit in the Reserve Subaccount) shall be used and withdrawn by the Trustee solely for the purpose of replenishing the related Local Agency Interest Payment Account or the related Local Agency Principal Payment Account, in that order, in the event of any deficiency at any time in either of such Accounts, but solely for the purpose of paying the interest, principal or prepayment premiums, if any, payable in connection with the related Local Agency Agreement, except that any cash amounts in the Reserve Subaccounts in excess of the amount required to be on deposit therein shall be withdrawn from the Reserve Subaccounts on each Interest Payment Date and deposited in the related Local Agency Interest Payment Account.

In lieu of making a Local Agency Reserve Fund Requirement deposit or in replacement of moneys then on deposit in any Reserve Subaccount (which shall be transferred by the Trustee to the Local Agency upon delivery of an insurance policy satisfying the requirements stated below), a Local Agency may also deliver to the Trustee an insurance policy (a "Qualified Reserve Instrument") securing an amount, together with moneys or Permitted Investments on deposit in the Reserve Subaccount, no less than the Local Agency Reserve Fund Requirement, issued by an insurance company licensed to issue insurance policies guaranteeing the timely payment of the principal and interest components of the related Local Agency Agreement and whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated in the two highest rating categories (without respect to any modifier) of the Rating Agency. Notwithstanding anything to the contrary set forth in the Trust Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Certificates.

If and to the extent that a Reserve Subaccount has been funded with a combination of cash (or Permitted Investments) and a Qualified Reserve Instrument, then all such cash (or Permitted Investments) shall be completely used before any demand is made on such Qualified Reserve Instrument, and replenishment of the Qualified Reserve Instrument shall be made prior to any replenishment of any cash (or Permitted Investments). If a Reserve Subaccount is funded, in whole or in part, with more than one Qualified Reserve Instrument, then any draws made against such Qualified Reserve Instrument shall be made pro-rata.

(4) Administration Fund. On or before the Business Day immediately preceding each Certificate Payment Date, the Trustee shall set aside from amounts deposited by each Local Agency in the Revenue Fund and deposit in each Local Agency's Administration Subaccount an amount equal to such Local Agency's Administration Fee. All money in each Administration Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying the fees of the Authority, the Trustee and the Rebate Analyst, payable with respect to the related Local Agency Agreement, except that any cash amounts in the Administration Subaccounts in excess of the amount required to be on deposit therein shall be withdrawn from the Administration Subaccounts on each Interest Payment Date and deposited in the related Local Agency Interest Payment Account.

(5) Surplus Account. On the Business Day immediately following each Interest Payment Date the Trustee shall deposit in the Surplus Account all money remaining in the Revenue Fund after the deposits required by Section 4.04 and by paragraphs (1), (2), (3) and (4) of this section have been made. On June 30 of each year, beginning on June 30, 2012, the

Trustee shall disburse the money in the Surplus Account to each Local Agency to the extent each such Local Agency's deposit of moneys, together with investment earnings thereon, if any, exceeded the deposits required by paragraphs (1), (2), (3) and (4) of this section.

Section 3.04. Deposit and Investments of Money in Accounts and Funds. Subject to Section 4.04, all money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested and reinvested in Permitted Investments at the Request of the Local Agency received not less than two (2) Business Days prior to the date of making such investment. The Trustee shall notify the Local Agency no less than two (2) Business Days prior to the date moneys held hereunder will be available for investment, requesting that the Local Agency deliver to the Trustee a Request of the Local Agency specifying the Permitted Investments to be acquired by the Trustee with such moneys. All money held in the Reserve Fund shall be invested and reinvested in Permitted Investments with a term to maturity not exceeding five years or on the final maturity date of the Certificates, whichever date is earlier; provided, however, that if an obligation may be prepaid at par on the business day prior to each Interest Payment Date during which such obligation is outstanding, such obligation may have any maturity. All such Permitted Investments shall be valued by the Trustee not less frequently than semi-annually on each Interest Payment Date at the lower of the cost or market value thereof. Subject to Section 4.04, all interest or profits received prior to the completion of each Project (as certified in writing by the related Local Agency representative) on any money so invested shall be deposited in the related Proceeds Subaccount of the Acquisition Fund, and all interest or profits received subsequent thereto on any money so invested shall be deposited in the related Local Agency Interest Payment Account. The Trustee may act as a principal or agent in making or disposing of any investment.

Notwithstanding the foregoing, in the event there is only one participating Local Agency identified in Schedule I, notifications from the Trustee of the availability of funds for investment shall be provided to the Local Agency and instructions for the investment of funds will be at the Request of the Local Agency.

ARTICLE IV

COVENANTS

Section 4.01. Compliance with Trust Agreement. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions hereof; and the Local Agencies will not suffer or permit any default to occur hereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by them.

Section 4.02. Amendment of Agreements. The Local Agencies and the Authority will not amend or permit the amendment of the Agreements without (a)(1) a determination that such amendment does not materially adversely affect the interest of the Owners or (2) the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment will not cause interest payable with respect to the Agreements to be included in gross income for federal income tax purposes; *provided* that no such supplement, amendment, modification or termination shall reduce the amount of 2012 Installment Sale Payments to be made to the Authority or the Trustee by any Local Agency pursuant to an Agreement, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by such Agreement on Revenues (except as expressly provided in such Agreement), in each case without the written consent of all of the Owners of the Certificates then Outstanding.

Section 4.03. Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Certificates.

Section 4.04. Tax Covenants: Rebate Fund.

(a) In addition to the accounts created pursuant to Section 3.03, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained hereunder designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts, including the Rebate Amount, as are required to be deposited therein pursuant to each of the Tax Certificates. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in each Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of Sections 3.01, 3.02, 3.04, 7.02 and 10.01 relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account, the application of funds upon acceleration and the defeasance of Outstanding Certificates, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section 4.04 and by each Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority and the Local Agencies with the terms of the Tax Certificates.

(b) Any funds remaining in the Rebate Fund after prepayment and payment with respect to all of the Certificates or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee and satisfaction of the Rebate Requirement (as defined in the Tax Certificates), shall be withdrawn by the Trustee and remitted to or upon the written direction of the Authority.

Section 4.05. Accounting Records and Reports. The Trustee shall keep proper books of record and account in accordance with industry standards in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of all funds received by the Trustee hereunder. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment: (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be; (d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is required to be obtained as evidence to establish that all investments have been purchased in arms' length transactions with no amounts paid to reduce the yield on the investments.

Such records shall be open to inspection by the Authority and any Local Agency at any reasonable time during regular business hours on reasonable notice.

Section 4.06. Observance of Laws and Regulations. The Local Agencies will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on them by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such observance or performance is material to the transactions contemplated hereby.

Section 4.07. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the Local Agencies will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

Section 4.08. Recordation and Filing. The Local Agency will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Agreements under and pursuant to the Trust Agreement, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners, and the rights of the Trustee hereunder, and the Local Agencies will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the Agreements as provided herein.

Section 4.09. Acquisition of the Projects. Subject to and as provided in each Agreement, the Authority will cause to be acquired and constructed the Projects with all practicable dispatch and such acquisition will be made in an expeditious manner and in conformity with the law so as to complete the same as soon as possible.

ARTICLE V

THE TRUSTEE

Section 5.01. The Trustee. Wells Fargo Bank, National Association shall serve as the Trustee for the Certificates for the purpose of receiving all money which the Authority and the Local Agencies are required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest, principal and prepayment premiums, if any, evidenced and represented by the Certificates presented for payment in Los Angeles, California, with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a principal office in San Francisco or Los Angeles, California.

The Authority may at any time, unless there exists any event of default as defined in Section 7.01, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall (i) be a bank or trust company doing business and having a principal office in San Francisco or Los Angeles, California, (ii) have (or in the case of a bank or trust company which is part of a bank holding company system, the related bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and (iii) be 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 purpose of this section 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 Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

The Trustee is hereby authorized to prepay the Certificates when duly presented for payment on their respective Certificate Payment Dates or on prior prepayment. The Trustee shall cancel all Certificates upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Certificates and a certificate of destruction shall be delivered to the Authority. The Trustee shall keep accurate records of all Certificates paid and discharged and canceled by it.

The Authority, solely from amounts held in the Costs of Issuance Fund or paid by the Local Agencies specifically for such purpose, shall from time to time, subject to any agreement between the Authority and the Trustee then in force, pay to the Trustee compensation

for its services, reimburse the Trustee for all its advances and expenditures including but not limited to advances to and fees and expenses of independent accountants and in-house and other counsel or other experts employed by it and reasonably required in the exercise and performance of its rights and obligations hereunder, and, to the extent permitted by law, indemnify and hold the Trustee and its officers, directors, employees and agents harmless against any claim, loss, liability, damages, expenses (including legal fees and expenses) or advances not arising from the Trustee's own active or passive negligence, willful misconduct or breach of fiduciary duty, which the Trustee may incur in the exercise and performance of its rights and obligations hereunder. The obligations of the Authority under this paragraph to compensate, indemnify, reimburse and hold the Trustee harmless shall constitute additional indebtedness hereunder, and such indebtedness shall have priority over the Certificates in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee for the benefit of the Owners of particular Certificates, including, without limitation, funds held by the Trustee in trust to prepay all or a portion of Outstanding Certificates prior to their respective Certificate Payment Dates for which a notice of prepayment has been sent as provided herein.

Section 5.02. Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Certificates shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the use of any proceeds of the Certificates, the correctness of the same, the collection of the Revenues or makes any representation as to the sufficiency or validity hereof, of the Certificates or any security therefor or any offering material distributed in connection with the Certificates and shall not incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Certificates or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence, willful misconduct or breach of fiduciary duty.

The Trustee shall not be bound to recognize any person as the Owner of a Certificate unless and until such Certificate is submitted for inspection, if required, and such Certificate is registered in such person's name.

Whenever the Trustee shall deem it necessary or desirable that a factual or legal matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate conforming to the requirements herein or an opinion of counsel, which certificate or opinion shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners, the Authority and the Local Agencies, having any claim against the Trustee arising from this Trust Agreement not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. The duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement, the Trustee shall not be liable except for the performance of

such duties and obligations as are specifically set forth in this Trust Agreement, and no implied covenants or obligations (fiduciary or otherwise) shall be read into this Trust Agreement against the Trustee. The Trustee shall not be liable with respect to any action taken or not taken hereunder in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding. The Trustee shall, during the existence of any event of default (which has not been cured), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise of use under the circumstances in the conduct of its own affairs. The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Certificates. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates. The Trustee, in its individual or any other capacity, may become the Owner of any Certificates or other obligations of any party hereto with the same rights which it would have if not the Trustee. At any and all reasonable times, the Trustee, and its agents shall have the right to fully inspect the Projects, including all books, papers and records of the Local Agencies pertaining to the Projects and the Certificates, and to take such memoranda therefrom and with regard thereto and make photocopies thereof as may be desired. The Trustee shall not be required to give any bond or surety in respect of the execution of said trusts and powers or otherwise in respect of the premises. Before taking or refraining from any action hereunder at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

None of the provisions contained herein or in the Agreements shall require the Trustee to expend or risk its own funds or continue to do so or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. The Trustee may rely and shall be protected in acting or failing to act upon any paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Local Agencies to make any payment of principal or interest under the Agreements when due, unless the Trustee shall be specifically notified in writing at its principal corporate trust office of such default by the Owners of not less than 25% of the aggregate principal amount of Certificates then Outstanding. Notwithstanding any other provision hereof, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or official action or evidence thereof, required as a condition of such action deemed by the Trustee to be desirable for the purpose of establishing the rights of the Trustee with respect to the authentication of any Certificates, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

ARTICLE VI

AMENDMENT OF THE TRUST AGREEMENT

Section 6.01. Amendment of the Trust Agreement. The Trust Agreement and the rights and obligations of the Authority, the Local Agencies, the Trustee and the Owners may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Owners of a majority in aggregate principal amount evidenced and represented by the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 6.02, are filed with the Trustee. No such amendment shall (1) extend the Certificate Payment Date of or reduce the interest rate on or amount of interest or principal or prepayment premium, if any, evidenced and represented by any Certificate without the express written consent of the Owner of such Certificate, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Certificates, or (3) reduce the percentage of Certificates required for the written consent to any such amendment or any amendment of an Agreement pursuant to Section 4.02 hereof, or (4) modify any rights or obligations of the Trustee, the Authority or the Local Agencies without their prior written assent thereto, respectively.

The Trust Agreement and the rights and obligations of the Authority, the Local Agencies and of the Owners may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not in the judgment of the Trustee materially adversely affect the interests of the Owners, including (without limitation) for any one or more of the following purposes -

- (a) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority or the Local Agencies, or to surrender any right or power reserved herein to or conferred herein on the Authority or the Local Agencies;
- (b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the Local Agencies may deem desirable or necessary and not inconsistent herewith;
- (c) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939; or
- (d) for any other purpose that does not materially adversely affect the interests of the Owners.

Section 6.02. Disqualified Certificates. Certificates owned or held by or for the account of the Authority or the Local Agencies shall not be deemed Outstanding for the purpose

of any consent or other action or any calculation of Outstanding Certificates provided in this article, and shall not be entitled to consent to or take any other action provided in this article.

Section 6.03. Endorsement or Replacement of Certificates After Amendment.

After the effective date of any action taken as hereinabove provided, the Authority may determine that the Certificates may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Owner of any Outstanding Certificates and presentation of his Certificate for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Authority shall so determine, new Certificates so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Certificate a new Certificate or Certificates shall be exchanged at the office of the Trustee without cost to each Owner for its Certificate or Certificates then Outstanding upon surrender of such Outstanding Certificates.

Section 6.04. Amendment by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment as to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

Section 6.05. Information to Rating Agency. The Authority shall provide any Rating Agency rating the Certificates a copy of each amendment to the Trust Agreement or to the Agreement promptly following the execution or adoption of such amendment.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 7.01. Events of Default. If any default in the payment of 2012 Installment Sale Payments or any other “Event of Default” defined in an Agreement shall occur and be continuing, or if any default shall be made by the Local Agency in the performance or observance of any other of the covenants, agreements or conditions on its part herein contained and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to the Local Agency by the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding, then such default shall constitute an “Event of Default” hereunder, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Certificates at the time Outstanding shall be entitled, upon notice in writing to the Local Agency, but subject to the provisions of Section 7.06, to exercise the remedies provided under the Agreement then in default which are necessary or desirable to collect such Local Agency’s 2012 Installment Sale Payments. No grace period shall be permitted for payment defaults.

The Owners of Certificates, for purposes of the Trust Agreement and the Agreement of each Local Agency, to the extent of their interest, shall be entitled to all rights and security of the Authority pursuant to each Agreement and the Trust Agreement. Each Local Agency recognizes the rights of the Owners of the Certificates, acting directly or through the Trustee, to enforce the obligations and covenants contained in the Agreements and the Trust Agreement; *provided* that in no event shall an Local Agency be liable for any obligations, covenants or damages except those which arise out of the Agreements, and, in particular, no Local Agency shall be liable for any obligations, liabilities, acts or omissions of any other Local Agency.

Section 7.02. Application of Funds Upon Acceleration of Agreement. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VIII shall be deposited into a segregated payment account of the Revenue Fund relating to each, if any, defaulting Local Agency’s Agreement and be applied by the Trustee in the following order; *provided* that the Trustee shall obtain and follow the instructions contained in an Opinion of Counsel and rebate or set aside for rebate from the specified funds held hereunder, any amount pursuant to such instructions required to be paid to the United States of America under the Code:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants and counsel and including any indemnification expenses; and

Second, to the payment of the principal and interest payable with respect to the Certificates, in connection with a mandatory prepayment of Certificates pursuant to Section 2.03(b) hereof and the delivery of a Cash Flow Report.

Section 7.03. Other Remedies of the Trustee. The Trustee shall have the right

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights hereunder against any Local Agency or any supervisor, council member, board member, trustee, member, officer or employee thereof, and to compel such Local Agency or any such supervisor, council member, board member, trustee, member, officer or employee thereof to observe or perform its or his or her duties under applicable law and the agreements, conditions, covenants and terms contained herein, or in the applicable Agreement, required to be observed or performed by it or him or her;

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

(c) by suit in equity upon the happening of any default hereunder to require any Local Agency and any supervisor, council member, board member, trustee, member, officer and employee to account as the trustee of any express trust.

Section 7.04. Non-Waiver. A waiver by the Trustee of any default hereunder or breach of any obligation hereunder shall not affect any subsequent default hereunder or any subsequent breach of an obligation hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Section 7.05. Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, whether or not the Trustee is a Owner, and the Trustee is hereby appointed (and the successive Owners, by taking and holding the Certificates executed and delivered hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Section 7.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law. If any remedial

action hereunder is discontinued or abandoned, the Trustee and the Owners shall be restored to their former positions.

Section 7.07. Limitation on Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 7.01 hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request and consent shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, consent, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Certificates of any remedy hereunder; it being understood and intended that no one or more owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

Section 7.08. Limited Liability of the Local Agencies. Except as expressly provided in the Agreements, the Local Agencies shall not have any obligation or liability to the Authority, the Trustee or the Owners, with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Certificates or the receipt, deposit or disbursement of the principal and interest payable with respect to the Agreements by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

Notwithstanding anything to the contrary herein or in any Agreement, no Local Agency shall incur any obligation on account of any default, action or omission of any other Local Agency.

Section 7.09. Limited Liability of the Authority. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Trustee or the Owners, with respect to the payment when due of the 2012 Installment Sale Payments by the Local Agencies, or with respect to the observance or performance by the Local Agencies of the other agreements, conditions, covenants and terms contained in the Agreements, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. Notwithstanding anything to the contrary contained in the Certificates, the Trust Agreement or any other document related thereto, the Authority shall not have any liability hereunder or by reason hereof or in connection with any of the transactions contemplated hereby except to the

Item V

Approve the financing; all necessary actions; the execution and delivery of all necessary documents and authorize any member to sign all necessary financing documents for the following:

- e. Total Road Improvement Program (TRIP) Approval, City of Chico, Butte County: up to \$7,000,000 in Gas Excise Tax Securitization Bonds.

SUMMARY AND APPROVALS

DATE: SEPTEMBER 7, 2012
APPLICANT: CITY OF CHICO
AMOUNT: UP TO \$7,000,000 OF TRANSPORTATION REVENUE CERTIFICATES OF PARTICIPATION
PURPOSE: FINANCE THE IMPROVEMENT OF STREET INFRASTRUCTURE
PROGRAM: TOTAL ROAD IMPROVEMENT PROGRAM (TRIP)

Background:

In 2008 the Commission approved the ability of the Authority to offer a program to cities and counties to finance street improvement projects by a pledge of gas tax revenues and other transportation-related funding, with the Authority entering into Installment Sale Agreements with such cities and counties which are members of the Authority. The payments under which would represent payments on Certificates of Participation (“COPs”) to be executed and delivered on a pooled or stand-alone basis.

An eighteen cent state fuel excise tax is collected on all gasoline, diesel and other fuel sales, and distributed by the State Controller on a monthly basis to cities and counties. This fuel excise tax was further increased in March 2010 by state legislation which swapped former gasoline sales taxes (Prop. 42 funds) for an increase in fuel excise taxes. The State reaffirmed this fuel excise tax – gasoline sales tax swap through the passage of AB105 in March 2011.

Gas Tax funds are apportioned by population and by the number of registered vehicles. Article XIX of the State Constitution restricts use of the Gas Tax funds to maintenance/construction of public streets and highways. Most cities and counties use Gas Tax revenues for operations and maintenance.

Summary:

The City of Chico (the “City”) approved the issuance of approximately \$7 million of Transportation Revenue Certificates of Participation (COPs) on May 1, 2012 through CSCDA’s TRIP Program. The COPs are scheduled to issue in fall 2012.

Revenues for FY 2010/11

\$2,096,559 Gas Tax Revenues (collected under the Streets & Highways Code).

The proposed COPs will be secured solely by a pledge of Chico’s Gas Tax Revenues. Based on current interest rates, the maximum annual COP payment will be approximately \$300,000. The all-in interest rate is currently estimated to be 5.30%. Based on Chico’s FY2010/11 Gas Tax Revenues, the COPs will have maximum annual payment coverage of over 6.95 times the debt.

The City of Chico is undertaking the financing to construct SR 32 widening (Phase I) and potentially other street-related projects. The SR 32 widening project has qualified for \$3.3 million in state grants which must be matched with local match dollars. The City had originally planned to utilize redevelopment funds to meet the

local funding match in April 2012, which are no longer available. The City of Chico will now use the TRIP COP proceeds to provide the local match funds and must do so before these grant funds expire at the end of 2012. The state grants must be applied soon or the City may lose the grant funding to other local projects which have local match funds ready today. The financing is comprised of facilities that are eligible for expenditure of Gas Tax Revenues under applicable laws of the State.

Public Benefit:

- The issuance of the certificates on behalf of the City of Chico will allow the City to make much needed improvements to their street infrastructure that would otherwise have been deferred due to lack of sufficient funds.
- The issuance of the certificates will also enable the City to provide local match funds to qualify for up to \$3.3 million in state grants which will help pay for the projects.
- The issuance will call for Certificates of Participation under an installment sale structure. No lease of assets would be required, wherein past transactions of this nature have required a lease of city/county assets.

Approvals:

Based on the overall public benefit, conformance to the California Communities Issuance Policies, and the City of Chico's approval of the financing the Commission shall approve the Resolution which:

1. Approves the issuance of the certificates of participation through the Total Road Improvement Program;
2. Approves all necessary actions and documents for the financing; and
3. Authorizes any member of the Commission or Authorized Signatory to sign all necessary documents.

Attachment A – Total Road Improvement Program

Local Approval Information and Projects:

On May 1, 2012, the City of Chico approved a resolution authorizing the issuance of Gas Tax Revenue COPs TRIP Program. The following projects are those anticipated to be funded by the financing:

<u>Name of Project Component</u>	<u>Description of Project Component</u>	<u>Estimated Cost</u>
Street Improvements	Multi-modal, public street improvements on State Route 32 (from State Route 99 to El Monte Avenue)	\$4,400,000

In addition to the funds provided by the COPs, a portion of the street improvements will be funded from the Corridor Mobility Improvement Act Grant.

Validation:

The City of Chico filed a complaint in the Butte County Superior Court pursuant to the Validation Law seeking to validate certain issues raised with the issuance of the Certificates. The City of Chico filed its complaint on May 4, 2012. There was no answering party in the action and, on August 21, 2012, the City of Chico obtained a judgment in its favor that enjoins any action or proceeding raising any issue as to which such judgment is binding and conclusive. An appeal of such judgment could only be filed with the Butte County Superior Court within 30 days after the entry of such judgment and, since there was no answering party in the action, only issues related to the jurisdiction of the Butte County Superior Court to enter a judgment in the action may be raised during such period.

Finance Team:

- Bond Counsel: Orrick, Herrington & Sutcliffe, LLP, Los Angeles
- Authority Counsel: Orrick, Herrington & Sutcliffe, LLP, Sacramento
- Underwriter: De La Rosa & Co., Los Angeles
- Underwriter's Counsel: Goodwin Proctor LLP, Los Angeles
- Financial Advisor: Urban Futures, Inc, Orange
- Trustee: Wells Fargo Bank, Los Angeles

Financing Structure:

The COPs will mature in no more than thirty years and will be issued as fixed rate tax-exempt obligations. The COPs will be publicly offered by the Underwriter in minimum denominations of \$5,000. The COPs are expected to receive an "A-" rating from Standard & Poor's. If the COPs qualify for Assured Guaranty COP insurance ("Aa3/AA-" rating, Moody's negative outlook) and there is an economic benefit, the COPs may be issued with Assured Guaranty insurance. The proposed sale of COPs will comply with the Authority's policies for the issuance of publicly offered securities.

Estimated Sources and Uses:

The City of Chico is currently considering issuing \$4,625,000. However, if interest rates improve, the City may consider issuing up to \$7,000,000 to fund other street projects.

Sources:

COP Proceeds	\$ 4,625,000
Total Sources	\$ 4,625,000

Uses:

Project Fund	\$ 4,100,000
Debt Service Reserve Fund	\$ 303,750
Cost of Issuance	\$ 221,350
Total Uses	\$ 4,625,000



Building Communities, Investing in Local Government Since 1988

TRIP Bond Application

APPLICANT INFORMATION

Application Number: **2012076**

Name of Borrower: **City of Chico**

Primary Contact: **Tom Varga**

Title: **Capital Projects Service Director**

Street Address: **411 Main St** Suite: _____

City: **Chico** State: **CA** Zip Code: **95928**

Telephone Number: **(530) 879-6902**

Fax Number: **(530) 879-6902**

E-mail: **bshumey@cacommunities.org**

Type of Entity: ☐ For-profit Corporation ☐ Non-profit Corporation
☒ Municipality ☐ Partnership
☐ Special District ☐ Other (specify): _____

Date Organized: **01/08/1872**

PROJECT INFORMATION

Project Name: **TRIP 2012 - City of Chico**

Facility Name: **City of Chico**

Street Address: **411 Main St**

City: **Chico** State: **CA** Zip Code: **95928**

County: **Butte**

Is Project located in unincorporated part of the County? **No**

Has the city or county in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Contact Name: _____

Title: _____

Phone Number: _____ Ext. _____

Fax Number: _____

E-mail: _____



Building Communities, Investing in Local Government Since 1988

TRIP Bond Application

FINANCING INFORMATION

Principal Amount: **\$7,000,000**

Tax-exempt Amount: **\$7,000,000**

Taxable Amount: **\$0**

Proposed Closing Date: **10/30/2012**

Maturity: **30 Years** Interest Rate Mode: ☒ Fixed ☐ Variable

Type of Offering: ☒ Public Offering ☐ Private Placement

Denominations: **5,000**

Type of Financing: ☐ Acquisition of Existing Facility ☒ New Construction
☐ Refunding

Credit Enhancement: ☒ None ☐ Letter of Credit
☐ Bond Insurance ☐ Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **N/A**

Expected Rating: ☐ Unrated ☒ S & P A-
☐ Moody's _____ ☐ Fitch _____

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/PLACEMENT AGENT

Firm: **De La Rosa and Company**

Contact: **John Kim**

Address: **10866 Wilshire Blvd, Suite 1650
Los Angeles, CA 90024**

Telephone: **(310) 207-1975**

Fax: **(310) 207-1995**

E-mail: **jkim@ejdelarosa.com**

BOND COUNSEL

Firm: **Orrick, Herrington & Sutcliffe, LLP**

Contact: **Bill Bothwell**

Address: **777 S Figueroa St, Suite 3200
Los Angeles, CA 90017**

Telephone: **(213) 612-2403**

Fax: **(213) 629-2020**

E-mail: **wbothwell@orrick.com**



Building Communities, Investing in Local Government Since 1988

TRIP Bond Application

PRINCIPAL FINANCE TEAM INFORMATION (continued)

FINANCIAL ADVISOR	REBATE ANALYST
Firm: N/A	Firm: TBD
Contact:	Contact:
Address:	Address:
Telephone:	Telephone:
Fax:	Fax:
E-mail:	E-mail:

ADDITIONAL INFORMATION REQUIRED

Please provide the following information as additional attachments:

<u>Attachment</u>	<u>Description of Information</u>
	No Additional Requirement

MAILING ADDRESS

California Communities®
2033 N. Main St., Suite 700
Walnut Creek, CA 94596



TRIP Bond Application Attachment D

Application: **2012076 - TRIP 2012 - City of Chico**
Borrower: **City of Chico**
Facility #1: **City of Chico**

PUBLIC BENEFITS

ENVIRONMENT

Energy

Does the facility exceed Title 24 Standards? ☐ Yes ☐ No ☒ N/A

If Yes, by what percent? _____ %

Does the facility have solar(PV) panels? ☐ Yes ☐ No ☒ N/A

If Yes, what is the size in kWh? _____

Does the facility purchase carbon credits? ☐ Yes ☐ No ☒ N/A

If Yes, what is the annual consumption? _____

Water

Does the facility provide any of the following:

Efficient Toilets? ☐ Yes ☐ No ☒ N/A

Water-saving showerheads? ☐ Yes ☐ No ☒ N/A

Drought tolerant landscaping? ☐ Yes ☐ No ☒ N/A

Other, specify: _____

Transportation

Does the entity provide carpooling or mass-transit subsidies? ☐ Yes ☐ No ☒ N/A

Does the entity maintain a fuel efficient fleet? ☐ Yes ☐ No ☒ N/A

Waste

Does the project provide recycling facilities? ☐ Yes ☐ No ☒ N/A

WORKFORCE

Employment Creation

Job Type/Description

None

During Construction	Post Construction
<u>0</u>	<u>0</u>

GOVERNMENTAL INFORMATION

Congressional District #

State Senate District #

4

State Assembly District #

3

CITY OF CHICO

RESOLUTION NO. 22-12

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF CALIFORNIA COMMUNITIES TRANSPORTATION REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2012C (T.R.I.P. - TOTAL ROAD IMPROVEMENT PROGRAM) PURSUANT TO A TRUST AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, CERTIFICATE PURCHASE AGREEMENT AND AN INSTALLMENT SALE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES, AND AUTHORIZING THE FILING OF A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is empowered to assist the City of Chico (the "City") in financing certain public capital improvements pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement among a number of California cities, counties and special districts, including the City of Chico, dated June 1, 1988;

WHEREAS, the legislative body (the "Legislative Body") of the City has determined that the design, acquisition and construction of certain roadway improvements and street resurfacing, (as more fully described in the herein defined Installment Sale Agreement, the "Project") is necessary and proper for, and for the common benefit of, the City, and under the terms of applicable law, the payment for such Project may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund, as defined in the Installment Sale Agreement;

WHEREAS, in order to achieve a lower net interest cost and lower costs of issuance in connection with financing the acquisition of the Project, the City has determined to participate with certain other local agencies which are also members of the Authority (collectively, the "Local Agencies") in the California Communities Total Road Improvement Program (TRIP) (the "Program") established by the Authority to finance street improvement projects, such as the Project;

WHEREAS, pursuant to the Program the Authority will acquire and construct the Project for, and sell the Project to, the City, pursuant to an Installment Sale Agreement by and between the City and the Authority, in the form presented to this meeting (with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Installment Sale Agreement");

WHEREAS, the City desires to authorize the execution and delivery of additional Contracts, as defined in the Installment Sale Agreement, in the future from time to time for the

purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund;

WHEREAS, installment sale payments payable in connection with the installment sale agreement of each local agency participating in the Program will be combined, and Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to a Trust Agreement, among the Authority, the Trustee and the Local Agencies (such Trust Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Trust Agreement"), will execute and deliver California Communities Transportation Revenue (Installment Sale) Certificates of Participation, Series 2012C (or such other subseries to be designated) (T.R.I.P. – Total Road Improvement Program) (the "Certificates"), which evidence and represent proportionate and undivided interests in such combined installment sale payments;

WHEREAS, the Authority may determine that securing the timely payment of the principal and interest evidenced by the Certificates by obtaining a bond insurance policy (a "Certificate Insurance Policy") with respect thereto issued by a municipal bond insurer (a "Certificate Insurer") could be economically advantageous to the Local Agencies;

WHEREAS, E. J. De La Rosa & Co., Inc., or such other investment banking firm as may be selected in the sole discretion of the Authority (the "Underwriter"), has submitted to the Local Agencies and the Authority a proposed form of an agreement to purchase the Certificates in the form of a Certificate Purchase Agreement (the "Certificate Purchase Agreement");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the Certificates has been prepared;

WHEREAS, the City is a member of the Authority;

WHEREAS, the improvement and reconstruction of the Project will provide additional life and more efficient fuel consumption on the streets resulting in significant public benefit;

WHEREAS, the City hereby finds that the financing of such public capital improvements will result in significant public benefits in the form of a safe and reliable transportation network, demonstrable savings in effective interest rates, and the more efficient delivery of services to residential and commercial development;

WHEREAS, on this date, the City held a public hearing on the financing of such public capital improvements in accordance with Section 6586.5 of the Act;

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the City of Chico; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE BODY OF THE CITY OF CHICO, as follows:

Section 1. The foregoing recitals herein contained are true and correct and the Legislative Body so finds.

Section 2. The Project is hereby approved. Any of the Authorized Officers designated in Section 9 hereof (the "Authorized Officers") are authorized to implement the Project in accordance with the provisions of the Installment Sale Agreement and this Resolution.

Section 3. The form of the Installment Sale Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Installment Sale Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the installment sale payments shall not exceed \$7,000,000, the true interest cost applicable to the interest components of the installment payments shall not exceed 7.50% per annum and the final principal installment due on the Installment Agreement shall be no later than June 1, 2042. Pursuant to the terms of the Installment Sale Agreement, the Legislative Body further authorizes the execution and delivery of additional Contracts in the future from time to time for the purpose of financing the design, acquisition and construction of additional roadway improvements and street resurfacing, which are necessary and proper for, and for the common benefit of, the City, the payment for which may be made from motor vehicle fuel tax revenues received by the City from the State of California, and deposited into the Gas Tax Fund.

Section 4. The form of Trust Agreement, on file with the Clerk of the Legislative Body, is hereby approved, and the Authorized Officers, are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Trust Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The execution and delivery of the Certificates, on the terms and conditions set forth in, and subject to the limitations specified in, the Trust Agreement and the Installment Sale Agreement, is hereby authorized and approved. The Certificates shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Trust Agreement, as the same shall be completed.

Section 5. The form of Certificate Purchase Agreement, on file with the Clerk of the Legislative Body, including the form of the Pricing Confirmation set forth as an exhibit thereto (the "Pricing Confirmation") is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Certificate Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter's discount for the sale of the Certificates shall not exceed 1.25% of the aggregate principal amount of the principal components of the installment sale payments payable under the Installment Sale Agreement. Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

Section 6. The form of Preliminary Official Statement, on file with the Clerk of the Legislative Body, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Certificates is hereby authorized and approved. Any one of the Authorized Officers is hereby authorized and directed to provide the Underwriter with such information relating to the City as they shall reasonably request for inclusion in the Preliminary Official Statement and Official Statement. Upon inclusion of the information relating to the City therein, the Preliminary Official Statement is, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of the Rule; *provided* that no representation is made as to the information contained in the Preliminary Official Statement relating to the other Local Agencies or any Certificate Insurer or Certificate Insurance Policy. If, at any time prior to the end of the underwriting period, as defined in the Rule, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the City might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter. The Authority is hereby authorized and directed, at or after the time of the sale of the Certificates, for and in the name and on behalf of the City, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Authority is hereby authorized to apply for a Certificate Insurance Policy for the Certificates and to obtain such insurance if the present value cost of such insurance is less than the present value of the estimated interest savings with respect to the Certificates.

Section 8. The Authorized Officers are, and each of them is, authorized and directed, for and in the name of the City, to instruct Orrick, Herrington & Sutcliffe LLP, as special counsel to the Program to bring a validation action under Section 860 of the California Code of Civil Procedure to determine the legality and validity of the Installment Sale Agreement, the Trust Agreement, the Certificates and the other documents and proceedings authorized pursuant to this Resolution and to execute and return the fee agreement for such services on file with the Clerk.

Section 9. The Authorized Officer designated below and any and all other officers, agents and employees of the City are hereby authorized and directed to take any and all actions

and execute and deliver any and all documents necessary or convenient to accomplish the purposes of this Resolution.

Authorized Officers:

TITLE

- (1) City Manager
- (2) Assistant City Manager
- (3) Finance Director

Section 10. All actions heretofore taken by the officers, employees and agents of the City with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 11. This Resolution shall be in full force and effect upon its adoption.

THE FOREGOING RESOLUTION WAS ADOPTED at a meeting of the City Council of the City of Chico held on May 1, 2012, by the following vote:

AYES: Gruendl, Holcombe, Walker


NOES: Sorensen

ABSENT: Goloff

ABSTAIN: None

DISQUALIFIED: Evans, Schwab

ATTEST:



Deborah R. Presson
City Clerk

APPROVED AS TO FORM:



Lori J. Barker
City Attorney



City Council Agenda Report

Meeting Date: May 1, 2012

TO: City Council
FROM: CPSD - VARGA (879-6902)
RE: TRIP Financing

REPORT IN BRIEF:

The dissolution of Chico's Redevelopment Agency (RDA) and the potential loss of RDA bond proceeds programmed to provide local matching funds has put \$5,700,000 in grant funding for capital projects on hold. Two major projects that will be affected by the loss of this funding are (1) State Route 32 Widening, Phase 1 (from the Park-N-Ride lot to El Monte Avenue), and (2) the 1st/2nd Streets Couplet (Downtown).

Staff is proposing that the Council consider as an alternative funding option a street financing pool program known as the Total Road Improvement Program (TRIP) to replace the lost RDA bond proceeds. This will preserve the grants and allow these projects to continue. Borrowing from the TRIP pool will be secured by a portion of the City's Gas Tax revenues.

TRIP and the projects proposed for funding by this program will come to Council in two steps. The initial recommended Council action will authorize the City of Chico to participate in the TRIP program and initiate the required judicial validation process. On May 2, the RDA Dissolution Oversight Board will consider the disposition of the remaining RDA bond proceeds. Once the Board's action is known, staff will return to Council to request the borrowing of funds through the TRIP program for any projects excluded from RDA bond proceeds.

Positives of participating in TRIP include:

- Leveraging \$5,700,000 in grants
- Creating approximately 135 jobs during construction
- Future revenues can be put to work today with potential savings of up to \$2,300,000 (see **Exhibit B**)
- Indirect benefits. An example is the more than \$2,000,000 presently being spent by PG&E to upgrade the electrical grid Downtown in anticipation of the 1st/2nd Street Couplet project. This upgrade would not have been built without the associated public improvements and is roughly of equal value to the City's project.

Negatives of participating in TRIP include:

- Debt financing in a challenging economy
- No new revenue sources are being created

The \$5,700,000 in grants are at risk of being lost this summer without replacement of local matching funds. They would be de-obligated and the monies re-obligated to other communities. Given a typical street's life cycle, at least 10 years of low maintenance use of major City arterials can be enjoyed by leveraging future funding with today's grants. Another perspective is that \$12,000,000 in public improvements can be built at a maximum cost to the local taxpayers of \$7,750,000. The \$7,750,000 of borrowing expenses breakdown as follows.

Interest Payments (5.5% over 30-years)	\$ 7,000,000
Reserve Fund	\$ 500,000
Bond Financing Costs	\$ 250,000
Total	\$ 7,750,000

This compares to \$5,700,000 in grants plus over \$2,000,000 in bidding environment savings for a total of \$8,000,000.

Recommendation:

The Capital Projects Services Director recommends that the City Council conduct a public hearing on the City of Chico's participation in the Total Road Improvement Program (TRIP) and adopt the following Resolution:

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF CALIFORNIA COMMUNITIES TRANSPORTATION REVENUE (INSTALLMENT SALE) CERTIFICATES OF PARTICIPATION, SERIES 2012C (T.R.I.P. - TOTAL ROAD IMPROVEMENT PROGRAM) PURSUANT TO A TRUST AGREEMENT, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, CERTIFICATE PURCHASE AGREEMENT AND AN INSTALLMENT SALE AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES, AND AUTHORIZING THE FILING OF A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

Authorizing and approving the following:

- 1) Appropriate funding for the COP Series 2012C Principal and Interest Payment Account expense budget for installment payments;
- 2) Direct staff to initiate the judicial validation process through the TRIP legal team and file validation motion in the Butte County Superior Court.

The recommendation is further detailed in **Exhibit A**.

FISCAL IMPACT:

There is a \$15,000 fee to pay for the judicial validation process. This amount can be recovered if the City chooses to participate in a TRIP funding pool.

If Council authorizes the borrowing of funds, there will be a corresponding impact to gas tax funds and other transportation funds. Capital projects typically rely on \$500,000 to \$1,000,000 per year of Gas Tax revenues. Maximum possible authorized debt payments for TRIP will be approximately \$500,000. Capital projects previously programmed to receive Gas Tax monies will be rescheduled until alternate funds are secured. Gas taxes used for street maintenance and related work will be unaffected.

There is no impact to the General Fund.

BACKGROUND:

TRIP is a financing pool that can be used to backfill the loss of RDA funds. In 2008, California Communities implemented a street financing pool program known as the Total Road Improvement Program ("TRIP" or "Program") to assist cities and counties in their efforts to finance larger scale street improvement projects. The California Statewide Communities Development Authority (California Communities) is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. The City of Chico is a member of California Communities.

TRIP issues Certificates of Participation (COPs) that are secured by the City's Gas Tax revenues. Documentation is standardized making the overall process very efficient, cost effective, and timely. Timeliness is crucial to keeping the grants available for the SR 32 Widening and 1st/2nd Street Couplet projects. Local agency payments are made under individual Installment Sale Agreements.

No agency is responsible for any other agency's obligations under the Program; each local agency participant is only responsible for installment payments relating to its pro-rata share of the Certificates.

The COPs will be sold under an "installment sale agreement" (see **Exhibit A**). This is a common legal structure enabling public agencies to finance projects using their power to sell and purchase property under State law. Under this structure, California Communities acquires and constructs the street improvements to be funded by the COPs and then sells them to the City of Chico who makes installment payments over time. The installment payments are pledged toward the repayment on the Certificates sold by California Communities on behalf of the City. This structure is an alternative to the financing and other limitations imposed by the State Streets and Highways Code. With the \$5,700,000 in grants at risk of de-obligation, a timely financing tool is essential.

The City's use of TRIP is intended to help finish projects that have spent years in preparation and are ready to be constructed. Tonight's actions authorize initiation of the required judicial validation to use this financing tool and provide initial authorization for the City to participate in the TRIP funding pool. Once authorized, any amount borrowed would be subject to the maximum borrowing cap and maximum possible interest rate. The amount actually borrowed may be less than the authorized amount, and would require a separate Council action; however, the authorized maximum cap would permit the City to participate in the funding pool again in the future without undergoing another judicial validation process. Staff recommends that the Council address the funding of specific projects after the RDA Oversight Board has made a determination regarding use of the remaining RDA bond proceeds.

At the June budget meeting, staff will be presenting to Council some additional long-term funding alternatives. These include alternate tax increment methods such as Infrastructure Financing Districts, a variety of assessments districts (Mello-Roos, 1911-Act, etc.), revenue pledged bonds, private/public partnerships (e.g., P3, Owner Participation Agreements), as well as other methods.

To meet immediate funding needs, there are few options available that will allow us to be flexible and react in the time available. One such option is use of the remaining RDA bond proceeds; however, there is no certainty that the Oversight Board and State Department of Finance will agree. The only other possible option is to join a funding pool such as TRIP. Time is of the essence to keep the leveraged grant funds available for the City's use, and Staff believes it is the City's best interest to aggressively pursue both options.

History

During the summer of 2011, the California State Legislature passed, and the Governor subsequently signed into law, AB1X 26 and AB1X 27. AB1X 26 eliminated the RDAs. AB1X 27 provided an alternative, voluntary opt-in program that would preserve tax increment financing. Shortly afterward, the California Redevelopment Association (CRA) requested that the State Supreme Court rule on the constitutionality of these two new laws in *CRA v. Matosantos*. Given the importance of this issue, the Court agreed to an expedited review and ruled on the matter on December 29, 2011. The Court upheld AB1X 26 but struck down AB1X 27. As a result, RDAs were eliminated and no alternative program was available. RDAs across California ceased to exist as of February 1, 2012, and their activities were turned over to Successor Agencies, in our case the City of Chico. The Successor Agencies have been directed to wrap up the activities of the former RDAs.

Impacts

These unexpected and unprecedented actions by the State of California have done significant harm to the City's highly successful Capital Improvement Program (CIP). RDA bond proceeds were traditionally a stable and very reliable tool for building infrastructure throughout the Chico community. These monies not only funded the City's own infrastructure priorities, but they were used extensively to leverage tens of millions of dollars in grant funding, thereby greatly extending the value and impact of our local funds.

Some recent examples of completed projects funded in whole or in part with RDA dollars include:

SR 99/The Skyway Interchange Expansion
Manzanita Avenue Corridor Improvements
E. 5th Avenue Reconstruction

E. 8th Street Reconstruction
Nitrate Compliance Plan
CMA Apron Reconstruction

Until long-term funding sources to permanently replace RDA dollars are secured, the overall CIP project schedule will be delayed and extended into the future as necessary.

Explanation of Recommended Actions

Attached **Exhibit A** lists and describes in greater detail the TRIP authorization documents.

TRIP Projects

Attached **Exhibit B** summarizes major projects affected by the loss of RDA funds and provides an analysis of whether TRIP funding should be used to replace them.

DISCUSSION:

Financing Plan

Attached **Exhibit C** explains in greater detail how the TRIP financing plan works.

The Judicial Validation Process

For more detail about the required judicial validation process to participate in TRIP financing, please see **Exhibit D**, attached.

ENVIRONMENTAL REVIEW:

Project level environmental review has already been completed for the projects proposed to receive TRIP funding.

PUBLIC CONTACT:

No public contact or review has occurred at this time. Public comments will be solicited during the public hearing associated with this action.

Reviewed by:


Tom Varga, Capital Project Services Director

Approved by:

 For
David Burkland, City Manager

DISTRIBUTION:

City Clerk (8)
ACM - Rucker
Fin Dir - Hennessy
CA - Barker
GSD - Martinez
BDSD - McKinley
Sr Plnr - Tillman
Sr Egnr - Greenlaw
CPSD - Varga

EXHIBITS:

- A. Explanation of Recommended Actions
- B. TRIP Projects
- C. Financing Plan
- D. The Judicial Validation Process

ATTACHMENTS:

- 1. Resolution
- 2. Installment Sale Agreement
- 3. Trust Agreement
- 4. Preliminary Official Statement
- 5. Certificate Purchase Agreement

Explanation of Recommended Actions:

Resolution (Attachment 1) will accomplish the following:

- Approves the form of the following documents:
 - o Installment Sale Agreement (Exhibit No. 2)
 - o Trust Agreement (Exhibit No. 3)
 - o Preliminary Official Statement (Exhibit No. 4)
 - o Certificate Purchase Agreement (Exhibit No. 5)
- Approves the sale of the Certificates in an amount not to exceed \$7,000,000.
- Authorizes the City Manager, Assistant City Manager and Finance Director, as applicable, to execute all of the above documents, and such other documents and certifications that may be necessary to consummate the transaction.
- Approves the sale of the Certificates to the underwriter, E. J. De La Rosa & Co., Inc. on a pooled or stand-alone basis at a net interest cost of not more than 8.00 percent and an underwriter's discount of not more than 1.00 percent.
- Authorizes the commencement and completion of proceedings required for the judicial validation of the validity of the foregoing documents and the pledge of Gas Tax revenues to the payment of Installment Payments (as defined below).

The documents presented for approval pursuant to the attached resolution are as follows:

Installment Sale Agreement (Attachment 2). The Installment Purchase Agreement between the City and California Communities to transfer the Project to the City, in consideration of which the City will obligate itself to make installment payments for the Project to California Communities in the amounts and on the dates set forth in the Installment Purchase Agreement (the "Installment Payments").

Trust Agreement (Attachment 3). The Trust Agreement defines the terms and conditions of the Certificates, the rights and obligations of the City, California Communities, the municipal bond insurer, if any, the trustee (Wells Fargo Bank, N.A.), and the certificate holders.

Preliminary Official Statement (Attachment 4). The Preliminary Official Statement provides disclosure on California Communities, the Certificates, the City and other pertinent information to potential investors needed prior to making an investment decision. The Preliminary Official Statement will also provide disclosure on other participants which may become part of the offering of the Series 2012C Gas Tax Revenue COPs.

Certificate Purchase Agreement (Attachment 5). The Certificate Purchase Agreement among California Communities, E. J. De La Rosa & Co. and the City defines the terms and conditions under which the Certificates will be purchased by the underwriter.

Estimated Financing Schedule:

The following is the anticipated financing schedule. Dates are subject to change.

<u>Date</u>	<u>Description of Activity</u>
May 1, 2012	City Council adopts Resolution Approving Execution and Delivery of California Communities Gas Tax Revenue Certificates of Participation, Series 2011B
May 4, 2012	Judicial validation filed with Superior Court
August 17, 2012	End of validation proceedings and appeal period
August 2012	Print and mail Preliminary Official Statement
September 2012	Sale of Certificates through California Communities
September 2012	Certificate closing; funds available to City

Benefits of Historically Low Construction Environment:

2% Inflation estimate	Construction Cost	Difference from Today's Cost	20% Discount for Competitive Bidding Environment	Potential Cost Savings
Today	\$6,000,000	---	---	
5 years from now	\$6,600,000	\$ 600,000	\$1,200,000	\$1,800,000
10 years from now	\$7,300,000	\$1,300,000	\$1,200,000	\$2,500,000

TRIP Projects:

Project	Regional Significance	Costs			Economic Benefit	Participate in TRIP Program
		TRIP funding	Grants	Total		
Cohasset Rd Widening	Serves CMA and adjacent industrial /commercial areas	\$2,500,000	\$2,500,000	\$5,000,000	Complete 4-lane arterial connecting City's largest industrial area with SR 99 (freeway) - <i>65 jobs</i>	No (1)
SR 32 Widening, Phase 1	Regional arterial	\$4,100,000	\$3,400,000	\$7,500,000	Connects east side of City and Butte County with City largest commercial area and SR 99 (freeway) - <i>90 jobs</i>	Yes (2)
1st/2nd Street Couplet (Downtown)	Downtown is a regional retail center	\$1,300,000	\$2,300,000	\$3,600,000	Improve circulation/safety/parking and reduce congestion in Downtown - <i>45 jobs</i>	Yes (3)
Contingency		\$ 600,000				
Total Recommended		\$6,000,000	\$5,700,000	\$11,700,000	<i>Approximately 135 jobs</i>	

Notes: (1) Economic Development Administration (EDA) grant being revisited to update what fulfills \$2,500,000 local match.

(2) In addition, this project fulfills City environmental mitigation obligations as committed to in the Nexus study and General Plan.

(3) TRIP funding will include rehabilitating old street pavement Downtown thereby relieving substantial maintenance costs.

Financing Plan:

Conservatively, expected average annual installment payments will be approximately \$465,000 assuming payments obligated over a maximum 30-year period at a 5.5% annual interest rate. While future fund streams cannot be predicted, staff believes paying off this obligation in less than 30 years will reduce impacts to the City's funding sources. Installment payments will be obligated to be paid solely from Gas Tax revenues, but other transportation revenues as available, will be used to supplant the Gas Tax fund to minimize impacts to this fund and ensure that street maintenance uses are not affected. In addition, the use of Gas Tax funding for street improvements recognizes that capital projects funded through the TRIP program will result in reduced street maintenance costs. Proceeds from the sale of the Certificates will fund the projects described herein in the amount of approximately \$6,000,000. Total payments for interest and principle over the 30 year period will be an estimated \$13,500,000. The amounts presented are estimates but reflect a close approximation of what will be provided by the market once the bonds are sold.

Article 19 of the California Constitution authorizes the collection of the Motor Vehicle Fuel Tax (the "Gas Tax") to be used for operation, construction, or maintenance of public streets and highways. The Gas Tax is an 18 cent per gallon state fuel excise tax. The City of Chico is estimated to collect about \$2,100,000 of gas tax revenue for FY2011-12 and projected to collect about \$2,200,000 in FY 2012-13. Therefore, less than 25% of the City's Gas Tax revenues would be needed for annual debt payments.

Staff is proposing the execution and delivery of the Gas Tax Revenue Certificates of Participation in an amount not to exceed \$7,000,000 for the initial Certificate series. The Certificates will be secured solely by Gas Tax revenues that the City receives from the State of California. The proposed not-to-exceed amount of this series of certificates to be allocated to the City conservatively provides the City flexibility to take advantage of favorable interest rates and raise additional proceeds at the same level of Certificate payments or modify the plan of finance prior to the pricing

In the past, there has been a certain degree of risk that the State could delay the payment of Gas Tax revenues - which it has done twice in the last three years (April-August 2008 payments were delayed until September 2008; and January-April 2009 payments were delayed until May 2009). The passage of Proposition 22 in November 2010 currently prohibits the State from borrowing transportation funds from Local Agencies which mitigates risks associated with further payment delays by the State.