



# AGENDA

## REGULAR MEETING OF THE LAKEPORT CITY COUNCIL

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

Tuesday, October 18, 2016

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

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

- I. **CALL TO ORDER & ROLL CALL:** 6:00 p.m.
- II. **PLEDGE OF ALLEGIANCE:**
- III. **ACCEPTANCE OF AGENDA:**  
Move to accept agenda as posted, or move to add or delete items.  
Urgency Items: To add item, Council is required to make a majority decision that an urgency exists (as defined in the Brown Act) and a 2/3rds determination that the need to take action arose subsequent to the Agenda being posted.
- IV. **CONSENT AGENDA:**  
*The following Consent Agenda items are expected to be routine and noncontroversial. They will be acted upon by the Council at one time without any discussion. Any Council Member may request that any item be removed from the Consent Agenda for discussion under the regular Agenda. Removed items will be considered following the Consent Calendar portion of this agenda.*
  - A. Ordinances: Waive reading except by title, of any ordinances under consideration at this meeting for either introduction or passage per *Government Code* Section 36934.
  - B. Minutes: Approve minutes of the regular City Council meeting of September 20, 2016 and the special City Council meeting of September 26, 2016.
  - C. Warrants: Approve the warrant registers of September 28, 2016 and October 13, 2016.
  - D. Application 2016-027: Approve Application No. 2016-027 with staff recommendations for the Dickens Faire event to be held November 26, 2016 on Main Street.
  - E. Application 2016-028: Approve Application No. 2016-028 with staff recommendations for the annual Harvest Revelation block party to be held October 31, 2016 on Mellor Drive, between 19<sup>th</sup> and 20<sup>th</sup> streets.
  - F. Rejection of Claim 2016-004: Reject Claim 2016-004 filed by Paul Sturtridge as recommended by REMIF.
  - G. City Manager Contract Amendment No. 1: Approve Amendment No. 1 to City Manager Silveira's employment contract.
  - H. City of Lakeport Personnel Rules: Adopt a Resolution approving revisions to the City of Lakeport Personnel Rules.
- V. **PUBLIC PRESENTATIONS/REQUESTS:**
  - A. Citizen Input: *Any person may speak for 3 minutes about any subject within the authority of the City Council, provided that the subject is not already on tonight's agenda. Persons wishing to address the City Council are required to complete a Citizen's Input form and submit it to the City Clerk prior to the meeting being called to order. While not required, please state your name and address for the record. NOTE: Per Government Code §54954.3(a), the City Council cannot take action or express a consensus of approval or disapproval on any public comments regarding matters which do not appear on the printed agenda.*
  - B. Proclamation: Mayor Spillman to present a proclamation designating October 2016 as Domestic Violence Awareness month to representatives from the Lake Family Resource Center.
  - C. Presentation: Presentation from Melissa Fulton, CEO of the Lake County Chamber of Commerce.
- VI. **PUBLIC HEARING:**
  - A. Amend Administrative Citation Appeal Hearing Ordinance: Hold a Public Hearing and adopt the proposed Ordinance amending Chapter 8.31 of Title 8 of the Lakeport Municipal code regarding the Administrative Citation Appeal process.
- VII. **COUNCIL BUSINESS:**
  - A. Community Development Director

1. Ordinance Introduction: Speed Zone Survey Introduce a proposed ordinance amending Chapter 10.16 of the Lakeport Municipal Code establishing speed limits within the City and set a public hearing for adoption of the ordinance on November 1, 2016.
- B. Finance Director
1. Successor Agency: Refunding (Refinancing) Certain Outstanding Former Redevelopment Agency Bonds Approve the refunding of certain former Redevelopment Agency bonds, and adopt the proposed Resolution approving the form of the Preliminary Official Statement in connection of refunding of certain Agency bonded debt, establishing certain related policies and procedures, and approving certain other matters and official actions related thereto
  2. City of Lakeport Municipal Sewer District (CLMSD): Refunding (Refinancing) Certain Outstanding CLMSD Bonds Approve the proposed Resolution of Preliminary Intention to Proceed with the refinancing of outstanding Series 1993 Limited Obligation Improvement Bonds and appointing financial consultants in connection therewith
- C. Police Chief
1. Community Oriented Policing Grant Accept COPS Hiring Award grant and authorize the Police Chief to sign grant award.
- D. City Clerk
1. Mayoral Appointment Mayor to Appoint Two (2) Council Members to the Abandoned Vehicle Service Authority Commission, as voting member and alternate, respectively.

**VIII. COUNCIL COMMUNICATIONS:**

- A. Miscellaneous Reports, if any:

**IX. ADJOURNMENT:**

Adjourn

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

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

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Hilary Britton, Deputy City Clerk

# MINUTES

## REGULAR MEETING OF THE LAKEPORT CITY COUNCIL

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

Tuesday, September 20, 2016

### CLOSED SESSION:

Mayor Spillman called the meeting to order at 5:30 pm, and adjourned to closed session at 5:32 pm for the following item:

1. CONFERENCE WITH LABOR NEGOTIATOR (Gov. Code § 54957.6): Name of City Negotiators to Attend Closed Session: Council Members Mattina and Turner; Unrepresented Employee: City Manager.

### REPORT OUT OF CLOSED SESSION:

Mayor Spillman reported there was no reportable action out of closed session.

### I. CALL TO ORDER & ROLL CALL:

Mayor Spillman called the regular meeting of the City Council of the City of Lakeport to order at 6:00 p.m. with Council Member Turner, Council Member Mattina and Council Member Scheel present. Council Member Parlet was absent.

### I. PLEDGE OF ALLEGIANCE:

The Pledge of Allegiance was led by Linda Buckner.

### III. ACCEPTANCE OF AGENDA:

A motion was made by Council Member Scheel, seconded by Council Member Mattina, and unanimously carried by voice vote, with Council Member Parlet absent, to accept agenda as posted.

Urgency Items:

There were no urgency items presented.

### IV. CONSENT AGENDA:

*The following Consent Agenda items are expected to be routine and noncontroversial. They will be acted upon by the Council at one time without any discussion. Any Council Member may request that any item be removed from the Consent Agenda for discussion under the regular Agenda. Removed items will be considered following the Consent Calendar portion of this agenda.*

#### A. Ordinances:

Waive reading except by title, of any ordinances under consideration at this meeting for either introduction or passage per *Government Code* Section 36934.

#### B. Minutes:

Approve minutes of the regular City Council meeting of September 6, 2016.

#### C. Warrants:

Approve the warrant register of September 15, 2016.

#### D. Application 2016-024:

Approve Application No. 2016-024 with staff recommendations for the Sponsoring Survivorship group's request to hang pink ribbons from the decorative lamp posts on Main Street for the month of October to commemorate Breast Cancer Awareness month.

#### E. Application 2016-026:

Approve Application No. 2016-026 with staff recommendations for the Lakeport Elementary School's annual Halloween Parade on Main Street on October 28, 2016.

#### F. League of California Cities Request:

Consider the League of California Cities request to consider adopting resolutions on two proposed measures slated to appear on the November 8<sup>th</sup> ballot:

1. Adopt the proposed Resolution opposing Proposition 53 (Revenue Bond: Statewide Voter Approval - Constitutional Amendment)
2. Adopt the proposed Resolution supporting Proposition 54 (Legislature Transparency Act of 2016)

#### G. 2015-2016 Grand Jury Report:

Receive and file responses to the following recommendations from the 2015-2016 Grand Jury Report:

1. Pension Plan Reviews
2. Nuisance Abatement Code Enforcement in and Around Lake County, After the 2015 Wildfires
3. Neighbors Object to Vector Control's Expansion Plans

4. Lakeport City General Plan and Zoning Ordinances Have been Inconsistent for 20 Years

H. Ordinance Introduction: Introduce the proposed Ordinance amending Chapter 8.31 of Title 8 of the Lakeport Municipal code regarding the Administrative Citation Appeal, and set the Public Hearing date for October 18, 2016.

Vote on Consent Agenda

A motion was made by Council Member Mattina, seconded by Council Member Turner, and unanimously carried by voice vote, with Council Member Parlet absent, to approve the Consent Agenda, items A-H.

**V. PUBLIC PRESENTATIONS/REQUESTS:**

A. Citizen Input: Jennifer Strong spoke on behalf of Lakeport Rotary regarding the upcoming Konocti Challenge bicycling event to be held on October 1, 2016. Ms. Strong will return to address the Council at an upcoming meeting to give a formal presentation with detailed information on demographics and economic impacts of the event.

B. Proclamation: Mayor Spillman presented a proclamation honoring the contributions of the Lakeport Volunteer Firefighters Association.

C. Presentation: Mayor Spillman presented the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting to Former City Finance Director Dan Buffalo on behalf of the City of Lakeport.

**VI. COUNCIL BUSINESS:**

A. Community Development Director

1. Bid Award: Lakeshore ER Project

Community Development Director Ingram presented the staff report regarding the bid award for the Lakeshore Emergency Repair Project.

A motion was made by Council Member Scheel, seconded by Council Member Turner, with Council Member Parlet absent, and unanimously carried by voice vote, with Council Member Parlet absent, to authorize the City Manager to sign the construction contract award for the Lakeshore Boulevard Emergency Storm Damage Project, with the inclusion of Alternate A, pursuant to receiving the federal participation rate of 88.53% to Granite Construction Company. Additionally find that the Good Faith Effort by Granite Construction Company in soliciting DBE participation is adequate.

A. Miscellaneous Reports, if any:

City Manager Silveira reported that the Splash-In was a great event with a record-breaking turn-out.

City Attorney Ruderman gave no report.

Administrative Services Director Buendia gave no report.

Chief Rasmussen reported there will be another Coffee with a Cop event at Suzy Q's on October 4, 2016.

Community Development Director Ingram reported that the last segment of curbs and gutters on the Main Street project should be completed tonight and tree grates will be here by the end of the week.

Council Member Scheel reported on his attendance at the Homecoming parade and his participation as judge. He reported on the Konocti Challenge, next weekend, followed by Sponsoring Survivorship fun run/walk, and then Oktoberfest in the afternoon on October 1, 2016. The Council will be attending the League of California Cities Annual Conference the first week in October.

Council Member Mattina reported that a LAFCO meeting will take place tomorrow. She attended the Homecoming parade, which was a great event.

Council Member Turner gave no report.

Mayor Spillman asked about who would be purchasing the trees for Main Street. Community Development Director advised the City will purchase the trees but are looking to partner with the LMSA on memorial dedication of trees.

**VIII. ADJOURNMENT:**

Mayor Spillman adjourned the meeting at 6:48 p.m.

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Marc Spillman, Mayor

ATTEST:

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Kelly Buendia, City Clerk

**MINUTES**  
**SPECIAL MEETING**  
**OF THE LAKEPORT CITY COUNCIL ALSO SITTING AS THE BOARD OF DIRECTORS**  
**OF THE CITY OF LAKEPORT MUNICIPAL SEWER DISTRICT**  
**Monday, September 26, 2016**

**CALL TO ORDER & ROLL CALL:** Mayor/Chair Spillman called the Special Meeting of the City Council of the City of Lakeport and the Board of Directors of City of Lakeport Municipal Sewer District to order at 5:30 p.m. with Council/Board Members Stacey Mattina and Kenneth Parlet present. Council/Board Members Martin Scheel and Mireya Turner were absent

**EASEMENT DEED AND RIGHT OF WAY AGREEMENT:** The staff report was presented by City Manager Silveira.  
A motion was made by Board Member Parlet, seconded by Board Member Mattina and unanimously carried by voice vote, with Board Members Scheel and Turner absent, to adopt a resolution of the Board of Directors of the City of Lakeport Municipal Sewer District accepting easements upon the property located at 818 Lakeport Boulevard, Lakeport, California and authorizing the Executive Director to execute documents related thereto.

**FEE WAIVER AGREEMENT:** The staff report was presented by City Manager Silveira.  
A motion was made by Council Member Mattina, seconded by Council Member Parlet, and unanimously carried by voice vote, with Council Members Scheel and Turner absent, to ratify a Fee Waiver Agreement with Donica, LLC, a California Limited Liability Company, for property located at 818 Lakeport Blvd. Lakeport, CA (APN 025-472-05) with payment of \$10,220.00 for the easement and up to \$10,000.00 in future development fees applicable to the property expiring 9/14/2021.

**ADJOURNMENT:** Mayor/Chair Spillman adjourned the meeting at 5:39 p.m.

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Marc Spillman, Mayor/Chair

ATTEST:

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Kelly Buendia, City Clerk/Clerk of the Board





10/12/2016

I hereby certify that the attached list of warrants has been audited, extensions are proper, purchase orders have been issued, and department heads have been given the opportunity to review and sign claim forms.

A handwritten signature in blue ink, appearing to be 'Ginny Feth-Michel', is positioned above a horizontal line.

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Ginny Feth-Michel  
Interim Finance Director



Lakeport, CA

# Bank Transaction Report

## Transaction Detail

Issued Date Range: 09/16/2016 - 09/28/2016  
Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
<b>Bank Account: 15-0352000798 - POOLED CASH BANK</b>							
09/19/2016		<a href="#">49974</a>	LAKEPORT DISPOSAL, INC.	Accounts Payable	Outstanding	Check	-35,234.74
09/20/2016		<a href="#">49963</a>	AFLAC	Accounts Payable	Outstanding	Check	-819.13
09/20/2016		<a href="#">49964</a>	CA STATE DISBURSEMENT UNIT	Accounts Payable	Outstanding	Check	-693.67
09/20/2016		<a href="#">49965</a>	CALPERS	Accounts Payable	Outstanding	Check	-18,851.68
09/20/2016		<a href="#">49966</a>	ELIZABETH LAMBERT	Accounts Payable	Outstanding	Check	-500.00
09/20/2016		<a href="#">49967</a>	JACQUELINE M. STOEBE	Accounts Payable	Outstanding	Check	-25.00
09/20/2016		<a href="#">49968</a>	LAKEPORT EMPLOYEE'S ASSOC	Accounts Payable	Outstanding	Check	-300.00
09/20/2016		<a href="#">49969</a>	LEGALSHIELD	Accounts Payable	Outstanding	Check	-214.25
09/20/2016		<a href="#">49970</a>	LPOA	Accounts Payable	Outstanding	Check	-405.00
09/20/2016		<a href="#">49971</a>	NATIONWIDE RETIREMENT SOLUTION	Accounts Payable	Outstanding	Check	-1,075.00
09/20/2016		<a href="#">49972</a>	REDWOOD CREDIT UNION	Accounts Payable	Outstanding	Check	-250.00
09/20/2016		<a href="#">49973</a>	VALIC - C/O JP MORGAN CHASE	Accounts Payable	Outstanding	Check	-1,863.50
09/20/2016		<a href="#">DFT0000317</a>	IRS	Accounts Payable	Outstanding	Bank Draft	-3,222.44
09/20/2016		<a href="#">DFT0000318</a>	CA EMP DEVELOPMENT DEPT	Accounts Payable	Outstanding	Bank Draft	-3,480.60
09/20/2016		<a href="#">DFT0000319</a>	CA EMP DEVELOPMENT DEPT	Accounts Payable	Outstanding	Bank Draft	-1,009.03
09/20/2016		<a href="#">DFT0000320</a>	IRS	Accounts Payable	Outstanding	Bank Draft	-11,415.31
09/20/2016		<a href="#">DFT0000321</a>	IRS	Accounts Payable	Outstanding	Bank Draft	-158.34
09/21/2016		<a href="#">49979</a>	DONICA, LLC.	Accounts Payable	Outstanding	Check	-17,830.00
09/28/2016		<a href="#">49980</a>	ADAMS ASHBY GROUP, LLC.	Accounts Payable	Outstanding	Check	-3,720.00
09/28/2016		<a href="#">49981</a>	ALPHA ANALYTICAL LABORATORIES	Accounts Payable	Outstanding	Check	-1,002.00
09/28/2016		<a href="#">49982</a>	ARAMARK UNIFORM SERVICES	Accounts Payable	Outstanding	Check	-288.20
09/28/2016		<a href="#">49983</a>	AT&T	Accounts Payable	Outstanding	Check	-322.62
09/28/2016		<a href="#">49984</a>	BIT SCULPTOR	Accounts Payable	Outstanding	Check	-250.00
09/28/2016		<a href="#">49985</a>	CABELA'S INC	Accounts Payable	Outstanding	Check	-183.44
09/28/2016		<a href="#">49986</a>	CALPERS	Accounts Payable	Outstanding	Check	-2,600.00
09/28/2016		<a href="#">49987</a>	CARLTON TIRE	Accounts Payable	Outstanding	Check	-329.71
09/28/2016		<a href="#">49988</a>	COLANTUANO, HIGHSMITH &	Accounts Payable	Outstanding	Check	-8,273.70
09/28/2016		<a href="#">49989</a>	COUNTY OF LAKE-ANIMAL CONTROL	Accounts Payable	Outstanding	Check	-792.75
09/28/2016		<a href="#">49990</a>	DEBRA ENGLAND	Accounts Payable	Outstanding	Check	-675.00
09/28/2016		<a href="#">49991</a>	DEPT OF JUSTICE	Accounts Payable	Outstanding	Check	-204.00
09/28/2016		<a href="#">49992</a>	DEPT OF MOTOR VEHICLES	Accounts Payable	Outstanding	Check	-116.00
09/28/2016		<a href="#">49993</a>	DIANA TREP KOV	Accounts Payable	Outstanding	Check	-600.00
09/28/2016		<a href="#">49994</a>	DR. BRIAN GREY	Accounts Payable	Outstanding	Check	-1,000.00
09/28/2016		<a href="#">49995</a>	FAIRBANK, MASLIN, MAULLIN, METZ & ASSOC, INC.	Accounts Payable	Outstanding	Check	-21,500.00
09/28/2016		<a href="#">49996</a>	FED EX	Accounts Payable	Outstanding	Check	-150.88
09/28/2016		<a href="#">49997</a>	FERRELLGAS	Accounts Payable	Outstanding	Check	-14.39

**Bank Transaction Report**

Issued Date Range: 09/16/2016 - 09/28/2016 Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
09/28/2016		<a href="#">49998</a>	G & G PRINTING SERVICES	Accounts Payable	Outstanding	Check	-216.00
09/28/2016		<a href="#">49999</a>	GARAVAGLIA ARCHITECTURE, INC.	Accounts Payable	Outstanding	Check	-9,552.60
09/28/2016		<a href="#">50000</a>	HARTFORD RETIREE PREMIUM ACCT	Accounts Payable	Outstanding	Check	-19,007.72
09/28/2016		<a href="#">50001</a>	IT'S ABOUT TIME, INC	Accounts Payable	Outstanding	Check	-57.93
09/28/2016		<a href="#">50002</a>	LAKE COUNTY NEWS	Accounts Payable	Outstanding	Check	-300.00
09/28/2016		<a href="#">50003</a>	LAKE COUNTY RECORD BEE	Accounts Payable	Outstanding	Check	-4,676.42
09/28/2016		<a href="#">50004</a>	LEXIS NEXIS RISK SOLUTIONS	Accounts Payable	Outstanding	Check	-30.00
09/28/2016		<a href="#">50005</a>	LINDA SOBIERAJ	Accounts Payable	Outstanding	Check	-92.41
09/28/2016		<a href="#">50006</a>	MANUEL MARTINEZ	Accounts Payable	Outstanding	Check	-65.00
09/28/2016		<a href="#">50007</a>	MEDIACOM	Accounts Payable	Outstanding	Check	-1,034.00
09/28/2016		<a href="#">50008</a>	MENDO LAKE STAFFING	Accounts Payable	Outstanding	Check	-26,353.92
09/28/2016		<a href="#">50009</a>	NFP NATIONAL ACCOUNT SERVICES	Accounts Payable	Outstanding	Check	-758.85
09/28/2016		<a href="#">50010</a>	NIXON-EGLI EQUIPMENT CO.	Accounts Payable	Outstanding	Check	-1,279.74
09/28/2016		<a href="#">50011</a>	OE PUBLIC & MISC EE'S	Accounts Payable	Outstanding	Check	-30,740.00
09/28/2016		<a href="#">50012</a>	PACE SUPPLY #03391-00	Accounts Payable	Outstanding	Check	-436.42
09/28/2016		<a href="#">50013</a>	PEOPLE SERVICES, INC.	Accounts Payable	Outstanding	Check	-401.51
09/28/2016		<a href="#">50014</a>	PG&E VO248104	Accounts Payable	Outstanding	Check	-12.92
09/28/2016		<a href="#">50015</a>	PITNEY BOWES - SUPPLIES	Accounts Payable	Outstanding	Check	-194.40
09/28/2016		<a href="#">50016</a>	PITNEY BOWES PURCHASE POWER	Accounts Payable	Outstanding	Check	-524.92
09/28/2016		<a href="#">50017</a>	R.E.M.I.F.	Accounts Payable	Outstanding	Check	-1,586.84
09/28/2016		<a href="#">50018</a>	RB PEST CONTROL	Accounts Payable	Outstanding	Check	-265.00
09/28/2016		<a href="#">50019</a>	RICOH USA, INC.	Accounts Payable	Outstanding	Check	-25.53
09/28/2016		<a href="#">50020</a>	RICOH, USA	Accounts Payable	Outstanding	Check	-264.83
09/28/2016		<a href="#">50021</a>	RON LADD	Accounts Payable	Outstanding	Check	-284.00
09/28/2016		<a href="#">50022</a>	RPEA	Accounts Payable	Outstanding	Check	-54.00
09/28/2016		<a href="#">50023</a>	SANTA ROSA UNIFORM	Accounts Payable	Outstanding	Check	-158.02
09/28/2016		<a href="#">50024</a>	SHELLY MASCARI	Accounts Payable	Outstanding	Check	-1,300.00
09/28/2016		<a href="#">50025</a>	SHRED-IT USA LLC	Accounts Payable	Outstanding	Check	-94.32
09/28/2016		<a href="#">50026</a>	STANDARD PRINTING COMPANY	Accounts Payable	Outstanding	Check	-1,262.75
09/28/2016		<a href="#">50027</a>	SUTTER LAKESIDE HOSPITAL	Accounts Payable	Outstanding	Check	-35.00
09/28/2016		<a href="#">50028</a>	THE SHOE BOX	Accounts Payable	Outstanding	Check	-194.40
09/28/2016		<a href="#">50029</a>	TYLER TECHNOLOGIES, INC.	Accounts Payable	Outstanding	Check	-137.50
09/28/2016		<a href="#">50030</a>	UNION BANK	Accounts Payable	Outstanding	Check	-358.00
09/28/2016		<a href="#">50031</a>	UNIVAR USA INC.	Accounts Payable	Outstanding	Check	-5,480.57
09/28/2016		<a href="#">50032</a>	US POSTMASTER - ARIZONA	Accounts Payable	Outstanding	Check	-866.13
09/28/2016		<a href="#">50033</a>	USA BLUE BOOK	Accounts Payable	Outstanding	Check	-463.29
09/28/2016		<a href="#">50034</a>	VALLEY TOXICOLOGY SERVICES INC	Accounts Payable	Outstanding	Check	-85.00
09/28/2016		<a href="#">50035</a>	WESTGATE PETROLEUM CO., INC.	Accounts Payable	Outstanding	Check	-2,339.63
09/28/2016		<a href="#">50036</a>	YOLO COUNTY FLOOD CONTROL	Accounts Payable	Outstanding	Check	-1,360.93
<b>Bank Account 15-0352000798 Total: (75)</b>							<b>-251,720.88</b>
<b>Report Total: (75)</b>							<b>-251,720.88</b>

**Summary**

Bank Account	Count	Amount
<a href="#">15-0352000798 POOLED CASH BANK</a>	75	-251,720.88
<b>Report Total:</b>	<b>75</b>	<b>-251,720.88</b>

Cash Account	Count	Amount
<a href="#">998 998-0000-101000 POOLED CASH - WEST AMERICA</a>	75	-251,720.88
<b>Report Total:</b>	<b>75</b>	<b>-251,720.88</b>

Transaction Type	Count	Amount
Bank Draft	5	-19,285.72
Check	70	-232,435.16
<b>Report Total:</b>	<b>75</b>	<b>-251,720.88</b>



Lakeport, CA

# Bank Transaction Report

## Transaction Detail

Issued Date Range: 09/29/2016 - 10/13/2016

Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
<b>Bank Account: 15-0352000798 - POOLED CASH BANK</b>							
09/30/2016		<u>50037</u>	MARTIN SCHEEL	Accounts Payable	Outstanding	Check	-117.00
09/30/2016		<u>50038</u>	STACEY MATTINA	Accounts Payable	Outstanding	Check	-117.00
10/04/2016		<u>050052</u>	LAKEPORT DISPOSAL, INC.	Accounts Payable	Outstanding	Check	-16,252.78
10/05/2016		<u>50039</u>	AFLAC	Accounts Payable	Outstanding	Check	-744.05
10/05/2016		<u>50040</u>	CA STATE DISBURSEMENT UNIT	Accounts Payable	Outstanding	Check	-693.67
10/05/2016		<u>50041</u>	CALPERS	Accounts Payable	Outstanding	Check	-18,383.73
10/05/2016		<u>50042</u>	ELIZABETH LAMBERT	Accounts Payable	Outstanding	Check	-500.00
10/05/2016		<u>50043</u>	JACQUELINE M. STOEBE	Accounts Payable	Outstanding	Check	-25.00
10/05/2016		<u>50044</u>	LAKEPORT EMPLOYEE'S ASSOC	Accounts Payable	Outstanding	Check	-285.00
10/05/2016		<u>50045</u>	LPOA	Accounts Payable	Outstanding	Check	-450.00
10/05/2016		<u>50046</u>	NATIONWIDE RETIREMENT SOLUTION	Accounts Payable	Outstanding	Check	-1,055.00
10/05/2016		<u>50047</u>	REDWOOD CREDIT UNION	Accounts Payable	Outstanding	Check	-250.00
10/05/2016		<u>50048</u>	VALIC - C/O JP MORGAN CHASE	Accounts Payable	Outstanding	Check	-1,863.50
10/05/2016		<u>50049</u>	CALPERS	Accounts Payable	Outstanding	Check	-246.93
10/05/2016		<u>50050</u>	CITY OF LAKEPORT	Accounts Payable	Outstanding	Check	-927.03
10/05/2016		<u>DFT0000323</u>	IRS	Accounts Payable	Outstanding	Bank Draft	-2,862.10
10/05/2016		<u>DFT0000324</u>	CA EMP DEVELOPMENT DEPT	Accounts Payable	Outstanding	Bank Draft	-2,545.52
10/05/2016		<u>DFT0000325</u>	CA EMP DEVELOPMENT DEPT	Accounts Payable	Outstanding	Bank Draft	-906.48
10/05/2016		<u>DFT0000326</u>	IRS	Accounts Payable	Outstanding	Bank Draft	-9,089.80
10/05/2016		<u>DFT0000327</u>	IRS	Accounts Payable	Outstanding	Bank Draft	-36.22
10/05/2016		<u>DFT0000328</u>	CA EMP DEVELOPMENT DEPT	Accounts Payable	Outstanding	Bank Draft	-21.60
10/05/2016		<u>DFT0000329</u>	CA EMP DEVELOPMENT DEPT	Accounts Payable	Outstanding	Bank Draft	-11.24
10/05/2016		<u>DFT0000330</u>	IRS	Accounts Payable	Outstanding	Bank Draft	-135.96
10/12/2016		<u>050054</u>	LAKEPORT DISPOSAL, INC.	Accounts Payable	Outstanding	Check	-55,261.40
10/13/2016		<u>50055</u>	ADAMS ASHBY GROUP, LLC.	Accounts Payable	Outstanding	Check	-3,910.00
10/13/2016		<u>50056</u>	ALPHA ANALYTICAL LABORATORIES	Accounts Payable	Outstanding	Check	-2,879.00
10/13/2016		<u>50057</u>	Void Check	Accounts Payable	Voided	Check	0.00
10/13/2016		<u>50058</u>	AQUA PRODUCTS	Accounts Payable	Outstanding	Check	-1,050.80
10/13/2016		<u>50059</u>	ARAMARK UNIFORM SERVICES	Accounts Payable	Outstanding	Check	-144.10
10/13/2016		<u>50060</u>	AT&T	Accounts Payable	Outstanding	Check	-1,712.76
10/13/2016		<u>50061</u>	AT&T	Accounts Payable	Outstanding	Check	-70.00
10/13/2016		<u>50062</u>	BRIAN DENTON	Accounts Payable	Outstanding	Check	-945.00
10/13/2016		<u>50063</u>	BROWER CONSTRUCTION	Accounts Payable	Outstanding	Check	-3,647.82
10/13/2016		<u>50064</u>	CARLTON TIRE	Accounts Payable	Outstanding	Check	-20.00
10/13/2016		<u>50065</u>	CLEARLAKE REDI-MIX INC.	Accounts Payable	Outstanding	Check	-1,360.80
10/13/2016		<u>50066</u>	COLANTUANO, HIGHSMITH &	Accounts Payable	Outstanding	Check	-6,637.85

Bank Transaction Report

Issued Date Range: 09/29/2016 - 10/13/2016 Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
10/13/2016		<u>50067</u>	COUNTY OF LAKE-AUDITOR	Accounts Payable	Outstanding	Check	-466.00
10/13/2016		<u>50068</u>	COUNTY OF LAKE-SPECIAL DIST	Accounts Payable	Outstanding	Check	-21,522.66
10/13/2016		<u>50069</u>	DEEP VALLEY SECURITY	Accounts Payable	Outstanding	Check	-202.95
10/13/2016		<u>50070</u>	DEPT OF CONSERVATION	Accounts Payable	Outstanding	Check	-159.51
10/13/2016		<u>50071</u>	DOUG GRIDER	Accounts Payable	Outstanding	Check	-71.00
10/13/2016		<u>50072</u>	ENVIRO-TECH	Accounts Payable	Outstanding	Check	-302.17
10/13/2016		<u>50073</u>	GRAINGER	Accounts Payable	Outstanding	Check	-1,520.81
10/13/2016		<u>50074</u>	GRANITE CONSTRUCTION COMPANY	Accounts Payable	Outstanding	Check	-456,952.59
10/13/2016		<u>50075</u>	HACH CHEMICAL COMPANY	Accounts Payable	Outstanding	Check	-1,187.45
10/13/2016		<u>50076</u>	KELSEYVILLE TNT MINI STORAGE	Accounts Payable	Outstanding	Check	-310.82
10/13/2016		<u>50077</u>	LAKE COUNTY CHAMBER OF COMMERCE	Accounts Payable	Outstanding	Check	-625.00
10/13/2016		<u>50077</u>	LAKE COUNTY CHAMBER OF COMMERCE Reversal	Accounts Payable	Outstanding	Check Reversal	625.00
10/13/2016		<u>50078</u>	LAKE COUNTY RECORD BEE	Accounts Payable	Outstanding	Check	-266.02
10/13/2016		<u>50079</u>	LCOE	Accounts Payable	Outstanding	Check	-25.00
10/13/2016		<u>50080</u>	LEW EDWARDS GROUP	Accounts Payable	Outstanding	Check	-5,625.00
10/13/2016		<u>50081</u>	LEXIS NEXIS RISK SOLUTIONS	Accounts Payable	Outstanding	Check	-30.00
10/13/2016		<u>50082</u>	MAGIC INTERIORS	Accounts Payable	Outstanding	Check	-1,685.90
10/13/2016		<u>50083</u>	MEDIACOM	Accounts Payable	Outstanding	Check	-451.80
10/13/2016		<u>50084</u>	MENDO MILL & LUMBER CO.	Accounts Payable	Outstanding	Check	-1,416.66
10/13/2016		<u>50085</u>	MYERS STEVENS & TOOHEY & CO.	Accounts Payable	Outstanding	Check	-193.50
10/13/2016		<u>50086</u>	NAPA AUTO - LAKE PARTS	Accounts Payable	Outstanding	Check	-1,762.44
10/13/2016		<u>50087</u>	NATHAN DEHART	Accounts Payable	Outstanding	Check	-150.00
10/13/2016		<u>50088</u>	OLIVIA GRUPP	Accounts Payable	Outstanding	Check	-4,132.00
10/13/2016		<u>50089</u>	PACE SUPPLY #03391-00	Accounts Payable	Outstanding	Check	-1,149.95
10/13/2016		<u>50090</u>	PAUL R. CURREN	Accounts Payable	Outstanding	Check	-12,910.00
10/13/2016		<u>50091</u>	PG&E VO248104	Accounts Payable	Outstanding	Check	-62,791.09
10/13/2016		<u>50092</u>	POLESTAR COMPUTERS	Accounts Payable	Outstanding	Check	-1,690.00
10/13/2016		<u>50093</u>	R.E.M.I.F.	Accounts Payable	Outstanding	Check	-127.84
10/13/2016		<u>50094</u>	RAINBOW AGRICULTURAL SERVICES	Accounts Payable	Outstanding	Check	-77.88
10/13/2016		<u>50095</u>	RB PEST CONTROL	Accounts Payable	Outstanding	Check	-140.00
10/13/2016		<u>50096</u>	RICOH, USA	Accounts Payable	Outstanding	Check	-975.12
10/13/2016		<u>50097</u>	ROGER WHEELER LANDSCAPING	Accounts Payable	Outstanding	Check	-250.00
10/13/2016		<u>50098</u>	SAFETY-KLEEN CORPORATION	Accounts Payable	Outstanding	Check	-240.06
10/13/2016		<u>50099</u>	SHN CONSULTING ENGINEERS & GEO	Accounts Payable	Outstanding	Check	-1,408.75
10/13/2016		<u>50100</u>	SIERRA CHEMICAL COMPANY	Accounts Payable	Outstanding	Check	-4,396.34
10/13/2016		<u>50101</u>	SONOMA MEDIA INVESTMENTS, LLC.	Accounts Payable	Outstanding	Check	-1,652.80
10/13/2016		<u>50102</u>	STAPLES CREDIT PLAN	Accounts Payable	Outstanding	Check	-799.61
10/13/2016		<u>50103</u>	STEVE TORRIGINO	Accounts Payable	Outstanding	Check	-545.00
10/13/2016		<u>50104</u>	THE SHOE BOX	Accounts Payable	Outstanding	Check	-200.00
10/13/2016		<u>50105</u>	THE WORKS INC/MLS - LSQ FUNDING GROUP	Accounts Payable	Outstanding	Check	-21,607.33
10/13/2016		<u>50106</u>	TOTAL COMPENSATION SYSTEMS	Accounts Payable	Outstanding	Check	-1,800.00
10/13/2016		<u>50107</u>	TRI-CITIES ANSWERING SERVICE	Accounts Payable	Outstanding	Check	-181.00
10/13/2016		<u>50108</u>	TYLER TECHNOLOGIES, INC.	Accounts Payable	Outstanding	Check	-40.10

**Bank Transaction Report**

Issued Date Range: 09/29/2016 - 10/13/2016 Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
10/13/2016		<u>50109</u>	USA BLUE BOOK	Accounts Payable	Outstanding	Check	-948.06
10/13/2016		<u>50110</u>	VERIZON WIRELESS	Accounts Payable	Outstanding	Check	-391.65
10/13/2016		<u>50111</u>	WESTGATE PETROLEUM CO., INC.	Accounts Payable	Outstanding	Check	-1,660.85
10/13/2016		<u>50112</u>	WILLDAN FINANCIAL SERVICES	Accounts Payable	Outstanding	Check	-1,819.33
10/13/2016		<u>50113</u>	XYLEM WATER SOLUTIONS U.S.A., INC.	Accounts Payable	Outstanding	Check	-3,663.32
<b>Bank Account 15-0352000798 Total: (84)</b>							<b>-755,059.50</b>
<b>Report Total: (84)</b>							<b>-755,059.50</b>

**Summary**

Bank Account	Count	Amount
<u>15-0352000798 POOLED CASH BANK</u>	84	-755,059.50
<b>Report Total:</b>	<b>84</b>	<b>-755,059.50</b>

Cash Account	Count	Amount
<u>**No Cash Account**</u>	1	0.00
<u>998 998-0000-101000 POOLED CASH - WEST AMERICA</u>	83	-755,059.50
<b>Report Total:</b>	<b>84</b>	<b>-755,059.50</b>

Transaction Type	Count	Amount
Bank Draft	8	-15,608.92
Check	75	-740,075.58
Check Reversal	1	625.00
<b>Report Total:</b>	<b>84</b>	<b>-755,059.50</b>



225 Park Street  
Lakeport, CA 95453

# CITY OF LAKEPORT

RECEIVED

SEP 28 2016  
Phone: (707) 263-5615, Ext. 12  
Fax: (707) 263-8584  
CITY OF LAKEPORT

OFFICE OF CITY CLERK

## APPLICATION FOR USE OF PUBLIC AREAS

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

This section to be completed by City:

Application Received (Date): 9/28/2016	Application No. 2016-027
<input type="checkbox"/> \$15.00 Application Fee Paid	For Council Meeting of (Date): 10/18/2016

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

Applicant Name: Panette Talia		Organization Name: Lakeport Main Street Association	
Address: 225 Park St., Lakeport, Ca 95453		Address: 225 Park st., Lakeport, CA 95453	
Home Phone: 707-263-8843	Work Phone: 707-263-8843	Mobile Phone: 408-761-1639	
Email Address: info@lakeportmainstreet.com			
Other Contact: Barbara Breunig		Phone for Other Contact: 707-263-9000 x 101	
Organization is: <input checked="" type="checkbox"/> Nonprofit Organization <input type="checkbox"/> For Profit Organization			

Name of Event: Dickens' Faire
Description of Event: This will be a street faire with arts, crafts and food made available for sale. Around 5 pm we will sing carols and light the city Christmas tree in front of Museum park.

Specific Location of Event (Map Must be Attached):

Does this use involve public right of way, streets, or sidewalk?  Yes  No If yes, please indicate specific location:

If requesting closure of streets, sidewalk, etc., please describe notification procedure for affected businesses and/or residences:

We will notify in writing, all businesses on Main Street affected between First and Fourth Streets.

Date(s) of Event: November 26, 2016	Total Number of Days: one	Set Up Time: 6 AM
		Time of Event: 11 AM - 6 PM
		Tear Down Time: 6 PM - 8 PM

Specify anticipated number of people (both participants and the public): 500-700

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

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

<b>Insurance Information:</b> Specify Insurance Company: Travers Insurance Company/Lincoln Leavitt Insurance Agency Policy Number: 6603976M66012 Expiration Date: 5/31/17 Limits of Coverage: 1,000,000/10,000 <b>INSURANCE CERTIFICATE REQUIRED</b> Note: The insurance certificate provided to the City by your organization's insurance company must name the City of Lakeport as an additional insured for the event specified in this application and must include a copy of any endorsements. The minimum coverage amount required is \$2,000,000. The certificate and endorsements must also be in a form acceptable to risk management and available for review 15 working days prior to the scheduled event.
---

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

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

**HOLD HARMLESS AGREEMENT**

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

Prudence Lalea  
**Signature of Applicant**  
Responsible Official of Applicant Organization

Dated: 9/28/16

**STAFF RESPONSE**

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

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

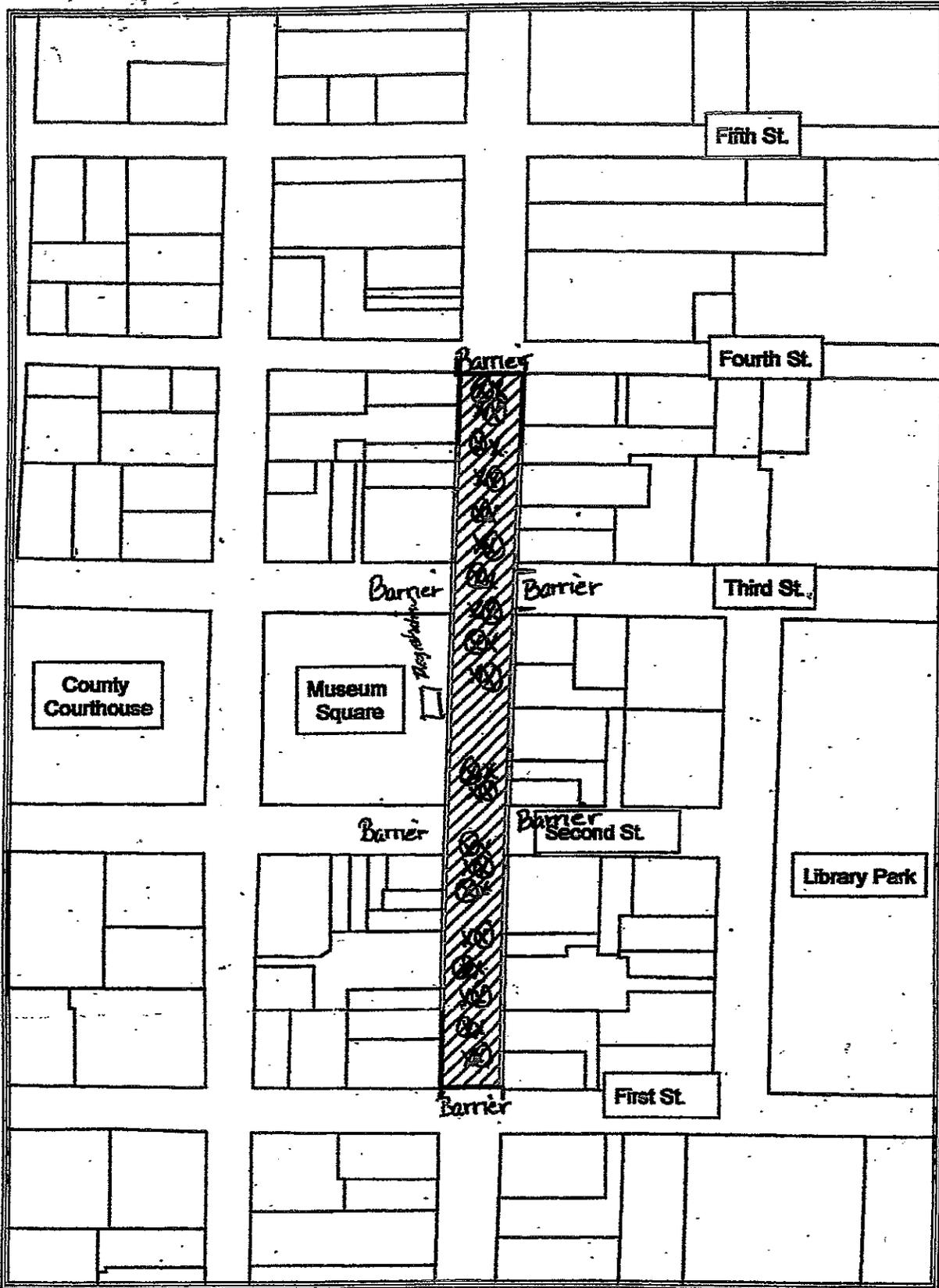
*This section to be completed by City Clerk following Council meeting:*

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

Attachments (specify):

Dickens' Faire  
November 26, 2011  
11 am - 6 pm

 Event Location  
(N. Main St. between First & Fourth Streets)



*Barriers to include "no alcohol beyond this point"*



This map was prepared for information purposes only. No liability is assumed for the accuracy of the data shown.

Approximately 40 booths  
Of arts, crafts, food and beverages



**CITY OF LAKEPORT**  
**POLICE DEPARTMENT**

**BRAD RASMUSSEN, CHIEF OF POLICE**

916 NORTH FORBES STREET  
LAKEPORT, CALIFORNIA 95453

TELEPHONE: (707) 263-5491  
FAX: (707) 263-3846  
E-MAIL: [info@lakeportpolice.org](mailto:info@lakeportpolice.org)

**SPECIAL EVENT**  
**Permit for Events (With Alcohol Sales)**

Applicant's Name: <i>Lakeport Main Street Association</i>			
Address: <i>225 Park St.</i> <i>Lakeport CA 95453</i>		Phone: <i>707</i> <i>263-8843</i>	
Number of people attending: <i>500+</i>		Type of Event: <i>Street Faire</i>	
Event Date: <i>11/26/16</i>	Event Time:	Start: <i>11 Am</i>	End: <i>6 PM</i>
Event Location: <i>Main Street between First &amp; Fourth Sts</i>			
Permit requested to allow alcohol be consumed at event requested?		Facility Requested:	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Library Park <input type="checkbox"/> Westside Park	
Signature of Applicant: <i>Parlette Latta</i>			

**PLEASE REVIEW THE BELOW RESTRICTIONS:**

1. Alcohol service must conform to the requirements of the Alcohol Beverage Control (ABC) and this policy.
2. No alcoholic beverages shall be sold to any obviously intoxicated person or to any person under the age of 21. (*Business and Professions Code 25602(a) and 25658(a)*)
3. All sellers/servicer shall check the identification of any purchaser of alcohol suspected of being under the age of 25. Official photo IDs are acceptable forms.
4. Sales/service of alcohol shall cease  thirty (30) minutes or  one (1) hour prior to the scheduled conclusion of the event (Law enforcement checks the box).
5. Consumption of alcoholic beverages shall be allowed only within the designated area of the event venue.
6. Purchases of alcoholic beverages shall be limited to two (2) per customer per transaction.
7. There should be no consumption of alcoholic beverages by any person working within the alcoholic beverages dispensing/sales booth at any time during or within four (4) hours prior to the shift.
8. All individuals involved in the dispensing, sales or service of alcoholic beverages shall be required to read and acknowledge these conditions.



**CITY OF LAKEPORT**  
**POLICE DEPARTMENT**

**BRAD RASMUSSEN, CHIEF OF POLICE**

916 NORTH FORBES STREET  
LAKEPORT, CALIFORNIA 95453

TELEPHONE: (707) 263-5491  
FAX: (707) 263-3846  
E-MAIL: [info@lakeportpolice.org](mailto:info@lakeportpolice.org)

9. These conditions will be posted in a conspicuous place clearly visible to the public and available upon request of any peace officer.
10. For the purpose of restricting underage access to alcohol if one of the following conditions is checked the event must adhere to the additional condition(s). (Law enforcement checks the below listed boxes)
- ID check at the door and wristbands for checked attendees.
  - ID check at bar every time a drink is purchased.
  - Separate area for consumption with an ID check at entrance.
  - No one under 21 is allowed at the event.
  - Other:
  - No further conditions.
11. Failure to abide by these conditions may result in the immediate closure of the involved alcohol service booth and/or forfeiture of eligibility to serve the alcohol at future special events in the City of Lakeport. Ineligibility may apply to the individual or the organization.

THESE CONDITIONS ARE TO BE REVIEWED AND ACCEPTED BY THE EVENT OPERATOR/ REPRESENTATIVE AT THE TIME OF THE PERMIT PROCESS. IT IS THE EVENT OPERATOR'S RESPONSIBILITY TO ENSURE EACH SELLER/SERVER BE AWARE OF AND UNDERSTAND THE LISTED CONDITIONS PRIOR TO WORKING THE EVENT.

**A PERMIT FOR ALCOHOLIC BEVERAGES CAN BE REVOKED AT ANY TIME BY THE LAKEPORT POLICE DEPARTMENT IF IT IS DETERMINED THAT THE EVENT POSES A THREAT TO PUBLIC SAFETY, OR INJURY OR DAMAGE TO CITY PROPERTY, PRIVATE PROPERTY, OR ANY PERSON AT THE EVENT**

The above permit with noted restrictions is approved

Alcohol permit request:

- Approved
- Not approved

---

Lakeport Police Department Representative

Date

### DAILY LICENSE APPLICATION/AUTHORIZATION - Non Transferable

*Instructions: Complete all items. Submit to local ABC District Office with required fee (Cashier's Check or Money Order) payable to ABC. Once license is issued, fee cannot be refunded. For a listing of ABC District Offices please visit <http://www.abc.ca.gov/distmap.html>  
Pursuant to the authority granted by the organization named below, the undersigned hereby applies for the license(s) described below.*

LICENSE NUMBER	GEO CODE
RECEIPT NUMBER	
FEE <b>\$ 25.00</b>	

1. ORGANIZATION'S NAME <b>Lakeport Main Street Association</b>	CONDITIONS REQUIRED <input type="checkbox"/> Yes <input type="checkbox"/> No	DIAGRAM REQUIRED <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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2. LICENSE TYPE (Check appropriate license type AND organization type)

a.  **Daily General (\$25.00)** (Includes beer, wine and distilled spirits)

<input type="checkbox"/> Political Party/Affiliate Supporting Candidate for Public Office or Ballot Measure	<input type="checkbox"/> Fraternal Organization in Existence Over Five Years with Regular Membership
<input checked="" type="checkbox"/> Organization Formed for Specific Charitable or Civic Purpose	<input type="checkbox"/> Religious Organization
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Vessel per Section 24045.10 B&P (\$50.00)

NUMBER OF DISPENSING POINTS  
**1**

b.  **Special Daily Beer (\$25.00)**       **Special Daily Beer & Wine (\$50.00)**       **Special Daily Wine (\$25.00)**

<input type="checkbox"/> Charitable	<input type="checkbox"/> Fraternal	<input type="checkbox"/> Social	<input type="checkbox"/> Political	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Civic	<input type="checkbox"/> Religious	<input type="checkbox"/> Cultural	<input type="checkbox"/> Amateur Sports Organization	

NUMBER OF DISPENSING POINTS

c.  **Special Temporary License (\$100.00)** (Different privileges depending on statute)

<input type="checkbox"/> Television Station per Section 24045.2 or 24045.9 B&P	<input type="checkbox"/> Person conducting Estate Wine Sale per Section 24045.8 B&P
<input type="checkbox"/> Nonprofit Corporation per Sections 24045.4 and 24045.6 B&P	<input type="checkbox"/> Women's Educational and Charitable Organization per Section 24045.3 B&P

**Other Special Temporary Licenses, per Section** \_\_\_\_\_

License number \_\_\_\_\_ Amount \$ \_\_\_\_\_

3. EVENT TYPE

<input type="checkbox"/> Dinner	<input type="checkbox"/> Dance	<input type="checkbox"/> Wedding	<input type="checkbox"/> Lunch	<input type="checkbox"/> Picnic	<input type="checkbox"/> Barbeque	<input type="checkbox"/> Social Gathering	<input checked="" type="checkbox"/> Festival
<input type="checkbox"/> Sports Event	<input type="checkbox"/> Concert	<input type="checkbox"/> Birthday	<input type="checkbox"/> Mixer	<input type="checkbox"/> Carnival	<input type="checkbox"/> Dinner Dance	<input type="checkbox"/> Other: _____	

4. TOTAL # OF DAYS <b>One (1)</b>	5. ESTIMATED ATTENDANCE <b>500</b>	6. HOURS OF ALCOHOLIC BEVERAGE SALES, SERVICE AND/OR CONSUMPTION From <b>11:00 AM</b> To <b>6 PM</b>
--------------------------------------	---------------------------------------	---

7. EVENT DATE(S) <b>November 26, 2016</b>	8. EVENT IS OPEN TO THE PUBLIC <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
--	---

9. EVENT LOCATION (Give facility name, if any, street number and name, and city)  
**Main Street, between First and Fourth Streets, downtown Lakeport, CA**

10. LOCATION IS WITHIN THE CITY LIMITS <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	11. TYPE OF ENTERTAINMENT <b>Street fair</b>	12. SECURITY GUARDS <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how many? _____
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13. AUTHORIZED REPRESENTATIVE'S NAME <b>Panette Talia</b>	14. REPRESENTATIVE'S TELEPHONE NUMBER <b>707-263-8843</b>
--	--

15. REPRESENTATIVE'S ADDRESS  
**225 Park Street, Lakeport, CA 95453**

16. ORGANIZATION'S MAILING ADDRESS (If different from #15 above)  
**PO Box 1032, Lakeport, CA 95453**

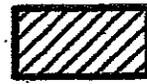
17. AUTHORIZED REPRESENTATIVE'S SIGNATURE 	18. DATE SIGNED <b>9-28-16</b>
--	-----------------------------------

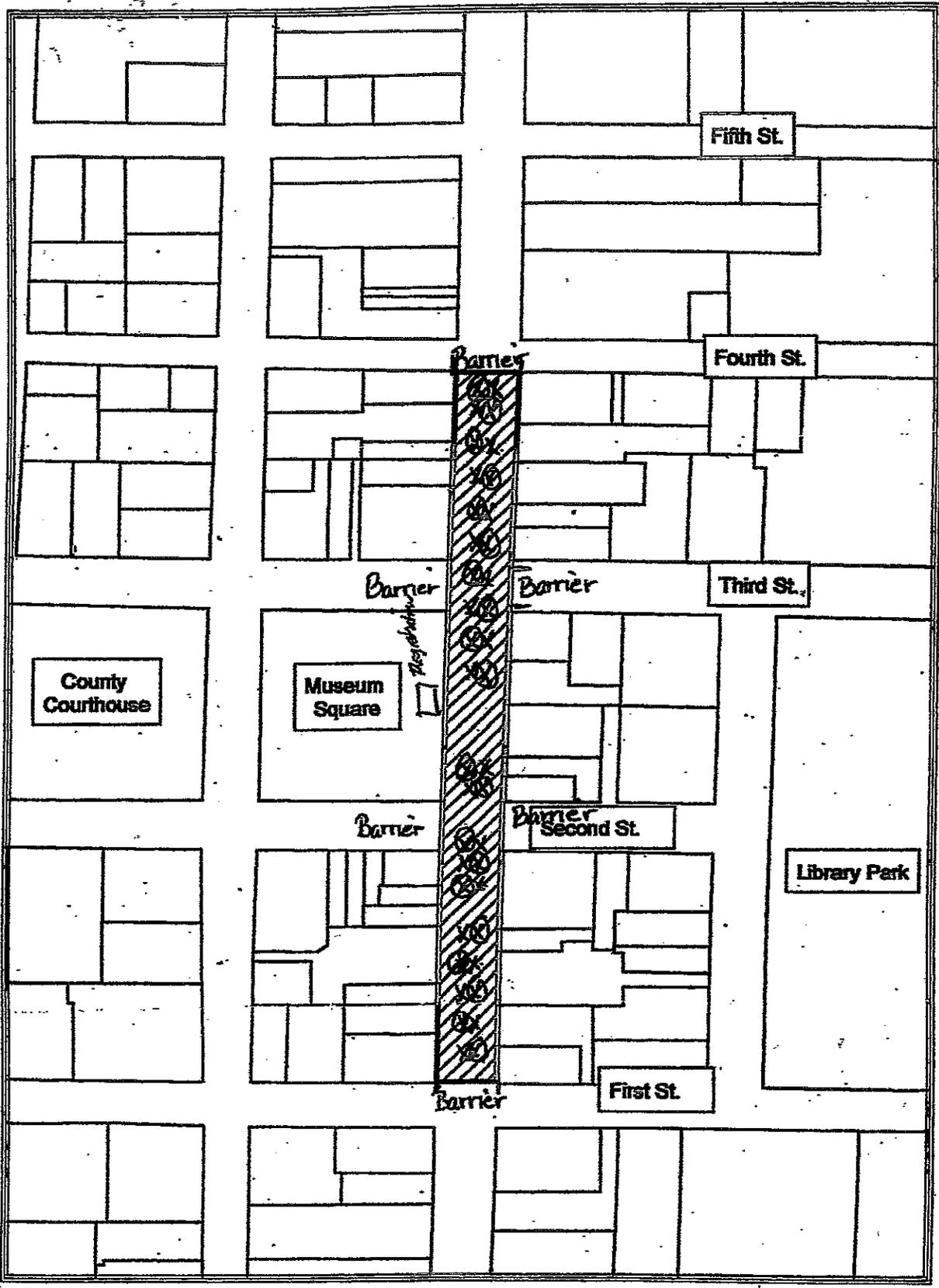
PROPERTY OWNER APPROVAL BY (Name), REQUIRED	PHONE NUMBER	PROPERTY OWNER SIGNATURE	DATE SIGNED
LAW ENFORCEMENT APPROVAL BY (Name), IF APPLICABLE	PHONE NUMBER	LAW ENFORCEMENT SIGNATURE	DATE SIGNED
DISTRICT OFFICE APPROVAL BY (Name)		ABC EMPLOYEE SIGNATURE	ISSUANCE DATE

The above-named organization is hereby licensed, pursuant to the California Business and Professions Code Division 9 and California Code of Regulations, to engage in the temporary sale of alcoholic beverages for consumption at the above named location for the period authorized above. This license does not include off-sale ("to-go") privileges.

**This license may be revoked summarily by the Department if, in the opinion of the Department and/or the local law enforcement agency, it is necessary to protect the safety, welfare, health, peace and morals of the people of the State.**

Dickens' Faire  
 November 26, 2016  
 11 am – 6 pm

 Event Location  
 (N. Main St. between First & Fourth Streets)



*Barriers to include "no alcohol beyond this point"*



This map was prepared for information purposes only. No liability is assumed for the accuracy of the data shown.

Approximately 40 booths  
 Of arts, crafts, food and beverages



**Public Services Department**

333 Second Street  
Lakeport, CA 95453  
Telephone (707)262-1618  
Fax (707)262-0973

**Caroline C. Chavez**  
Director

**Jeff Rein**  
Deputy Director

PLEASE COMPLETE A MINIMUM OF 30 DAYS IN ADVANCE

**COUNTY OF LAKE PROPERTY USAGE APPLICATION**

For those individuals and organizations desiring to use facilities for a certain event, the PUBLIC SERVICES DEPARTMENT requests the following:

1 Name of Applicant/Organization: Lakeport Main Street Association

2 Applicant's Address: 225 Park St., Lakeport, CA 95453  
PO Box 1032, Lakeport, CA 95453

3 Applicant's Phone Number: 707-263-8843

4 Name and Title of Individual representing the Applicant: Panette Talia  
Executive Director

5 Address and Phone Number of Representative: Same

6 Email address: lakeportmainst@gmail.com

7 Park Requested: Museum Park- Middle Section close to Main Street

8 Area Desired: (Please be specific: i.e. list specific areas such as baseball fields, b.b.q. pits, etc.?) If a parade or race, itc. Please list all streets to be covered. Use reverse side of this application, if needed.  
We would like to light the city Christmas tree that will be located in Museum Park.

9 Date(s) of Event: 11/26/16

10 Time(s) desired: (From what time to what time?) 11 am to 6 pm

11 Please provide a complete explanation of the event, including exactly what will be happening. Use reverse side of this application, if needed.  
This event is free to the public. We will have booths along Main Street between First and Fourth Street where vendors can sell their arts and crafts or food. Around 5 PM we plan to sing Christmas Carols and light the city Christmas Tree.

12 Will food and/or soft drinks be sold? Served free? Please describe: yes  
Vendor will have booths to sell arts & crafts and food

13 Will alcohol be sold? Served free? Please Describe: yes same as #12

14 Will you be charging admission or an entry fee to the event? No

15 Are you a non-profit organization? Yes

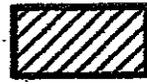
16 How many people do you anticipate will be involved in the event?  
Participants: 500-1000 Observers: \_\_\_\_\_

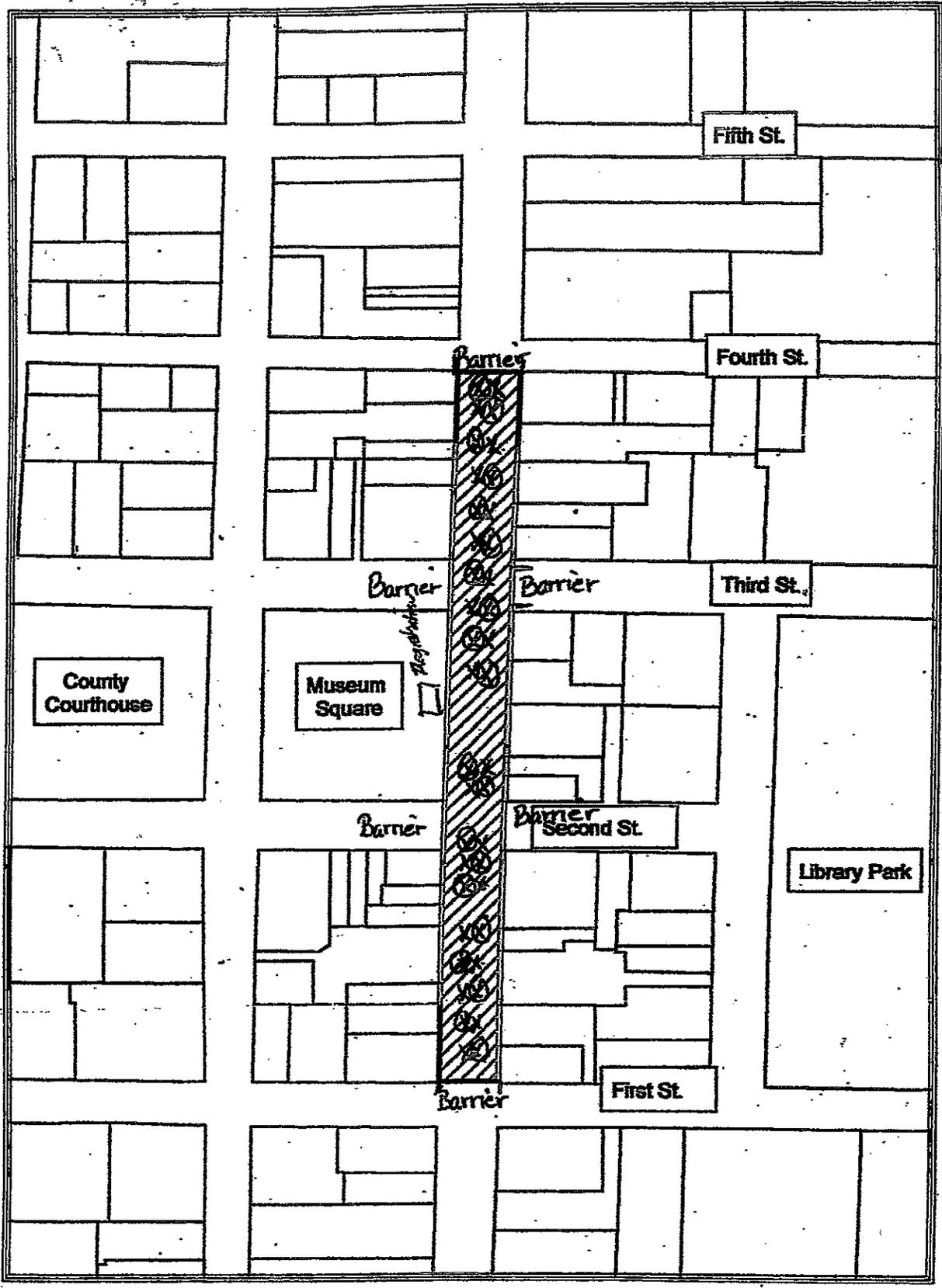
17 Please provide a complete, legible MAP of any event such as a parade, race, walk-a-thon, bicycle event, "enduro", etc. and attached (8.5x11 minimum).

SIGNED: Panette Talia DATE: 9/28/16

\*All required documentstation must be completed and received in our office no later than 10 days prior to event to hold a pending reservation and allow review and approval time.

Dickens' Faire  
 November 26, 2011  
 11 am – 6 pm

 Event Location  
 (N. Main St. between First & Fourth Streets)



*Barriers to include "no alcohol beyond this point"*



This map was prepared for information purposes only. No liability is assumed for the accuracy of the data shown.

Approximately 40 booths  
 Of arts, crafts, food and beverages

**From:** [Lori Price](#)  
**To:** [Hilary Britton](#)  
**Subject:** RE: Application 2016-027 - Dickens Faire (LMSA)  
**Date:** Thursday, September 29, 2016 8:23:16 AM  
**Attachments:** [image002.png](#)

---

Good morning Hilary,

Thank you for the opportunity to review the above subject application. I have reviewed this application and it does not appear that it will impact County maintained roads in any way. Public Works has not comments or conditions to add to this application.

Thank you again,

Lori Price  
Secretary III  
Lake County Department of Public Works  
255 N. Forbes Street, Rm 309  
Lakeport, CA 95453  
(707) 263-2341  
[lorip@co.lake.ca.us](mailto:lorip@co.lake.ca.us)

---

**From:** Hilary Britton [mailto:[hbritton@cityoflakeport.com](mailto:hbritton@cityoflakeport.com)]  
**Sent:** Thursday, September 29, 2016 8:18 AM  
**To:** Dean Eichelmann; Cheryl Bennett; Cynthia Ader; Daniel Chance; Doug Grider; Executive Management; Gary Basor; Jason Ferguson; Jim Kennedy; Linda Sobieraj; Lori Price; Mark Wall ([mwaconsulting@comcast.net](mailto:mwaconsulting@comcast.net)); Matt Hartzog; Mike Sobieraj; Pheakdey Preciado; Rebekah Dolby; Ron Ladd; Tina Rubin  
**Subject:** Application 2016-027 - Dickens Faire (LMSA)

Hi all,

Please find attached application 2016-027 for the LMSA's Dickens' Faire for your review and comments.

We would like to submit this for Council approval at the 10/18/2016 meeting, so please have your comments back to me by 10/10/2016.

As always, thank you for your input and comments.

Hilary Britton  
Deputy City Clerk  
City of Lakeport  
225 Park Street  
Lakeport, CA 95453  
(707) 263-5615 x12  
[hbritton@cityoflakeport.com](mailto:hbritton@cityoflakeport.com)

**From:** [jferguson@lakeportpolice.org](mailto:jferguson@lakeportpolice.org)  
**To:** [Hilary Britton](#)  
**Subject:** Re: Application 2016-027 - Dickens Faire (LMSA)  
**Date:** Tuesday, October 11, 2016 10:01:24 AM  
**Attachments:** [image002.png](#)

---

o pol e on erns.  
A true hero is not defined simply by the uniform he or she is wearing but rather the person who's wearing it!

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

**From:** Hilary Britton [mailto:[hbritton@cityoflakeport.com](mailto:hbritton@cityoflakeport.com)]  
**Sent:** Thursday, September 29, 2016 08:18 AM  
**To:** Amanda Frazell ([Dean.Eichelmann@lakecountyca.gov](mailto:Dean.Eichelmann@lakecountyca.gov)), Cheryl Bennett ([cheryl.bennett@lakecountyca.gov](mailto:cheryl.bennett@lakecountyca.gov)), 'Cynthia Ader', 'Daniel Chance', 'Doug Grider', 'Executive Management', 'Gary Basor', 'Jason Ferguson', 'Jim Kennedy', 'Linda Sobieraj', Lori Price ([lorip@co.lake.ca.us](mailto:lorip@co.lake.ca.us)), Mark Wall ([mwaconsulting@comcast.net](mailto:mwaconsulting@comcast.net)), 'Matt Hartzog', 'Mike Sobieraj', Pheakdey Preciado ([pheakdey.preciado@lakecountyca.gov](mailto:pheakdey.preciado@lakecountyca.gov)), 'Rebekah Dolby', 'Ron Ladd', Tina Rubin ([Tina.Rubin@lakecountyca.gov](mailto:Tina.Rubin@lakecountyca.gov))  
**Subject:** Application 2016-027 - Dickens Faire (LMSA)

Hi all,

Please find attached application 2016-027 for the LMSA's Dickens? Faire for your review and comments.

We would like to submit this for Council approval at the 10/18/2016 meeting, so please have your comments back to me by 10/10/2016.

As always, thank you for your input and comments.

Hilary Britton  
Deputy City Clerk  
City of Lakeport  
225 Park Street  
Lakeport, CA 95453  
(707) 263-5615 x12  
[hbritton@cityoflakeport.com](mailto:hbritton@cityoflakeport.com)



This email checked with McAfee SaaS.



225 Park Street  
Lakeport, CA 95453

# CITY OF LAKEPORT

RECEIVED

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

CITY OF LAKEPORT  
OFFICE OF CITY CLERK

## APPLICATION FOR USE OF PUBLIC AREAS

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

This section to be completed by City:

Application Received (Date): 10/11/16	Application No. 2016-028
<input checked="" type="checkbox"/> \$15.00 Application Fee Paid 38136	For Council Meeting of (Date): 10/18/2016

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

Applicant Name: Derina Lucas	Organization Name: FreshWinds Church	
Address: 861 20th Street Lakeport CA 95453	Address: 875 N. High St Lakeport CA 95453	
Home Phone:	Work Phone:	Mobile Phone: 707-245-6910
Email Address: derina.lucas@hotmail.com		
Other Contact: Mathew Lucas	Phone for Other Contact: 707-245-8113	
Organization is: <input type="checkbox"/> Nonprofit Organization <input type="checkbox"/> For Profit Organization		

Name of Event: Harvest Revelation		
Description of Event: 5 booths, Dream Interpretation, Prophetic Art, Facepainting, Balloon Animals, Spiritual Readings and passing out Candy		
Specific Location of Event (Map Must be Attached): corner of 20th St and Mella		
Does this use involve public right of way, streets, or sidewalk? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please indicate specific location:		
If requesting closure of streets, sidewalk, etc., please describe notification procedure for affected businesses and/or residences: Notice notes to each house a few days before the Event		
Date(s) of Event: October 31, 2016	Total Number of Days: 1	Set Up Time: 3:45pm Time of Event: 5:00-8:45pm Tear Down Time: 9:00ishpm

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

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

- Requirements:
- Electricity (cannot be guaranteed by City) *from my house*
  - Barricades *From city*
  - Street/Sidewalk Closures *see attached map*
  - No irrigation in park prior to event
  - Other (please specify):

Coordination of these requirements must be made through the Public Works Department: (707) 263-0751

- Specific City Staff Needs:
- Police
  - Public Works
  - Parks
  - Other (please specify):

The City reserves the right to bill applicant for related City costs.

Insurance Information:

Specify Insurance Company:

Policy Number:

Expiration Date:

Limits of Coverage:

### INSURANCE CERTIFICATE REQUIRED

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

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

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

### HOLD HARMLESS AGREEMENT

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

Derina Lucas

Dated:

10/11/16

Signature of Applicant

Responsible Official of Applicant Organization

### STAFF RESPONSE

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

Staff Name:		Department:	
<input type="checkbox"/> No Fiscal Impact	<input type="checkbox"/> Fiscal Impact (Describe/Include Estimated Costs)	<input type="checkbox"/> Police <input type="checkbox"/> Public Works <input type="checkbox"/> Parks	<input type="checkbox"/> Other (please specify):

The following will be Required:

- Business License
- ABC License

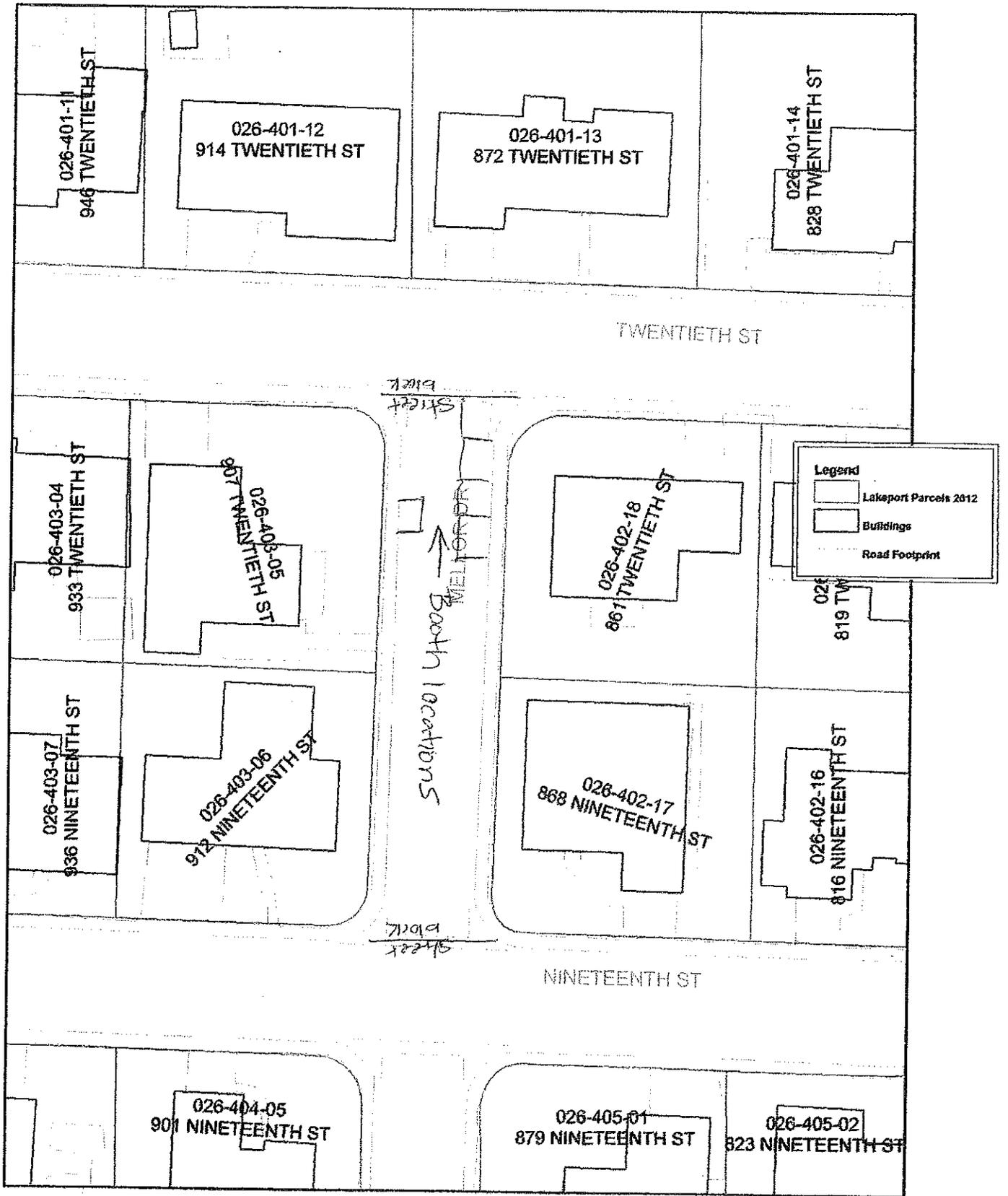
- Health Department Permit
- Other (Specify):

Staff Comments:

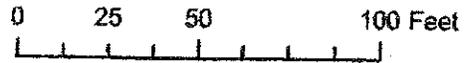
This section to be completed by City Clerk following Council meeting:

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

Attachments (specify):



Projected coordinate system name: NAD 1983 State Plane California II FIPS 0402 Feet  
 Geographic coordinate system name: GCS North American 1983



1 inch = 50 feet

This map was prepared for information purposes only. No liability is assumed for the accuracy of the data shown.



Map Prepared by City of Lakeport  
 Community Development Department

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

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

### HOLD HARMLESS AGREEMENT

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

Derina Lucas

Dated: 10/11/16

Signature of Applicant

Responsible Official of Applicant Organization

### STAFF RESPONSE

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

Staff Name:		Department:	
<input type="checkbox"/> No Fiscal Impact	<input type="checkbox"/> Fiscal Impact (Describe/Include Estimated Costs)	<input type="checkbox"/> Police <input type="checkbox"/> Public Works <input type="checkbox"/> Parks	<input type="checkbox"/> Other (please specify):
The following will be Required:		<input checked="" type="checkbox"/> Health Department Permit	
<input type="checkbox"/> Business License	<input type="checkbox"/> ABC License	<input type="checkbox"/> Other (Specify):	
Staff Comments:			
All food vendors must have a temporary health permit to sell or give away food at this event and must submit their application 7 days prior to the event. The event sponsor must submit their sponsor temporary health permit application 14 days prior to the event.			
Even if candy is being given away, a temporary Health permit will be required for the candy.			
 10/11/16			

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

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

Attachments (specify):

**From:** Hilary Britton  
**To:** ["jferguson@lakeportpolice.org"](mailto:jferguson@lakeportpolice.org)  
**Subject:** RE: Application 2016-028 - Harvest Revelation  
**Date:** Wednesday, October 12, 2016 12:54:00 PM  
**Attachments:** [image002.png](#)

---

Derina advised there will be no alcohol at the event.

Thanks.

Hilary Britton  
Deputy City Clerk  
City of Lakeport  
225 Park Street  
Lakeport, CA 95453  
(707) 263-5615 x12  
[hbritton@cityoflakeport.com](mailto:hbritton@cityoflakeport.com)



**From:** [jferguson@lakeportpolice.org](mailto:jferguson@lakeportpolice.org) [mailto:[jferguson@lakeportpolice.org](mailto:jferguson@lakeportpolice.org)]  
**Sent:** Wednesday, October 12, 2016 12:46 PM  
**To:** Hilary Britton <[hbritton@cityoflakeport.com](mailto:hbritton@cityoflakeport.com)>  
**Subject:** Re: Application 2016-028 - Harvest Revelation

Hillary,

The application does not specify if they intend on having alcohol present. I don't recall them having alcohol in the past and if not, there are no police concerns.

Lt.

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

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

**From:** Hilary Britton [<mailto:hbritton@cityoflakeport.com>]  
**Sent:** Tuesday, October 11, 2016 04:13 PM  
**To:** Amanda Frazell ([Dean.Fichelmann@lakecountyca.gov](mailto:Dean.Fichelmann@lakecountyca.gov)), Cheryl Bennett ([cheryl.bennett@lakecountyca.gov](mailto:cheryl.bennett@lakecountyca.gov)), 'Cynthia Ader', 'Daniel Chance', 'Doug Grider', 'Executive Management', 'Gary Basor', 'Jason Ferguson', 'Jim Kennedy', 'Linda Sobieraj', Lori Price ([lorip@co.lake.ca.us](mailto:lorip@co.lake.ca.us)),

Mark Wall ([mwaconsulting@comcast.net](mailto:mwaconsulting@comcast.net)), 'Matt Hartzog', 'Mike Sobieraj',  
Pheakdey Preciado ([pheakdey.preciado@lakecountyca.gov](mailto:pheakdey.preciado@lakecountyca.gov)), 'Rebekah Dolby', 'Ron Ladd',  
Tina Rubin ([Tina.Rubin@lakecountyca.gov](mailto:Tina.Rubin@lakecountyca.gov))

**Subject:** Application 2016-028 - Harvest Revelation

Hi All,

Please find attached application 2016-028 for the annual Harvest Revelation block party to be held October 31, 2016, for your review.

We would like to submit this for Council approval at the October 18, 2016 meeting, so please have your comment back to me by 10/13/2016.

Thank you, as always, for your comments and input.

Hilary Britton  
Deputy City Clerk  
City of Lakeport  
225 Park Street  
Lakeport, CA 95453  
(707) 263-5615 x12  
[hbritton@cityoflakeport.com](mailto:hbritton@cityoflakeport.com)



This email checked with McAfee SaaS.

File With:

City Clerk's Office  
City of Lakeport  
City Hall  
225 Park Street  
Lakeport, CA 95453

# CLAIM FOR MONEY OR DAMAGES AGAINST THE CITY OF LAKEPORT

RESERVE FOR FILING STAMP

CLAIM NO. 2016-004

RECEIVED

SEP 12 2016

CITY OF LAKEPORT  
OFFICE OF CITY CLERK

A claim must be presented, as prescribed by the *Government Code* of the State of California, by the claimant or a person acting on his/her behalf and shall show the following:

If additional space is needed to provide your information, please attach sheets, identifying the paragraph(s) being answered.

1. Name and Post Office address of the Claimant:

Name of Claimant: Paul Sturtridge  
Post Office Address: 2939 Scotts Creek Rd  
Lakeport, CA 95453

2. Post Office address to which the person presenting the claim desires notices to be sent:

Name of Addressee: SAME Telephone: 707 263-5434  
Post Office Address:

3. The date, place and other circumstances of the occurrence or transaction which gave rise to the claim asserted.

Date of Occurrence: 9-1-16 Time of Occurrence: Around 10 Am

Location: 4th and Main St

Circumstances giving rise to this claim: While driving south on North main St, I must have clipped steel plate with my left rear tire. Punching a hole in the side wall of tire, AA By time I got to Martin St my dash tire light warning came on, by the time I got to Davis Tire it was almost flat. They could not repair puncture in side wall I had to order new tire.

4. General description of the indebtedness, obligation, injury, damage or loss incurred so far as it may be known at the time of the presentation of the claim.

Damage to sidewall of tire had to be replaced with New tire at a cost of \$190.47

5. The name or names of the public employee or employees causing the injury, damage, or loss, if known.

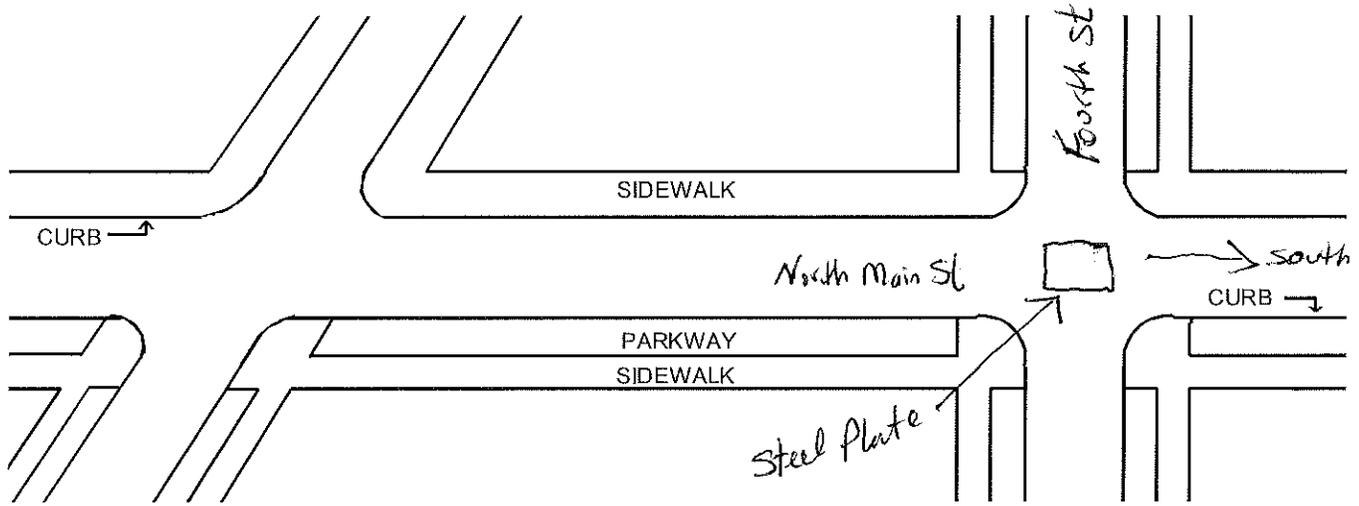
NONE

**READ CAREFULLY**

For all accident claims, place on following diagram name of streets, including North, East, South, and West; indicate place of accident by "X" and by showing house numbers or distances to street corners. If City/Agency Vehicle was involved, designate by letter "A" location of City/Agency Vehicle when you first saw it, and by "B" location of yourself or your vehicle when you first saw

City/Agency Vehicle; location of City/Agency vehicle at time of accident by "A-1" and location of yourself or your vehicle at the time of the accident by "B-1" and the point of impact by "X."

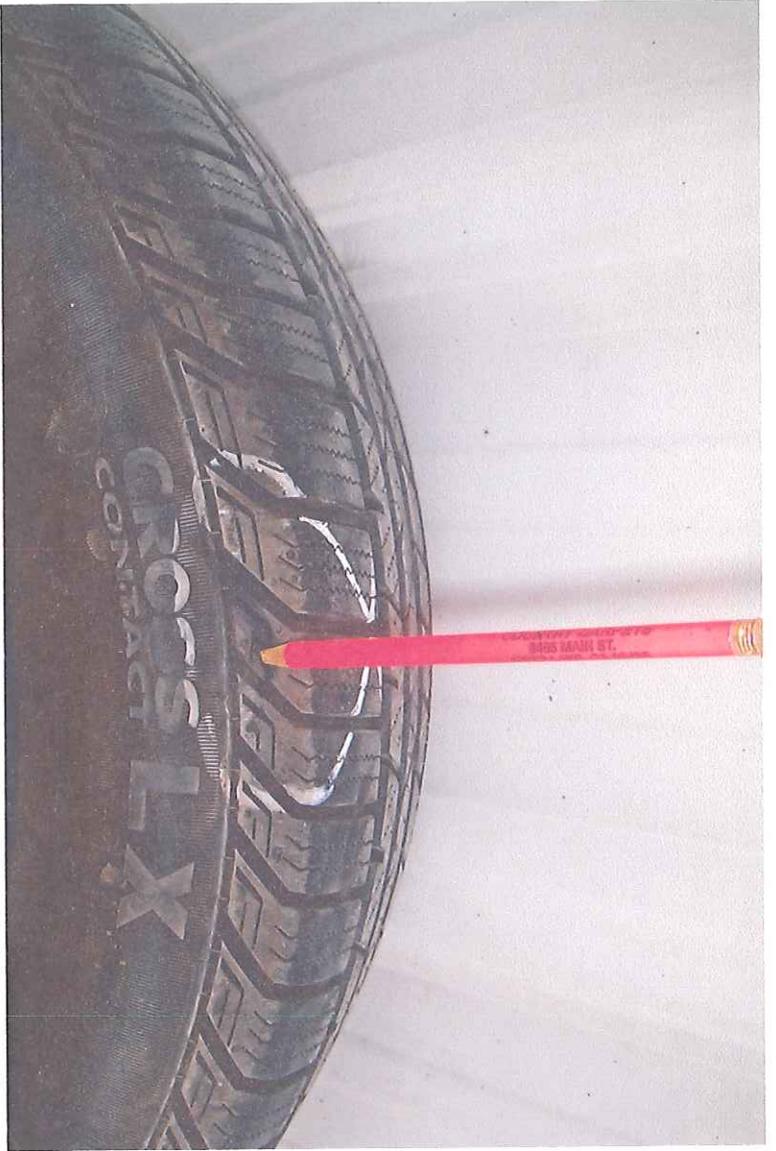
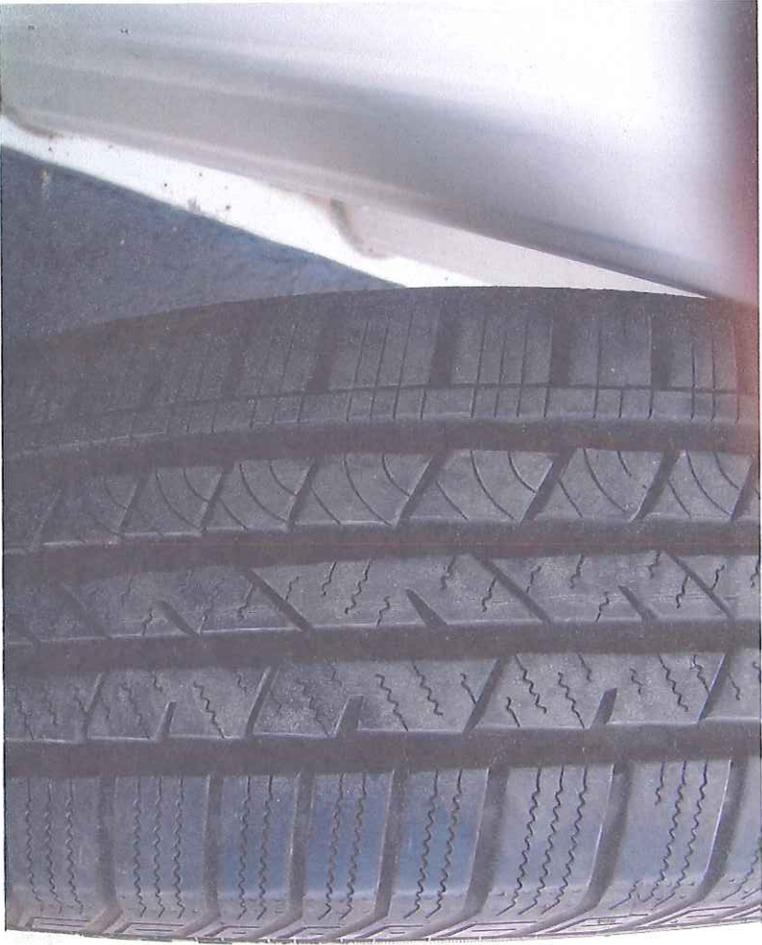
NOTE: If diagrams below do not fit the situation, attach hereto a proper diagram signed by claimant.



**Warning:** Presentation of a false claim is a felony (Penal Code §72). Pursuant to CCP §1038, the City/Agency may seek to recover all costs of defense in the event an action is filed which is later determined not to have been brought in good faith and with reasonable cause.

Signature: Paul Stutgen

Date: 9-8-16



New CRV-Honda 2016  
Mileage 3861

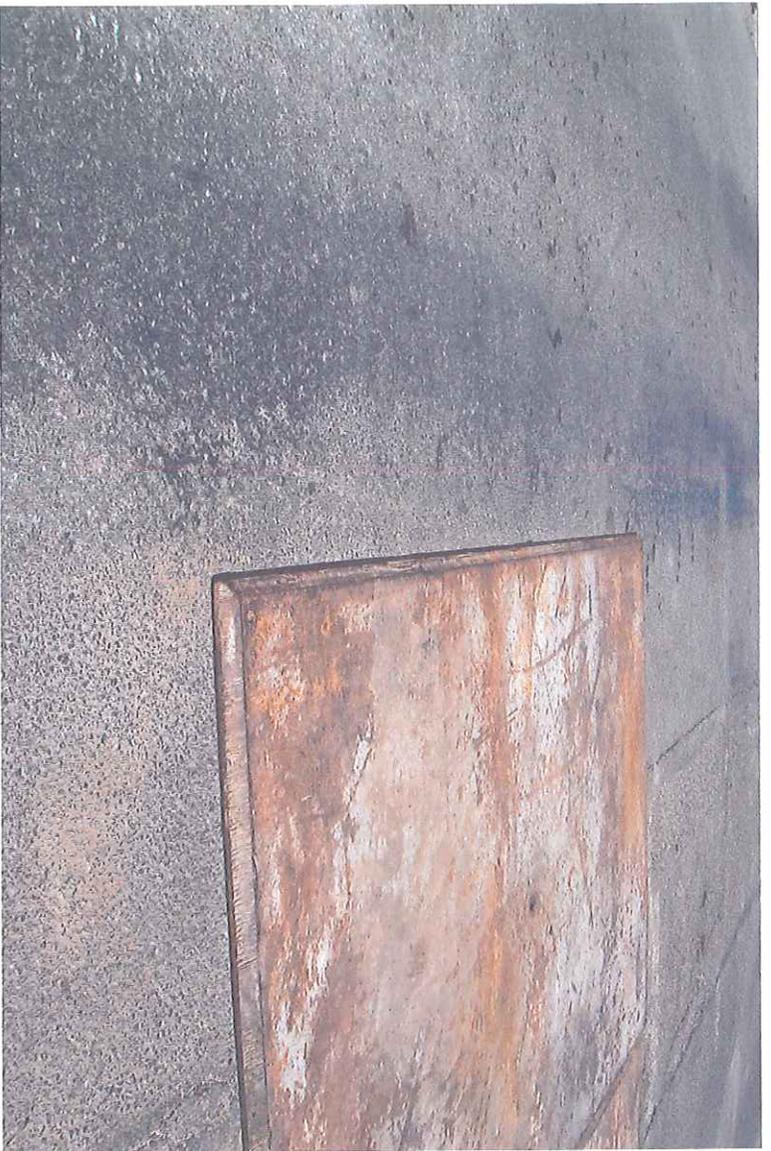


Plate on 9-1-16

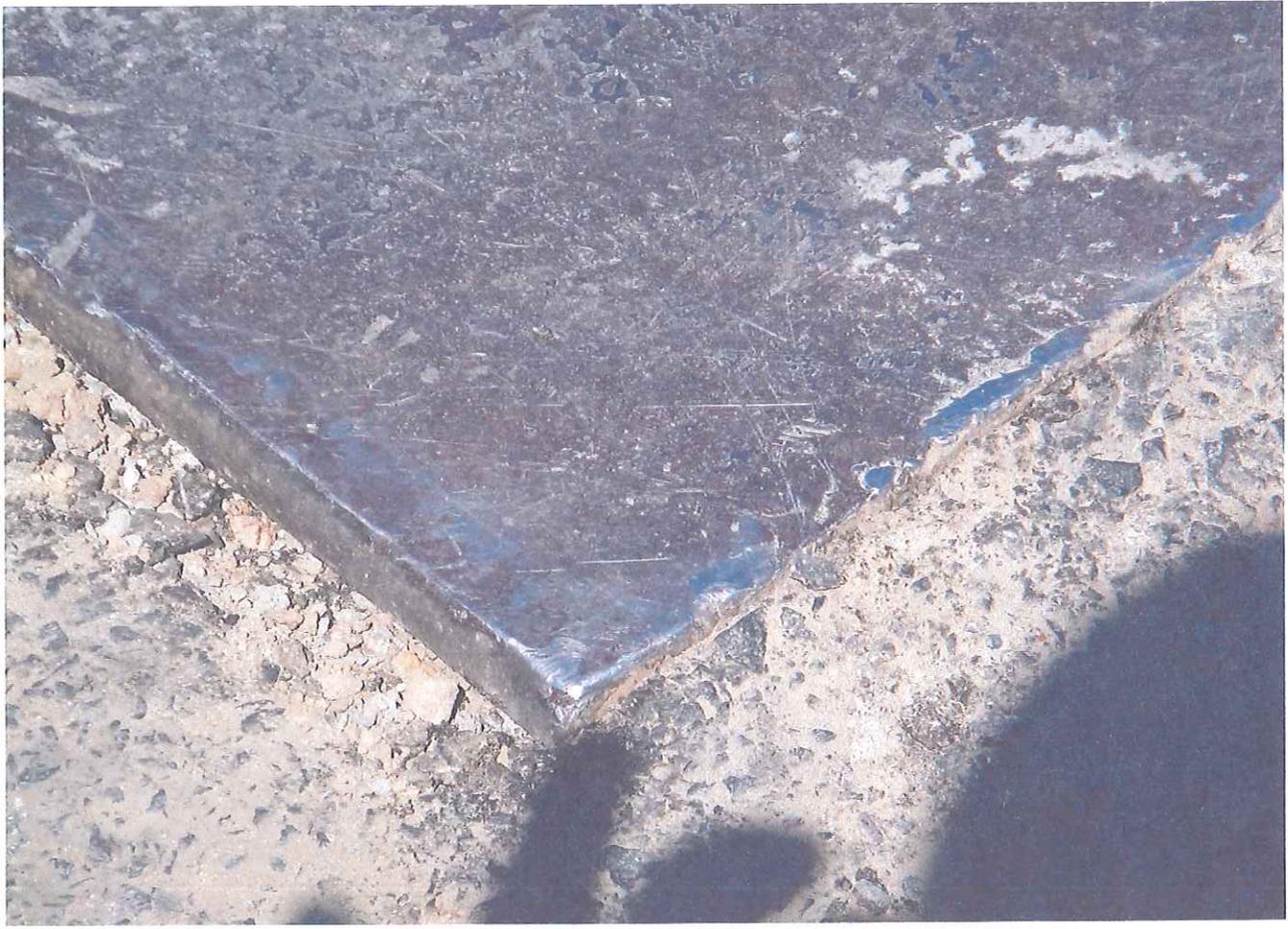
Fourth & Main St



Plate on 9-2-16

Fourth & Main  
after talking to city inspector

other steel plates on Mainst project Exposed Sharp Edges



# Davis Tire & Auto Repair

2101 South Main Street  
 Lakeport, CA 95453  
 Phone: (707) 263-0277 Fax: (707) 263-1417  
 BAR #ARD-98866 EPA #CAL000351541

Customer Copy

Invoice #285889

Estimated  
Time Due

Paul & Debbie Sturtridge  
 2939 Scotts Creek Rd  
 Lakeport CA 95453

Friday, September 02, 2016  
1:32:53 PM  
 Ordered on  
 Thursday, September 01, 2016

Workorder # 186529

MAKE & MODEL		FLEET NO.	PHONE	REP	CSH	PO #	TERMS			
2016 HONDA CR-V SE			707-263-5434	Ric Davis	5	TYLER	Cash			
LICENSE NO.	MILES IN/OUT	VIN	TORQUE	ENGINE SIZE	TRANSMISSION	COLOR	PRD DATE			
7SLN057	3861	2HKRM3H44GH525659			ECVT AUTOMATIC					
CATALOG	DESCRIPTION			QTY	PARTS	LABOR	DISC	FET	TOTAL	Code
15481550000	225/65R17 CONTI CROSS CONTACT LX			1	163.12				\$163.12	TK-5
DF	CAL WASTE TIRE TAX/FEE			1	1.80				\$1.80	
22TWBP	WHEEL BALANCE - SPIN			1		12.50			\$12.50	TK-5

AN INTEREST CHARGE OF 2.08 % WILL BE ADDED ON ANY UNPAID BALANCE AFTER THIRTY DAYS.  
 ACCOUNTS OVER 90 DAYS PAST DUE WILL BE REFERRED TO COLLECTIONS.

PAID BY	Parts	\$163.12	Taxable	\$163.12
Chk #16744 \$190.47	Labor	\$12.50	Non-Taxable	\$14.30
	Freight	\$0.00	Lakeport Tax 8%	\$13.05
	Other	\$1.80		
	FET	\$0.00		
	Supplies	\$0.00		
	<b>TOTAL</b>			\$190.47

*Parts & Labor Warranties 100% for 3000 miles or 90 days, whichever comes first. This warranty limited to work on this form only. Vehicle must be returned to our shop, at customer expense, to honor warranty.*

*I hereby authorize the repair work to be done along with the necessary materials. You and your employees may operate vehicle for purposes of testing, inspection or delivery at my risk. An express mechanic's lien is acknowledged on vehicle to secure the amount of repairs thereto, you will not be held responsible for loss or damage to vehicle or articles left in vehicle in case of fire, theft, accident or any other cause beyond your control. Tag must be presented for credit or warranty work. I hereby authorize all additions as explained above.*

*Because of the extent of the tear down and inspection, the vehicle may not perform as well as before. All special orders require 100% deposit at the time of order. All deposits are non-refundable. All sales are final.*

Print Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

**AGREEMENT FOR SERVICES BETWEEN  
THE CITY OF LAKEPORT AND MARGARET SILVEIRA  
AMENDMENT #1**

---

This Amendment #1, dated October 18, 2016, hereby adds the following provisions to the Agreement for Services Between the City of Lakeport and Margaret Silveira dated May 17, 2016 for services to be performed in the at will position of City Manager. The City of Lakeport is herein referred to as the "City." Margaret Silveira is herein referred to as "Silveira."

**1. SIGNING BONUS**

To align Silveira's signing bonus with other City staff and in recognition of her performance, the City shall pay a one-time cash payment of \$3,100 to Silveira with the first pay period following adoption of this Amendment #1.

**2. ADMINISTRATIVE LEAVE**

On or before January 31, 2017, Silveira may cash-out up to one week (40 hours) of accrued annual administrative leave in addition to the one (1) week she may cash out under the Agreement for Services dated May 17, 2016.

Except as modified herein, the Agreement for Services Between the City of Lakeport and Margaret Silveira dated May 17, 2016 remains in full force and effect without modification.

The signatures of the parties below indicate that each has read and understood the Agreement, as amended, and will abide by the terms stated herein.

The parties have executed this Amendment #1 on the dates stated below.

CITY OF LAKEPORT, a municipal corporation

By: \_\_\_\_\_  
MARC SPILLMAN, Mayor

By: \_\_\_\_\_  
MARGARET SILVEIRA, City Manager

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
KELLY BUENDIA, City Clerk



# CITY OF LAKEPORT

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

<b>STAFF REPORT</b>	
<b>RE:</b> Resolution Approving Revisions to City of Lakeport Personnel Policies	<b>MEETING DATE:</b> 10/18/2016
<b>SUBMITTED BY:</b> Kelly Buendia, Administrative Services Director	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

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

The City Council is being asked to adopt a resolution approving revisions to the City of Lakeport Personnel Policies.

**BACKGROUND/DISCUSSION:**

The City of Lakeport Personnel Policies were fully updated in 2008 with minor revisions in 2015. Revisions to Article VIII, Section 7 titled Vacation Leave were negotiated between the City and the various bargaining groups during the most recent contract negotiations. Staff requests that the City Council adopt a resolution ratifying the changes.

**OPTIONS:**

The Council could opt to reject the changes.

**FISCAL IMPACT:**

None     \$    Budgeted Item?  Yes  No  
 Budget Adjustment Needed?  Yes  No    If yes, amount of appropriation increase: \$  
 Affected fund(s):  General Fund     Water OM Fund     Sewer OM Fund     Other:

Comments:

**SUGGESTED MOTIONS:**

Move to adopt a resolution approving revisions to the City of Lakeport Personnel Policies.

- Attachments:**
1. City of Lakeport Personnel Policies Article VIII, Section 7 in strikethrough format
  2. Resolution approving revisions to the City of Lakeport Personnel Policies with Exhibit A – City of Lakeport Personnel Policies

**SECTION 7. VACATION LEAVE**

- A. The purpose of annual vacation leave is to enable each eligible regular employee to return to his or her work mentally and physically refreshed. All employees are entitled to take annual vacation leave with pay as follows:
- ~~1.~~ ~~Each regular employee shall be granted an annual vacation of two calendar weeks (10 working days) after completion of one full year of service. After completion of one year in a competitive service, an employee shall be entitled to take vacation as it accrues on a monthly basis.~~
  - ~~2-1~~ Employees with ~~more than one (1)~~ zero through 4 years of service shall accrue vacation leave on a monthly basis at the equivalent rate of 80 hours of vacation for each full calendar year of service. Probationary employees may be approved to use vacation time at the discretion of the department head.
  - ~~3-2~~ Employees with five (5) through ten (10) years of service shall accrue vacation on a monthly basis leave at the equivalent rate of 120 hours of vacation for each full calendar year of service.
  - ~~4-3~~ Employees with eleven (11) through twenty (20) or more years of service shall accrue vacation leave on a monthly basis at the equivalent rate of 160 hours of vacation for each full calendar year of service.
  - ~~5-4~~ After twenty years of service employees will accrue 1 vacation day for each year of additional service up to the maximum vacation time equal to 200 hours of vacation for each full calendar year of service.
- B. The department head shall schedule the times at which vacation leave is to be taken with due consideration being given to the desires of the employee and operational needs of the department. Vacation may be taken in less than one-day increments upon approval from the Department Head.
- C. Based upon operational needs or employee preference, the use of vacation leave earned in a given year may be deferred to the following year. However, at no time may an employee have a total balance of vacation days in excess of two times his or her current annual accrual rate. When the employee reaches the maximum accrual he/she shall cease earning vacation leave until the balance falls below the maximum accrual.
- D. Where a paid holiday falls during the period of an employee's vacation leave, that day shall not be charged against the employee's vacation accrual. Where an illness or injury necessitates hospitalization of an employee during his or her vacation leave, the days of hospitalization shall not be charged against the employee's vacation accrual.
- E. Vacation leave shall not accrue during leaves of absence without pay unless required by law (e.g., military leave).

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## RESOLUTION NO.

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEPORT ADOPTING REVISED PERSONNEL POLICIES

**WHEREAS**, the Personnel Policies of the City of Lakeport were revised and adopted December 16, 2008, with minor revisions dated January 6, 2015; and

**WHEREAS**, a need for further revisions has been identified; and

**WHEREAS**, the employee bargaining units recognized by the City have met and conferred on the changes contained therein, specifically to Article VIII, Section 7 entitled Vacation Leave; and

**WHEREAS**, the Personnel Policies of the City of Lakeport are attached to this Resolution as Exhibit A; and

**WHEREAS**, the revised Personnel Policies of the City of Lakeport and this resolution act to supercede all resolutions and personnel rules in place prior to the date of its adoption, including but not limited to Resolution No.1178 (79), Personnel System Rules and Regulations of the City of Lakeport and all amendments thereto or other policies or procedures inconsistent with the Personnel Policies adopted by this resolution.

**NOW THEREFORE, BE IT RESOLVED** that the Personnel Policies of the City of Lakeport bearing the adoption date of December 16, 2008 are hereby revised and all previous resolutions and personnel policies are superceded.

**PASSED AND ADOPTED** this 18<sup>th</sup> day of October, 2016, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

APPROVE:

---

MARC SPILLMAN, Mayor

ATTEST:

---

KELLY BUENDIA, City Clerk

# CITY OF LAKEPORT

## PERSONNEL POLICIES

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# ARTICLE I

## GENERAL PROVISIONS

### **SECTION 1. AUTHORITY FOR PERSONNEL RULES AND REGULATIONS**

- A. The City Council has adopted a personnel system pursuant to *Lakeport Municipal Code* 2.48.030 and has authorized that personnel rules shall be adopted by resolution in order to implement that personnel system.
- B. The objective of these rules is to facilitate efficient and economical services to the public and to provide for an equitable system of personnel management in the City of Lakeport.
- C. The City Manager has the responsibility and authority to formulate, revise and implement the personnel rules. The City Council must approve and adopt all personnel rules prior to implementation.

### **SECTION 2. VIOLATION OF PERSONNEL RULES AND REGULATIONS**

- A. A violation of these personnel rules may be grounds for discipline of an employee covered by these rules and regulations.

### **SECTION 3. COVERAGE**

- A. These rules establish the personnel system for the City of Lakeport. Unless otherwise specified, these personnel rules apply only to regular full and part-time employees in the competitive service. The competitive service shall include all appointive officers and employees of the City except the positions of City Manager, City Attorney, City Clerk, Community Development Director, Chief of Police, Public Works Director, Finance Director, Administrative Services Director City Engineer and Redevelopment/Economic Development Director, any at-will employee, temporary or seasonal employees, and all volunteers.

### **SECTION 4. AMENDMENT AND REVISION OF PERSONNEL RULES AND REGULATIONS**

- A. Recommendations for the amendment of these personnel rules shall be presented to the City Council by the City Manager. Any interested employee or person may appear and be heard at the time the amendments are being considered by the City Council. Amendments shall become effective upon adoption by the City Council.

**SECTION 5. NO CONTRACT CREATED**

- A. These personnel rules do not create any contract of employment, express or implied, or any rights in the nature of a contract between any person and the City.

**SECTION 6. CONFLICT WITH COLLECTIVE BARGAINING AGREEMENTS**

- A. If a provision of these policies conflicts with any provision of any applicable collective bargaining agreement entered into by the City and a recognized employee organization, to the extent of such conflict, the provision of the collective bargaining agreement shall be deemed controlling. If MOU and personnel rules conflict MOU always controls. In the event any provision contained herein conflicts with the Police Officer's Bill of Rights or internal Lakeport Police Department rules then such particular rights and rules shall supersede these policies.

## ARTICLE II

### DEFINITIONS

- A. Anniversary Date means the date upon which an employee is assigned to a new job classification through appointment, promotion, demotion, transfer, or to the same classification as a result of reinstatement, or re-employment. Anniversary dates may be used to determine an employee's seniority as an employee and within the employee's current classification.
- B. At-Will Employee means an employee who serves at the will of the City Manager or at the will of the City Council and may be removed at any time without cause, notice, or right of appeal. At-will employees include temporary employees, provisional or seasonal employees, probationary employees, any person who serves pursuant to a contract, and any person who is designated "at-will" in any City policy, document, acknowledgement, resolution or ordinance.
- C. Class or Classification means a group of positions having duties and responsibilities sufficiently similar that the same job title, examples of duties, and minimum qualifications may be applied.
- D. Competitive Service means all positions of employment in the service of the City except those excluded except those specifically excluded by these rules or by the Municipal Code.
- E. Discipline means an action imposed by the City upon an employee for grounds listed in Article XIV of these rules.
- F. Exempt Employee means an employee who is exempt from the overtime requirements of the Fair Labor Standards Act.
- G. Probationary Employee means an employee who is serving a probationary period as defined in these rules.
- H. Reemployment means an offer by the City to call back a former employee who was separated from employment due to layoff according to the procedures listed in Article V of these rules or who has exhausted all leave time and is medically able to return to work.
- I. Regular Employee means an employee in the classified service who has successfully completed his/her probationary period and has been retained as hereafter provided in these Rules.
- J. Reinstatement means employment of a former employee who voluntarily separated from employment due to resignation or other non-disciplinary reason according to procedures listed in these rules.
- K. Seniority with the City means the total amount of time an employee has served as a regular employee (including the probationary period), less any unpaid break in service of more than 30 days. Unpaid leaves such as family care leave, military leave, pregnancy disability leave,

and other leave in excess of thirty days where employment status is protected by law are not considered a break in service when determining seniority.

## ARTICLE III

### EMPLOYMENT IN THE COMPETITIVE SERVICE

#### SECTION 1. EMPLOYEE APPLICATION PROCESS

##### A. Posting of Announcement

1. Whenever an open competitive examination is to be given for a position, the City Manager or his/her designee shall issue an appropriate advertisement regarding the position at least 10 calendar days prior to the final date for filing applications for the position. The City Manager or his/her designee may also undertake whatever other recruiting activities he or she believes are necessary or desirable to fill a particular position in a way which meets the City's goal of obtaining the most qualified employees.
2. In order to notify current City employees of an open position, whenever an open competitive examination is to be given for a position, the City Manager or his/her designee will post the advertisement regarding the open position at conspicuous locations at City work sites and on the City web site.

##### B. Application Process

1. Application for an open or promotional position shall be made on a form provided by the City Manager or his/her designee or attached to the job announcement.
2. All applications must be completed in full and signed by the person applying for the position. The City Manager or his/her designee will not process any application which is not fully completed and signed.
3. All applications must be timely submitted.

##### C. Applicant Disqualification

1. The City Manager or his/her designee may reject an application, or after examination, may disqualify or remove the applicant's name from an eligibility list, if the applicant: (1) has made false statements of any material fact, or practiced any deception or fraud on the application, declarations or in securing eligibility or appointment, (2) is found to lack any of the requirements, certifications, or qualifications for the position involved, (3) is physically or mentally unable to perform the essential functions of the job, with or without reasonable accommodation if disabled, (4) is a current user of illegal drugs, (5) is a relative of an employee, and is subject to the NEPOTISM AND FRATERNIZATION POLICY in Article X, (6) has been convicted of a crime, either a misdemeanor or felony, that relates to the position duties that the applicant would perform, (7) used or attempted to use political pressure or bribery to secure an advantage in the examination or

appointment, (8) directly or indirectly obtained information regarding examinations, (9) failed to submit the employment application correctly or within the prescribed time limit, (10) has had his or her privilege to operate a motor vehicle in the State of California suspended or revoked, if driving is job related, (11) refuses to sign a loyalty oath (12) for any material cause which in the judgment of the City Manager or his/her designee would render the applicant unsuitable for the position, including a prior resignation from the City in lieu of disciplinary action, termination from the City or a significant disciplinary action.

D. Notice of Rejection

1. Whenever an application is rejected, notice of such rejection will be mailed to the applicant by the City Manager or his/her designee. Defective applications may be returned to the applicant with notice to amend and re-file, provided that time for receiving applications has not expired.

**SECTION 2. EXAMINATIONS**

A. Nature and Type of Examinations

1. The selection techniques used in the examination process shall fairly measure the relative capacities of the persons examined to execute the duties and responsibilities of the class to which they seek to be appointed. Examinations may consist of one, or a combination of the following types of tests, as determined by the City Manager or his/her designee: oral, written, performance, physical agility, practical demonstration, or any form which will test fairly the qualifications of the applicants.

B. Promotional Examinations

1. As the needs of the City may require, promotional tests may be conducted from time to time and may consist of evaluation of prior service, accomplishments in special training courses, and other tests. All internal candidates for promotion must be in regular, classified positions and must possess the minimum qualifications for the promotional classification.

C. Examination Grading

1. Failure in one part of the examination, or failure to meet established standards described in the job announcement, may be grounds for declaring such applicant as failing in the entire examination or as disqualified for subsequent parts of an examination.
2. If an applicant for initial employment was discharged or released from active military, naval or air service of the United States under conditions other than dishonorable within fifteen years immediately preceding the application deadline date he/she shall have five points added to his/her application score.

3. If an applicant for a City position is a current City employee and has successfully passed the examination, he/she shall have five points added to his/her final score.

D. Final Rating

1. The final rating shall be determined by the total of the score received by each applicant for each part of the examination, based upon the relative value assigned to each part of the test before the test was given, and including current employee or veterans' preference points, if applicable.

**SECTION 3. ELIGIBLE LISTS**

A. Maintenance of Eligible List

1. As soon as possible after the conclusion of an examination, the City Manager or his/her designee shall prepare an eligible list consisting of names of candidates who passed the examination. The list shall be arranged in the order of final ratings, including additional points for current employee or veteran's preference if applicable, from the highest score down to the lowest passing score.

B. Identical Grades

1. Wherever identical grades exist, names shall be arranged in the order of application date.

C. Duration of Eligible Lists

1. Eligible lists shall become effective for twelve (12) months upon the approval of a list by the City Manager or his/her designee, unless the City Manager or his/her designee abolishes the list, the list is exhausted or extended by the City Manager or his/her designee provided, however, that eligible lists for classes for which there is continuous recruitment remain in effect indefinitely. An eligible list may be extended for six months by the City Manager or his/her designee if he or she determines it is in the best interest of the City to do so, but in no event may a list remain in effect beyond eighteen months, except when specifically extended by the City Manager.
2. Notwithstanding any other provision of these rules, when an eligible list has been used and the remaining names have low ratings or have been previously passed over by the appointing authority, or when the list contains less than three (3) names, the City Manager or his/her designee may declare such list void and fill the position(s) by any method permitted by these personnel rules, including, but not limited to, undertaking new recruiting and testing.

D. Removal of Names from Eligibility Lists

1. Any person whose name appears on an eligibility list shall have his/her name removed by the City Manager or his/her designee for any of the following reasons: (a) if the eligible requests removal in writing, (b) if the eligible fails to respond to a notification of an opening from the City Manager or designee, or (c) if he/she has

been certified for appointment three times (3) and has not been appointed. The names of persons on promotional eligible lists, who separate from the competitive service, shall automatically be removed from such lists; provided however that those who have resigned in good standing may elect to remain on the list by so requesting in writing.

2. It will be the responsibility of the eligible to keep the City Manager or his/her designee informed of their current address and telephone number.

E. Placement on Eligible List When Position Abolished

1. When an employee's position is abolished, he/she may be placed on an eligibility list for a period of one year. If the employee's classification is abolished, the employee's name will not be placed on an eligible list unless there air a successor classification that is performing substantially the same duties as had been performed in the abolished classification.

F. Procedural Errors in Eligibility List Compilations

1. Procedural errors made in eligibility list compilations may be corrected at any time by the City Manager or his/her designee without invalidating any previous action taken.

**SECTION 4. APPOINTMENT**

A. Appointments to Regular Classifications

1. Appointments may be filled by re-employment, promotion, transfer, demotion, appointment of hourly employees, or from the appropriate eligible list, if available. The City Manager or designee will decide in what manner the vacancy is to be filled.
2. Whenever a vacancy in the competitive service is to be filled, the City Manager or his/her designee shall provide the appropriate department head with names from the eligible list. The City Manager or his/her designee shall certify the top three names from the appropriate eligible list in the order of final rating. The department head shall interview these three top candidates, or if less than three, all applicants whose names appear on the eligible list. The department head shall designate in writing to the City Manager or his/her designee his/her choice of the eligible(s). The selection for appointment shall be subject to final approval by the City Manager.

B. Appointment to Temporary Positions

1. Temporary or Seasonal Employee. An employee who is assigned to work on a particular project or for a job of limited or definite duration is a temporary or seasonal employee. A temporary or seasonal employee: (1) does not hold regular status, (2) does not serve a probationary period, (3) can be dismissed at-will from City employment at any time without right of procedural due process, appeal, grievance or hearing, and (4) is not entitled to earn, accrue, or participate in any City employee benefit plans, or paid or unpaid leaves.

C. Notification

1. The City Manager or his/her designee, or the department head in coordination with the City Manager or his/her designee, shall notify the person appointed.
2. The person accepting the appointment must report to the City Manager or his/her designee on the date designated by the City Manager or his/her designee; otherwise, the applicant will be deemed to have declined the appointment.

## ARTICLE IV

### PROBATION, PROMOTION AND TRANSFER

#### SECTION 1. PROBATIONARY EMPLOYEE

##### A. Length of Probationary Period

1. All original and promotional appointments to positions in regular classifications shall be tentative and subject to a probationary period of twelve months of actual and continuous service. Part-time/permanent employees shall also serve a probationary period in a paid status of 2080 hours or 12 months of actual and continuous service.

##### B. Objective of Probationary Period

1. The probationary period shall be regarded as a part of the selection process and shall be utilized for closely observing the employee's work, for securing the most effective adjustment of a new employee to his/her position, and for rejecting any probationary employee whose performance does not meet the required standards for the position and for City employment.

##### C. Rating Probationary Employees for Passing or Being Rejected from Probation

1. At least twenty days prior to the expiration of the probationary period, the department head shall provide a rating of employee performance to the City Manager or his/her designee. A rating of standard or above, or the equivalent, shall indicate that the employee has satisfactorily passed probation. A rating of less than standard, or the equivalent, shall indicate that the employee has failed probation and the employee will be rejected before the expiration of the probationary period.

##### D. Separation Without Cause

1. At any time during the probationary period, an employee may be separated by the department head without cause and without the right of appeal, grievance or hearing. The City Manager or his/her designee must approve the separation. The probationary employee must be notified in writing, prior to the expiration of the probationary period that he or she has been rejected for regular appointment.

##### E. Regular Appointment

1. If the employee has successfully completed the probationary period, the employee will receive a regular appointment.

**SECTION 2. PROMOTION**

- A. Consistent with the best interest of the competitive service, and as determined by the City Manager, all vacancies in the competitive service may be filled by promotion from within the competitive service, after a promotional test has been administered and a promotional list established in accordance with the procedure set out in Article III, Section 3 for eligible lists.
- B. If, in the opinion of the City Manager, a vacancy should be filled by an open, competitive examination instead of a closed promotional examination, the City Manager or his/her designee may arrange an open competitive examination in order to establish an eligible list.
- C. On accepting a promotion, an employee serves a new probationary period of six (6) months of actual and continuous service, unless otherwise provided in an MOU. Periods of time on paid or unpaid leave of one work week or more shall automatically extend the probationary period by the number of days the employee is on leave. An employee does not acquire regular status in the promotional position until the successful completion of this probationary period
- D. If an employee who has been promoted from within the competitive service fails to satisfactorily complete the probationary period in the promotional position, the employee shall be reinstated to a position in the classification from which he/she was promoted at the range and step held prior to promotion subject to the following conditions: (1) the former position or a similar position in the same classification is currently available, and (2) the rejection from probation is not due to the employee's violation of any personnel policy or any other applicable law or regulation. If there is a vacancy and the employee would otherwise be eligible, the employee shall be assigned to a vacant position which is nearest the employee's prior pay range. The employee is not entitled to notice, hearing, or appeal if rejected during probation.

**SECTION 3. VOLUNTARY AND INVOLUNTARY TRANSFER**

- A. Conditions for Voluntary Transfer
  - 1. An employee may request a transfer to another position in the same or lower classification for which the employee is qualified in the opinion of the City Manager or his/her designee by submitting a written request to transfer to the City Manager. The request will be kept on file for one year from the date of receipt. If the transfer involves a change of supervisor, both the prior and future supervisor must approve the transfer unless the City Manager orders the transfer for purposes of economy or efficiency. No employee shall be transferred to a position for which he/she lacks the minimum qualifications required for the position.
- B. Effect of Transfer
  - 1. There shall be no change in an employee's step advancement date upon transfer.

2. An employee who is transferred does not serve a new probationary period unless the transfer is at the employee's request and the City Manager specifically requires a new probationary period.
3. Transfer shall not be used to effectuate a promotion, demotion, advancement or reduction, each of which may be accomplished only according to the procedures set out in these personnel rules.

C. Involuntary Non-Disciplinary Transfer

1. The City Manager may involuntarily transfer an employee at any time for purposes of safety, supervision, efficiency or morale. Whenever possible, an employee being transferred from one position to another position in the same class, or in a comparable class at the same salary level, will receive five working days' notice. If the transfer requires the employee to move equipment from one location to another, the employee will receive seven working days' notice.

## ARTICLE V

### RESIGNATION AND LAYOFF, RE-EMPLOYMENT AND REINSTATEMENT

#### SECTION 1. RESIGNATION, JOB ABANDONMENT AND LAYOFF

##### A. Resignation

1. An employee who wishes to resign his/her City employment in good standing must submit the resignation in writing to his/her supervisor two weeks prior to the planned separation date. A resignation becomes final when accepted by the City Manager or his/her designee in writing. Once a resignation has been accepted by the City Manager or his/her designee, it cannot be withdrawn.

##### B. Job Abandonment

1. An employee is deemed to have resigned if the employee is absent for five consecutive work days without prior authorization and without notification during the period of the absence. Only regular employees will receive notice of intent to terminate, an opportunity to respond, and final notice of termination for job abandonment. An employee separated for job abandonment will be reinstated upon proof of justification for such absence, such as severe accident, severe illness, false arrest, or mental or physical impairment which prevented notification. No employee has any right to evidentiary appeal for separation due to job abandonment.

##### C. Layoff

1. Whenever in the judgment of the City Manager it becomes necessary to abolish a position or classification, the employee holding the position or classification shall be laid off or demoted without disciplinary action and without a right of appeal.
2. Notice. An employee to be laid off shall be given, whenever possible, at least fourteen (14) working days prior notice. An employee shall be notified of any displacement rights or rights to re-employment.
3. Order of Layoff. Except as provided below, employees shall be laid off in inverse order of their length of service in the classification. Length of service is date of hire in a regular classification. Length of service includes employment without interruption, including all days of attendance at work and authorized leaves of absence. Length of service does not include unauthorized absences or periods of suspension or layoff. Within each class, employees shall be laid off in the following order: (1) temporary, (2) part-time and (3) permanent full and part-time.
4. Demotion. Upon request of the employee, and with the approval of the department head, an employee who has not held status in a lower classification may be allowed to demote to a vacant position if the department head determines that the employee

meets all the requirements of the lower position. All employees who are demoted under the terms of this paragraph will be paid at the rate of pay for the lower position.

5. Transfer. A department head may transfer an employee facing layoff to a vacant authorized position if the department head determines that the employee is qualified for and capable of performing the duties of the vacant position, subject to the following provisions:
  - a. An employee who is transferred will be paid at the rate of the position to which he/she is transferred.
  - b. An employee given the option to transfer will be given a Notice of Transfer from the department head of the employee's current department. Any employee who does not accept transfer within five working days after a Notice of Transfer is given to the employee by the department head will automatically forfeit the option to transfer.
  - c. If transfer involves movement from one department to another, both department heads must approve the transfer unless the City Manager orders transfer for purposes of economy or efficiency.

## **SECTION 2. RE-EMPLOYMENT AND REINSTATEMENT**

### **A. Re-Employment**

1. Any regular employee who has been dismissed because of layoff or who has exhausted all leave time and are medically able to return to work, shall be eligible for re-employment to a position in the same classification.
2. The employee's name will be placed on a special re-employment list categorized by classification and, within each class, in order of total cumulative time served in probationary and regular employee status from highest to lowest. As a vacancy within the classification occurs, the City Manager will select an employee from the top of the list. An employee who is selected from the list to fill the vacancy, who refuses the assignment as described in Article III, Section 4, subdivision C.2, will be removed from the list without right of appeal. Names shall remain on the list for one year unless the employee has been reemployed or has requested, in writing, that his/her name be taken off the list.
3. Upon re-employment, an employee shall have the following benefits restored: (a) accrued annual leave if not previously compensated, (b) seniority for vacation, (c) length of service for order of layoff, (d) return to the same salary range and step held at the time of layoff and (e), regular status.
4. Employees who are demoted as a result of layoff will have their names placed in a classification re-employment list, in order of their classification and total cumulative

time served. Vacant positions within a classification series will first be offered to employees on this list.

B. Reinstatement

1. An employee who has left the competitive service by means of resignation, and has complied with the resignation procedures described in these personnel rules, or has otherwise been separated while in good standing, can apply for reinstatement within 18 months by means of a written request to the City Manager.
2. The written request must contain a complete statement regarding the reasons for leaving City employment, the type of work he/she has been doing since the resignation and his/her intentions for staying in City employ if reinstated.
3. If, in the City Manager's discretion, the facts warrant reinstatement, the applicant can be re-employed in the same job class as occupied upon resignation, but at a wage step no higher than that held upon resignation. He/she will have no other accrued rights, privileges, or benefits. The employee shall receive a new anniversary date which shall be the first date of employment upon reinstatement. The employee will serve a new probationary period.

## ARTICLE VI

### EQUAL EMPLOYMENT OPPORTUNITY

#### SECTION 1. GENERALLY

- A. The City of Lakeport prohibits discrimination against employees or applicants for employment on the basis of race, color, religion, age, national origin, ancestry, citizenship, sex, gender, sexual identity, physical or mental disability, medical condition, marital status, sexual orientation or any other basis protected by law. The City of Lakeport will afford equal employment opportunity to all qualified employees and applicants as to all terms and conditions of employment, including hiring, compensation, promotion, training, education, transfer, discipline and termination. Employees who believe they have experienced any form of employment discrimination are encouraged to report this immediately, using the complaint procedure provided in Article IX Section 2 of these personnel rules.

#### SECTION 2. POLICY REQUIREMENTS

- A. To achieve the goal of equal employment opportunity, this Policy and its guidelines must be adhered to by all City employees and enforced by managers and supervisors. All employees and applicants for employment must be informed that equal employment opportunity is basic policy. City employees will be guided by the following requirements:
1. Managers at every level must share in the responsibility and accountability for attainment of equal employment opportunity. Inherent in the duties of all managers shall be the responsibility for demonstrated commitment and support of this policy.
  2. Recruit, hire, train and promote persons in all jobs titles, without regard of race, color, religion, age, national origin, ancestry, citizenship, sex, gender, sexual identity, physical or mental disability, medical condition, marital status, sexual orientation or any other basis protected by law.
  3. Base employment decisions on the principle of equal employment opportunity.
  4. Insure that promotion decisions are in accord with principles of equal employment opportunity by imposing only valid requirements for promotional opportunities.
  5. Insure that all personnel actions such as compensation, benefits, transfers, layoffs, return from layoff and City-sponsored training and other programs will be administered without regard to race, color, religion, age, national origin, ancestry, citizenship, sex, gender, sexual identity, physical or mental disability, medical condition, marital status, sexual orientation or any other basis protected by law.
  6. All job announcements and recruitment publications shall include the phrase "CITY OF LAKEPORT IS AN EQUAL OPPORTUNITY EMPLOYER."

7. Applications will be screened only with respect to factors which are related to job requirements.
8. For technical, vocational and clerical jobs where a written test is used in the selection process, a pre-test orientation to assist applicants in understanding the testing procedure will be available to applicants who request it.
9. All elements of the examination will be directly related to actual job duties and requirements.
10. No person shall be excluded on the basis of a protected status from representation on any oral review board. Oral review board members will be instructed on this Policy with regard to equal employment opportunity.
11. Immediate and direct disciplinary action up to and including termination will be taken against any employee if it is found that he/she has practiced employment discrimination.
12. If it is found that a manager or supervisor has discriminated against an employee, that manager/supervisor's suitability for retention in a supervisory/managerial or any other position will be re-evaluated.
13. Examinations will be validated with generally accepted validation techniques. All selection devices shall be administered fairly to all applicants and/or candidates.
14. Classification specifications will clearly define the duties of the job, and employment standards will be realistically related to duties and skills required.
15. City personnel procedures shall not involve utilization of any organization that prohibits employment because of race, color, religion, age, national origin, ancestry, citizenship, sex, gender, sexual identity, physical or mental disability, medical condition, marital status, sexual orientation or any other basis protected by law or any other factor unrelated to job performance.
16. This policy and federal and state notices of Equal Employment Opportunity will be posted throughout the workplace.
17. This policy and discussion of equal employment opportunity shall be a part of new employee orientation.
18. The City of Lakeport City Attorney may be reached at 707-263-5615 concerning the application of this policy and/or federal or state agencies to be contacted regarding alleged discrimination.

### **SECTION 3. INVESTIGATION AND CORRECTIVE ACTION**

- A. Investigation and any corrective action, if necessary, shall be made pursuant to the procedures set out in the City's Harassment Policy, set out in Article IX of these Personnel Rules.

## ARTICLE VII

### COMPENSATION, PAYROLL PRACTICES AND BENEFITS

#### SECTION 1. DEFINITION OF WORKWEEK

- A. The workweek begins at 12:00 a.m. on Sunday and ends at 11:59 p.m. on Saturday, except as otherwise designated by an applicable MOU, or as otherwise designated for employees on a flexible schedule, or as designated in FLSA 29 USC § 207(k) schedule for safety employees.

#### SECTION 2. OVERTIME COMPENSATION POLICY

A. Prior Approval Required

1. Overtime-eligible employees are not permitted to work overtime except as the department head authorizes or directs. No employee may work overtime without receiving the approval of the appropriate supervisor prior to performing the work. Working overtime without advance approval is grounds for discipline.

B. Overtime Defined

1. Unless otherwise stated in a memorandum of understanding, "overtime" is all hours an overtime-eligible employee actually works over 40 in his or her work week or 8 hours in his or her work day. Overtime is compensated at 1.5 times the Fair Labor Standards Act regular rate of pay. Only actual hours worked shall be counted toward the 40-hour threshold for purposes of calculating FLSA overtime pay. No overtime shall be recorded or reported for less than 8 minutes of work.

#### SECTION 3. COMPENSATORY TIME OFF POLICY

A. Supervisor Approval Required Before Work

1. An employee may opt to accrue compensatory time-off ("CTO") in lieu of cash payment for overtime worked if his or her supervisor agrees prior to overtime work being performed.

B. Accrual Rate

1. CTO accrues at the rate of 1.5 hours for each hour worked over 40 hours of actual work in the employee's work week. CTO cannot be accumulated in excess of 100 hours at any given time, unless otherwise provided in an MOU.

C. Employee Requests To Use CTO

1. The City will grant an employee's request to use accumulated CTO provided that the department can accommodate the use of CTO on the day requested. If the

Department Head cannot accommodate the time off, request; the effected employee may cash out the CTO time at the end of the current pay period.

D. City Cash Out

1. The City reserves the right to cash out accumulated CTO at any time.

E. Employee Cash Out

1. During employment, CTO is cashed out at the employee's current FLSA regular rate of pay (including all FLSA-applicable salary differentials). Employees separating from City service shall be compensated for all accrued, unused compensatory hours at the current FLSA regular rate of pay, or the average regular rate for the prior three years, whichever is higher.

F. MOU CTO

1. "MOU CTO" is CTO that is earned on a daily basis as may be permitted by a memorandum of understanding. MOU CTO is subject to the CTO procedures listed in that MOU. MOU CTO will be accounted for in an accrual separate from the FLSA-CTO described above.

**SECTION 4. PROHIBITED SALARY DEDUCTIONS**

A. Prohibited Deductions

1. Notwithstanding any other provision in these Policies, the City will not reduce the pay of any FLSA-exempt employee except that pay reductions can be made for any of the following reasons:
  - a. Disciplinary penalty other than a major safety violation.
  - b. Any work week in which an employee performs no work.
  - c. Disciplinary penalties in one day increments for violation of workplace conduct rules.
  - d. Temporary military leave.
  - e. Full day increments of sick or vacation leaves.

B. Complaint Procedure

1. An FLSA-exempt employee who believes his or her salary has been subject to a prohibited deduction should notify the City Attorney or his/her designee who will investigate the matter as necessary.
2. If the investigation reveals an improper salary reduction, the City will reimburse the employee for the improper reduction.

3. The City will make a good faith commitment to avoid improper reductions.

**SECTION 5. DIRECT DEPOSIT**

- A. The City will provide direct deposit of employee's paychecks to banks, provided the City can provide such service at a reasonable cost.

## ARTICLE VIII

### LEAVES OF ABSENCE

#### **SECTION 1. ABSENCE CONTROL**

- A. Arriving late to work or leaving early in connection with scheduled work times, breaks, or meal periods is prohibited. An employee is required to seek advance permission from his or her supervisor for any foreseeable absence or deviation from regular working hours.

#### **SECTION 2. EMPLOYEE'S DUTY TO NOTIFY OF LATE ARRIVAL OR ABSENCE**

- A. An employee who is unexpectedly unable to report for work as scheduled must notify his or her immediate supervisor no later than the scheduled work time and report the expected time or duration of any late arrival or absence. If the employee's immediate supervisor is not available, the employee must notify the department head or another supervisor. An employee who fails to timely notify the supervisor of absences, or who is not present and ready to work during all scheduled work times will be deemed to have an unauthorized tardy or absence.

#### **SECTION 3. EXCESSIVE TARDINESS/ ABSENTEEISM**

- A. Excessive tardiness is when an employee is late to work or returning from breaks more than three times during any 30-day period. Excessive absenteeism occurs when the number of unprotected absences (absences due to other than leaves authorized by city, state or federal law) exceeds 3 days in any three-month period. Excessive tardiness or absenteeism will be grounds for discipline, up to and including termination. Abuse of, or misrepresentation of any form of accrued or unpaid leave time will be grounds for discipline, up to and including termination.

#### **SECTION 4. SICK LEAVE**

A. Sick Leave Defined

1. Sick leave may be granted by the City to an employee because of illness, injury, exposure to contagious disease, illness or injury of a member of the employee's immediate family requiring the employee's attendance, and medical, dental and optical appointments to the extent that such appointments cannot be scheduled outside the work day.

B. Immediate Family Defined

1. An employee's immediate family shall consist of the employee's: spouse; domestic partner; children; step-children, or the mother, father, brother, sister or

grandchildren of the employee, spouse, domestic partner or other members of the employee's family residing in the employee's home; or other members of the employee's family primarily dependent upon the employee.

C. Sick Leave Use

1. An employee may be granted sick leave only in case of actual sickness as defined above. In the event that an employee or a member of the employee's immediate family recovers from any such sickness after being granted sick leave, and during the regularly scheduled hours of work, then such employee shall notify the appropriate immediate supervisor and be available to return to duty.
2. In order to apply for sick leave use, an employee shall notify the appropriate immediate supervisor within one (1) hour after the time established as the beginning of the employee's work day, unless the City determines that the employee's duties require more restrictive reporting. Failure to do so without good reason shall result in that day of absence being treated as leave of absence without pay.
3. If the employee is absent on sick leave for more than one (1) day, the employee will keep the immediate supervisor informed as to the date the employee expects to return to work.
4. Sick leave will not be granted to any employee absent from duty after separation from City service, or during a City authorized leave of absence without pay, or any other absence from duty not authorized by the City.
5. Sick leave will not be granted to any employee to permit an extension of the employee's vacation except in cases of actual sickness that may be required to be documented if so requested by the City.
6. The City may require a physician's certification at any time regarding the sickness or injury of the employee or employee's immediate family member and the date of the employee's intended return to work.
7. Employees will not be permitted to use vacation in lieu of sick leave unless approved by the Department Head.
8. Supervisors shall have the discretion to place employees on sick leave when, in the judgment of the supervisor, the presence of the employee at work would endanger the health and welfare of other employees or where the illness or injury of the employee interferes with the performance of such employee's duties.

D. Sick Leave Accrual

1. Full time regular and probationary employees shall accrue one (1) work day of sick leave, for each calendar month of service spent as a City employee. Part time employees shall accrue sick time on a pro-rata basis. Such accrual shall take place on a monthly basis. No accrual shall take place for any period in which the employee is in a non paid status or for temporary hourly employees.

2. Sick leave will be accrued as provide above and upon separation from City service paid out in accordance with the applicable MOU.
  - a. Sick leave granted by the City and used by an employee shall be deducted from the employee's accrued sick leave balance. Sick leave must be actually accrued prior to it being available for use .by an employee
  - b. Employees who are granted a leave of absence with pay or other approved leave with pay shall accrue sick leave as provided herein.

F. Absenteeism

1. An employee shall be subject to disciplinary action for absenteeism when the employee does not meet the requirements of sick leave as defined in Section 4.A.1

G. Evaluation of Sick Leave Usage

1. Absenteeism will be considered in establishing the performance rating.

H. Return to Work

1. Regular employees who are unable to perform the essential functions of their position, with or without reasonable accommodation, as a result of a physical or psychological illness or injury for a period of one year from the first date of the absence shall:
  - a. Be terminated from employment. Employees who are separated pursuant to this section shall be accorded procedural due process (i.e., notice and an opportunity to respond to the separation) in accordance with the appeal procedures for disciplinary actions outlined in these rules and procedures, or,
  - b. If disabled, be retired under the Public Employees Retirement System, or
  - c. Be offered the opportunity to resign from the position and be placed on a rehire list for a period not to exceed 18 months. Any employee returning to work pursuant to this section shall provide verification from a health care provider of his/her ability to return to work and perform the essential functions of his/her position, with or without accommodation.
  - d. If during the period in which the employee is on the rehire list, the employee is physically and/or psychologically able to resume the duties of his/her previous position and there is a vacant position in the employee's classification, the employee will be entitled to return to that position with all the rights, benefits, and responsibilities of a regular employee. However, an employee on a rehire list shall not accrue seniority. Thus, the employee will return to work with the same amount of seniority held prior to being placed on the rehire list.
  - e. Placement on the rehire list does not preclude an employee from applying for a disability retirement.

## **SECTION 5. FAMILY AND MEDICAL LEAVE**

### A. Statement of Policy

1. To the extent not already provided for under current leave policies and provisions, the City will provide family and medical care leave for eligible employees as required by state and federal law. The following provisions set forth certain of the rights and obligations with respect to such leave. Rights and obligations which are not specifically set forth below are set forth in the Department of Labor regulations implementing the Federal Family and Medical Leave Act of 1993 (FMLA), and the regulations of the California Family Rights Act (CFRA). Unless otherwise provided by this article, "Leave" under this article shall mean leave pursuant to the FMLA and CFRA.

### B. Definitions

1. 12-Month Period means a rolling 12-month period measured backward from the date leave is taken and continuous with each additional leave day taken.
2. Child means a child under the age of 18 years of age, or 18 years of age or older who is incapable of self care because of a mental or physical disability. An employee's child is one for whom the employee has actual day-to-day responsibility for care and includes, a biological, adopted, foster or step-child, legal ward, or a child of a person standing in loco parentis.

A child is "incapable of self care" if he/she requires active assistance or supervision to provide daily self care in three or more of the activities of daily living or instrumental activities of daily living□ such as, caring for grooming and hygiene, bathing, dressing and eating, cooking, cleaning, shopping, taking public transportation, paying bills, maintaining a residence, using telephones and directories, etc.

3. Parent means the biological parent of an employee or an individual who stands or stood *in loco parentis* (in place of a parent) to an employee when the employee was a child. This term does not include parents-in-law.
4. Spouse means a husband or wife as defined or recognized under California State law for purposes of marriage.
5. Domestic Partner means an individual as defined in *Family Code* section 297 *et seq.*
6. Serious health condition means an illness, injury, impairment, or physical or mental condition that involves:
  - a. Inpatient Care (i.e., an overnight stay) in a hospital, hospice, or residential medical care facility, including any period of incapacity (i.e., inability to work, or perform other regular daily activities due to the serious health condition, treatment involved, or recovery therefrom); or

- b. Continuing treatment by a health care provider: A serious health condition involving continuing treatment by a health care provider includes any one or more of the following:
7. A period of incapacity (i.e., inability to work, or perform other regular daily activities due to serious health condition) of more than three consecutive calendar days, and any subsequent treatment or period of incapacity relating to the same condition that also involves:
- a. Treatment two or more times by a health care provider, by a nurse or physician's assistant under direct supervision by a health care provider, or by a provider of health care services (e.g., a physical therapist) under orders of, or on referral by a health care provider; or
  - b. Treatment by a health care provider on at least one occasion which results in a regimen of continuing treatment under the supervision of the health care provider. This includes for example, a course of prescription medication or therapy requiring special equipment to resolve or alleviate the health condition. If the medication is over the counter, and can be initiated without a visit to a health care provider, it does not constitute a regimen of continuing treatment.
  - c. Any period of incapacity due to pregnancy or for prenatal care.

*(Note: This entitles the employee to FMLA leave, but not CFRA leave. Under California law, an employee disabled by pregnancy is entitled to pregnancy disability leave.)*

8. Any period of incapacity or treatment for such incapacity due to a chronic serious health condition. A chronic serious health condition is one which:
- a. Requires periodic visits for treatment by a health care provider, or by a nurse or physician's assistant under direct supervision of a health care provider;
  - b. Continues over an extended period of time (including recurring episodes of a single underlying condition); and
  - c. May cause episodic rather than a continuing period of incapacity (e.g., asthma, diabetes, epilepsy, etc.). Absences for such incapacity qualify for leave even if the absence lasts only one day.
  - d. A period of incapacity which is permanent or long term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider.
  - e. Any period of absence to receive multiple treatments (including any period of recovery therefrom) by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, either for restorative surgery after an accident or other injury, or for a condition

that would likely result in a period of incapacity of more than three consecutive calendar days in the absence of medical intervention or treatment.

9. Health Care Provider means:

- a. A doctor of medicine or osteopathy who is authorized to practice medicine or surgery by the State of California;
- b. Individuals duly licensed as a physician, surgeon, or osteopathic physician or surgeon in another state or jurisdiction, including another country, who directly treats or supervises treatment of a serious health condition;
- c. Podiatrists, dentists, clinical psychologists, optometrists, and chiropractors (limited to treatment consisting of manual manipulation of the spine to correct a subluxation as demonstrated by X-ray to exist) authorized to practice in California and performing within the scope of their practice as defined under California State law;
- d. Nurse practitioners and nurse-midwives and clinical social workers who are authorized to practice under California State law and who are performing within the scope of their practice as defined under California State law;
- e. Christian Science practitioners listed with the First Church of Christ, Scientist in Boston, Massachusetts; and
- f. Any health care provider from whom an employer or group health plan's benefits manager will accept certification of the existence of a serious health condition to substantiate a claim for benefits.

C. Reasons for Leave

Leave is only permitted for the following reasons:

1. The birth of a child or to care for a newborn of an employee;
2. The placement of a child with an employee in connection with the adoption or foster care of a child;
3. Leave to care for a child, parent, spouse or domestic partner who has a serious health condition; or
4. Leave because of a serious health condition that makes the employee unable to perform the functions of his/her position.

D. Employees Eligible for Leave

An employee is eligible for leave if the employee:

1. Has been employed for at least 12 months; and

2. Has been employed for at least 1,250 hours during the 12-month period immediately preceding the commencement of the leave.

E. Amount of Leave

Eligible employees are entitled to a total of 12 workweeks of leave during any 12-month period.

1. Minimum Duration of Leave

If leave is requested for the birth, adoption or foster care placement of a child of the employee, leave must be concluded within one year of the birth or placement of the child. In addition, the basic minimum duration of such leave is two weeks.

However, an employee is entitled to leave for bonding with a newborn for at least one day, but less than two weeks duration on any two occasions.

If leave is requested to care for a child, parent, spouse or the employee him/herself with a serious health condition, there is no minimum amount of leave that must be taken. However, the notice and medical certification provisions of this policy must be complied with.

2. Spouses or Domestic Partners Both Employed by the City

In any case in which a husband and wife both, or domestic partners, are employed by the City are entitled to leave, the aggregate number of workweeks of leave to which both may be entitled may be limited to 12 workweeks during any 12-month period if leave is taken for the birth or placement for adoption or foster care of the employees' child (i.e., bonding leave). This limitation does not apply to any other type of leave under this policy.

F. Employee Benefits While On Leave

1. Leave under this policy is unpaid. While on leave, employees will continue to be covered by the City's group health insurance to the same extent that coverage is provided while the employee is on the job.
2. Employees may make the appropriate contributions for continued coverage under the preceding non-health benefit plans by payroll deductions or direct payments made to these plans. Depending on the particular plan, the City will inform the employee whether the premiums should be paid to the carrier or to the City. Coverage on a particular plan may be dropped if an employee is more than 30 days late in making a premium payment. However, the employee will receive notice at least 15 days before coverage is to cease, advising that he/she will be dropped if the premium payment is not paid by a certain date. Employee contribution rates are subject to any change in rates that occurs while the employee is on leave.
3. If an employee fails to return to work after his/her leave entitlement has been exhausted or expires, the City shall have the right to recover its share of health plan premiums for the entire leave period, unless the employee does not return because of

the continuation, recurrence, or onset of a serious health condition of the employee or his/her family member which would entitle the employee to leave, or because of circumstances beyond the employee's control. The City shall have the right to recover premiums through deduction from any sums due the City (e.g. unpaid wages, vacation pay, etc.).

G. Substitution of Paid Accrued Leaves

While on leave under this policy, as set forth herein, an employee may elect to concurrently use paid accrued leaves. Similarly, the City may require an employee to concurrently use paid accrued leaves after requesting FMLA and/or CFRA leave, and may also require an employee to use Family and Medical Care Leave concurrently with a non-FMLA/CFRA leave which is FMLA/CFRA-qualifying.

1. Employee's Right to Use Paid Accrued Leaves Concurrently With Family Leave

Where an employee has earned or accrued paid vacation, or compensatory time, that paid leave may be substituted for all or part of any (otherwise) unpaid leave under this policy.

2. As for sick leave, an employee is entitled to use sick leave concurrently with leave under this policy if:

- a. The leave is for the employee's own serious health condition; or
- b. The leave is needed to care for a parent, spouse, domestic partner or child with a serious health condition, and would be permitted as sick leave under the City's sick leave policy.

3. The City's Right to Require an Employee to Use Paid Leave When Using FMLA/CFRA Leave

Employees must exhaust their accrued vacation, administrative and sick leaves concurrently with FMLA/CFRA leave with two exceptions:

- a. Peace Officers on leave pursuant to Labor Code Section 4850.
- b. Employees will only be required to use sick leave concurrently with FMLA/CFRA leave if the leave is for the employee's own serious health condition.

4. The City's Right to Require an Employee to Exhaust FMLA/CFRA Leave Concurrently With Other Leaves

If an employee takes a leave of absence for any reason which is FMLA/CFRA qualifying, the City may designate that non-FMLA/CFRA leave as running concurrently with the employee's 12-week FMLA/CFRA leave entitlement. The only exception is for peace officers who are on leave pursuant to Labor Code Section 4850.

5. The City's and Employee's Rights if an Employee Requests Accrued Leave without Mentioning Either the FMLA or CFRA

If an employee requests to utilize accrued vacation leave or other accrued paid time off without reference to a FMLA/CFRA-qualifying purpose, the City may not ask the employee if the leave is for a FMLA/CFRA-qualifying purpose. However, if the City denies the employee's request and the employee provides information that the requested time off is for a FMLA/CFRA-qualifying purpose, the City may inquire further into the reason for the absence. If the reason is FMLA/CFRA-qualifying, the City may require the employee to exhaust accrued leave as described above.

H. Medical Certification

Employees who request leave for their own serious health condition or to care for a child, parent, spouse or domestic partner who has a serious health condition must provide written certification from the health care provider of the individual requiring care if requested by the City.

If the leave is requested because of the employee's own serious health condition, the certification must include a statement that the employee is unable to work at all or is unable to perform the essential functions of his/her position.

1. Time to Provide a Certification

When an employee's leave is foreseeable and at least 30 days notice has been provided, if a medical certification is requested, the employee must provide the requested certification to the City within the time frame requested by the City (which must allow at least 15 calendar days after the employer's request), unless it is not practicable under the particular circumstances to do so despite the employee's diligent, good faith efforts.

2. Consequences for Failure to Provide an Adequate or Timely Certification

If an employee provides an incomplete medical certification, the employee will be given a reasonable opportunity to cure any such deficiency.

However, if an employee fails to provide a medical certification within the time frame established by this policy, the City may delay the taking of FMLA/CFRA leave until the required certification is provided.

3. Recertification

4. Intermittent Leave or Leave on a Reduced Leave Schedule

I. Employee Notice of Leave

Although the City recognizes that emergencies arise which may require employees to request immediate leave, employees are required to give as much notice as possible of their need for leave. If leave is foreseeable, at least 30 days' notice is required. In addition, if an employee knows that he/she will need leave in the future, but does not know the exact date(s) (e.g. for

the birth of a child or to take care of a newborn), the employee shall inform his/her supervisor as soon as possible that such leave will be needed. Such notice may be orally given. If the City determines that an employee's notice is inadequate or the employee knew about the requested leave in advance of the request, the City may delay the granting of the leave until it can, in its discretion; adequately cover the position with a substitute.

J. Reinstatement upon Return from Leave

1. Right to Reinstatement

Upon expiration of leave, an employee is entitled to be reinstated to the position of employment held when the leave commenced, or to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment. Employees have no greater rights to reinstatement, benefits and other conditions of employment than if the employee had been continuously employed during the FMLA/CFRA period.

If a definite date of reinstatement has been agreed upon at the beginning of the leave, the employee will be reinstated on the date agreed upon. If the reinstatement date differs from the original agreement of the employee and the City, the employee will be reinstated within two business days, where feasible, after the employee notifies the employer of his/her readiness to return.

2. Employee's Obligation to Periodically Report on His/Her Condition

Employees may be required to periodically report on their status and intent to return to work. This will avoid any delays to reinstatement when the employee is ready to return.

3. Fitness-for-duty Certification

As a condition of reinstatement of an employee whose leave was due to the employee's own serious health condition, which made the employee unable to perform his/her job, the employee must obtain and present a fitness-for-duty certification from the health care provider that the employee is able to resume work. Failure to provide such certification will result in denial of reinstatement.

4. Reinstatement of "Key Employees"

The City may deny reinstatement to a key employee (i.e., an employee who is among the highest paid 10 percent of all employed by the City within 75 miles of the work site) if such denial is necessary to prevent substantial and grievous economic injury to the operations of the City, and the employee is notified of the City intent to deny reinstatement on such basis at the time the employer determines that such injury would occur.

K. Required Forms

Employees must fill out the following applicable forms in connection with leave under this policy:

1. “Request for Family or Medical Leave Form” prepared by the City to be eligible for leave. **NOTE: EMPLOYEES WILL RECEIVE A CITY RESPONSE TO THE REQUEST WHICH WILL SET FORTH CERTAIN CONDITIONS OF THE LEAVE;**
2. Medical certification  either for the employee’s own serious health condition or for the serious health condition of a child, parent or spouse;
3. Authorization for payroll deductions for benefit plan coverage continuation; and
4. Fitness-for-duty to return from leave form.

L. Pregnancy Disability Leave

1. A pregnant employee who is disabled because of pregnancy, childbirth, or a related medical condition shall be entitled to a leave of absence without pay for up to four (4) months. Pregnancy disability leaves are without pay. However, the employee may first use accrued sick leave, vacation leave, and then any other accrued paid time off during the leave.
2. Requests for pregnancy disability leave must be submitted in writing and must be approved by the employee’s supervisor or Department Head before the leave begins. The request must be supported by a written certification from the attending physician stating that the employee is disabled from working by pregnancy, childbirth or a related medical condition. The certification must state the expected duration of the disability and the expected date of return to work.
3. All leaves must be confirmed in writing, have an agreed-upon specific date of return, and be submitted to the Department Head prior to being taken. Requests for an extension of leave must be submitted in writing to the Department Head prior to the agreed date of return and must be supported by a written certification of the attending physician that the employee continues to be disabled by pregnancy, childbirth, or a related medical condition. The maximum pregnancy disability leave is four months.
4. An employee on pregnancy disability leave may receive any group health insurance coverage that was provided before the leave on the same terms as provided to other employees who become disabled off-duty, as if the employee had continued to work, if: 1) the employee is eligible for concurrent family medical leave; and 2) the employee has not already exhausted this 12-week group health insurance coverage benefit in the current family medical leave eligibility period. The City may recover premiums it paid to maintain health coverage, as provided by the family and medical leave laws, if an employee does not return to work following pregnancy disability leave.

5. An employee on pregnancy disability leave who is not eligible to receive group health insurance coverage as described above, may receive health insurance coverage in conjunction with COBRA guidelines by making monthly premium payments to the City.
6. Sick and Vacation Leave Accrual: Sick leave and vacation leave do not accrue while an employee is on unpaid pregnancy disability leave.
7. Upon expiration of the approved leave, the employee shall be reinstated to her former position or to a comparable one if the former position was eliminated for a legitimate business reason during the leave and the employee would otherwise not have been laid off. The comparable position is one having similar terms of pay, geographic location, job content, status and promotional opportunities. Prior to the employee being reinstated, the department head shall require a statement from the health care provider that the employee is physically capable of resuming the regular duties of her position.
8. Failure to return to work after the authorized four month leave period causes the employee to have no reinstatement rights.

#### **SECTION 6. HOLIDAY LEAVE**

- A. Each employee shall be entitled to the following holidays with pay:

- New Year's Day
- Martin Luther King Junior Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veteran's Day
- Thanksgiving Day and Day after Thanksgiving
- Christmas Eve Day and Christmas Day
- New Years Eve

If any of these holidays falls on a Sunday, the Monday following shall be treated as the holiday. If the holiday falls on a Saturday, the Friday preceding shall be treated as the holiday.

For personnel working these holidays, or if the holiday falls on an employee's regular day off, the employee shall be paid one day's compensation for the holiday.

An employee must have been employed by the City on the day preceding and the day following a holiday to qualify for holiday pay. For the purposes of this paragraph, an employee who is absent on authorized vacation with pay or on accrued sick leave shall be deemed to be employed at such time.

**SECTION 7. VACATION LEAVE**

- A. The purpose of annual vacation leave is to enable each eligible regular employee to return to his or her work mentally and physically refreshed. All employees are entitled to take annual vacation leave with pay as follows:
1. Employees with zero through 4 years of service shall accrue vacation leave on a monthly basis at the equivalent rate of 80 hours of vacation for each full calendar year of service. Probationary employees may be approved to use vacation time at the discretion of the department head.
  2. Employees with five (5) through ten (10) years of service shall accrue vacation on a monthly basis leave at the equivalent rate of 120 hours of vacation for each full calendar year of service.
  3. Employees with eleven (11) through twenty (20) or more years of service shall accrue vacation leave on a monthly basis at the equivalent rate of 160 hours of vacation for each full calendar year of service.
  4. After twenty years of service employees will accrue 1 vacation day for each year of additional service up to the maximum vacation time equal to 200 hours of vacation for each full calendar year of service.
- B. The department head shall schedule the times at which vacation leave is to be taken with due consideration being given to the desires of the employee and operational needs of the department. Vacation may be taken in less than one-day increments upon approval from the Department Head.
- C. Based upon operational needs or employee preference, the use of vacation leave earned in a given year may be deferred to the following year. However, at no time may an employee have a total balance of vacation days in excess of two times his or her current annual accrual rate. When the employee reaches the maximum accrual he/she shall cease earning vacation leave until the balance falls below the maximum accrual.
- D. Where a paid holiday falls during the period of an employee's vacation leave, that day shall not be charged against the employee's vacation accrual. Where an illness or injury necessitates hospitalization of an employee during his or her vacation leave, the days of hospitalization shall not be charged against the employee's vacation accrual.
- E. Vacation leave shall not accrue during leaves of absence without pay unless required by law (e.g., military leave).

**SECTION 8. LEAVE WITHOUT PAY**

- A. All leave requested under this policy must, whenever possible, be requested in a manner that provides the City with reasonable notice of the employee's requested absence. Regular and

probationary employees are eligible for unpaid leave under this policy. An employee shall not be entitled to a leave of absence without pay as a matter of right.

- B. Leave without pay for one calendar week may be granted by employee's department head and must be requested in writing. The employee's request must contain the reason for the requested leave and the date the employee desires to begin the leave, and the probable date the employee will return to work. The employee will receive a written response to the request.
- C. Leave without pay for more than one calendar week and up to three months may be granted at the discretion of City Manager. The employee's request must contain the reason for the requested leave and the date the employee desires to begin the leave, and the probable date the employee will return to work. The employee will receive a written response to the request from the City Manager or his/her designee.
- D. Upon expiration of the designated leave, or within a reasonable period of time after the employee provides notice to the City of his/her return to duty, the employee shall be reinstated to the position he/she held at the time the leave was granted, or to a comparable one if the former position was eliminated for a legitimate business reason during the leave and the employee would otherwise not have been laid off. A comparable position is one having similar terms of pay, geographic location, job content, status and promotional opportunities.
- E. An employee's failure to return to work at the expiration of the designated leave, or upon notice to the City of his/her return to duty, may be cause for termination unless the employee has contacted the City in writing to request additional leave, and the leave has been granted, or the employee has been notified by the City Manager or his/her designee that the request is under consideration.
- F. Leave of absence without pay shall not be construed as a break in service or employment, and rights accrued at the time the leave is granted shall be retained by the employee; however, vacation credits, sick leave credits, increases in salary, all other paid leaves, holidays and fringe benefits and other similar benefits shall not accrue to a person granted such leave during the period of absence. Nor is the City required to maintain contributions toward group insurance or retirement coverage. During the period of such leaves, all service and leave credits shall be retained at the levels existing as of the effective date of the leave. Group insurance may be kept in force at the employees sole expense provided the Group plan allows for same.

## **SECTION 9. ADMINISTRATIVE LEAVE**

- A. The City has the right to place an employee on leave at any time for non-disciplinary reasons with full pay. An employee may be placed on administrative leave pending investigation of misconduct, potential disciplinary action, or other reasons that the City Manager or designee, in his/her discretion to protect the safety of the employee or others, believes warrant such leave. The employee has no right to appeal his or her placement on administrative leave.

**SECTION 10. JURY DUTY**

- A. An employee who is summoned to serve on a jury must notify his or her supervisor or Department Head as soon as possible after receiving notice of both possible and actual jury service in order to receive time off for the period of actual service required on such jury. The time spent on jury duty is not work time for purposes of calculating overtime compensation but the employee's regular salary shall be paid for each day or portion that the employee is required to serve.

**SECTION 11. SUBPOENA**

- A. An employee who is subpoenaed to appear in court in a matter regarding an event or transaction which he or she perceived or investigated in the course of his or her City job duties will do so without loss of compensation. The time spent will be considered work time.
- B. An employee who is subpoenaed to appear in court in a matter unrelated to his or her City job duties or because of a civil or administrative proceedings that he or she initiated does not receive compensation for time spent related to those proceedings. An employee may request to receive time off without pay, or may use accrued vacation for time spent related to those proceedings. The time spent in these proceedings is not considered work time.

**SECTION 12. MILITARY LEAVE**

- A. Military leave shall be granted in accordance with the provisions of state and federal law. An employee requesting leave for this purpose shall provide the department head, whenever possible, with a copy of the military orders specifying the dates, site and purpose of the activity or mission. Within the limits of such orders, the department head may determine when the leave is to be taken and may modify the employee's work schedule to accommodate the request for leave.

**SECTION 13. TIME OFF TO VOTE**

- A. If an employee does not have sufficient time outside of working hours to vote at a statewide election, the employee may take up to two hours off without loss of pay at the beginning or end of the day. Prior approval for this time off by the employee's supervisor is required.

**SECTION 14. SCHOOL RELATED LEAVE**

- A. Any Agency employee who is a parent, guardian or grandparent having custody of one or more children in kindergarten or grades 1 through 12 or attending a licensed day care facility shall be allowed up to forty (40) hours each school year, not to exceed eight (8) hours in any calendar month of the school year, without pay, to participate in activities of the school of their child. Such employee must provide reasonable advance notice of the planned absence. The employee may be required to use vacation and/or compensating time off to cover the absence. The Agency may require the employee to provide documentation from the school

as verification that the employee participated in school activities on a specific date and at a particular time. If both parents, guardians or grandparents having custody work for the agency at the same work site, only the first parent requesting shall be entitled to leave under this provision.

**SECTION 15. TIME OFF FOR VICTIMS OF VIOLENT CRIMES OR DOMESTIC ABUSE**

- A. An employee who has been a victim of a violent crime or domestic violence may take time off to: 1) appear in court to comply with a subpoena or other court order as a witness in any judicial proceeding; 2) seek medical or psychological assistance; or 3) participate in safety planning to protect against further assaults.
  - 1. An affected employee must give the City reasonable notice that he or she is required to be absent for a purpose stated above. In cases of unscheduled or emergency court appearances or other emergency circumstances, the affected employee must, within a reasonable time after the appearance, provide the City with written proof that the absence was required for any of the above reasons. Leave under this section is unpaid unless the employee uses accrued time off.
  
- B. An employee who is a victim of a crime (as defined in California Labor Code section 230.2), an immediate family member of a victim (as defined in California Labor Code section 230.2), a registered domestic partner of a victim, or the child of a registered domestic partner of a victim may take time off work to attend judicial proceedings related to that crime.
  - 1. An affected employee must give the City a copy of the notice of each scheduled proceeding, unless advance notice is not feasible. When advance notice is not feasible the employee must, within a reasonable time after the absence, provide the employer with documentation evidencing the judicial proceeding. Leave under this section is unpaid unless the employee uses accrued time off.

# ARTICLE IX

## EMPLOYEE CONDUCT

### SECTION 1. REASONABLE ACCOMMODATION POLICY

#### A. Policy

1. The City provides employment-related reasonable accommodations to qualified individuals with disabilities within the meaning of the California Fair Employment and Housing Act and the Americans with Disabilities Act.

#### B. Procedure

1. Request for Accommodation

An employee who desires a reasonable accommodation in order to perform essential job functions should make such a request in writing to the City Manager or his/her designee. The request must identify: a) the job-related functions at issue; and b) the desired accommodation(s).

2. Reasonable Documentation of Disability

Following receipt of the request, the City Manager or his/her designee may require additional information, such as reasonable documentation of the existence of a disability.

3. Fitness for Duty Examination

The City may require an employee to undergo a fitness for duty examination to determine whether the employee can perform the essential functions of the job with or without accommodation. The City may also require that a City-approved physician conduct the examination.

4. Interactive Process Discussion

After receipt of the results of a fitness for duty report and reasonable documentation of disability, the City will arrange for a discussion, in person or via telephone conference call, with the employee, and his or her representatives, if any. The purpose of the discussion is to work in good faith to fully discuss all feasible potential reasonable accommodations.

5. Case-by-Case Determination

The City determines, in its sole discretion, whether reasonable accommodation(s) can be made, and the type of accommodation(s) to provide. The City will not provide accommodation(s) that would pose an undue hardship upon City finances or

operations, or that would endanger the health or safety of the applicant, employee or others. The City will inform the employee of its decision as to reasonable accommodation(s) in writing.

## **SECTION 2. POLICY AND COMPLAINT PROCEDURE AGAINST HARASSMENT, DISCRIMINATION AND RETALIATION**

### A. Purpose

The purpose of this Policy is to: establish a strong commitment to prohibit and prevent discrimination, harassment, and retaliation in employment; to define those terms; and to set forth a procedure for investigating and resolving internal complaints. The employer encourages all covered individuals to report -- as soon as possible -- any conduct that is believed to violate this Policy.

### B. Policy

The employer has zero tolerance for any conduct that violates this Policy. Conduct need not arise to the level of a violation of law in order to violate this Policy. Instead a single act can violate this Policy and provide grounds for discipline or other appropriate sanctions. Harassment or discrimination against an applicant or employee by a supervisor, management employee, co-worker or contractor on the basis of race, religion, sex (including gender and pregnancy), national origin, ancestry, disability, medical condition, genetic characteristics, marital status, age, or sexual orientation (including homosexuality, bisexuality, or heterosexuality) will not be tolerated. This Policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, disciplinary action, layoff, recall, transfer, leave of absence, compensation, and training. Disciplinary action or other appropriate sanction up to and including termination will be instituted for prohibited behavior as defined below. Any retaliation against a person for filing a complaint or participating in the complaint resolution process is prohibited. Individuals found to be retaliating in violation of this Policy will be subject to appropriate sanction or disciplinary action up to and including termination.

### C. Definition

#### 1. Protected Classifications:

This Policy prohibits harassment or discrimination because of an individual's protected classification. "Protected Classification" includes race, religion, color, sex (including gender and pregnancy), sexual orientation (including heterosexuality, homosexuality, and bisexuality), national origin, ancestry, citizenship status, uniformed service member status, marital status, pregnancy, age, medical condition, genetic characteristics, and physical or mental disability.

2. Policy Coverage:

This Policy prohibits employer officials, officers, employees or contractors from harassing or discriminating against applicants, officers, officials, employees, or contractors because:

- a. of an individual's protected classification;
- b. of the perception that an individual has a protected classification; or
- c. the individual associates with a person who has or is perceived to have a protected classification.

3. Discrimination:

This policy prohibits treating individuals differently because of the individual's protected classification as defined in this policy.

4. Harassment may include, but is not limited to, the following types of behavior that is taken because of a person's protected classification. Note that harassment is not limited to conduct that employer's employees take. Under certain circumstances, harassment can also include conduct taken by those who are not employees, such as elected officials, appointed officials, persons providing services under contracts, or even members of the public:

Speech, such as epithets, derogatory comments or slurs, and propositioning on the basis of a protected classification. This might include inappropriate comments on appearance, including dress or physical features, or dress consistent with gender identification, or race-oriented stories and jokes.

Physical acts, such as assault, impeding or blocking movement, offensive touching, or any physical interference with normal work or movement. This includes pinching, grabbing, patting, propositioning, leering, or making explicit or implied job threats or promises in return for submission to physical acts.

Visual insults, such as derogatory posters, cartoons, or drawings related to a protected classification.

Unwanted sexual advances, requests for sexual favors and other acts of a sexual nature, where submission is made a term or condition of employment, where submission to or rejection of the conduct is used as the basis for employment decisions, or where the conduct is intended to or actually does unreasonably interfere with an individual's work performance or create an intimidating, hostile, or offensive working environment.

5. Guidelines for Identifying Harassment:

To help clarify what constitutes harassment in violation of this Policy, use the following guidelines:

- a. Harassment includes any conduct which would be "unwelcome" to an individual of the recipient's same protected classification and which is taken because of the recipient's protected classification.
- b. It is no defense that the recipient appears to have voluntarily "consented" to the conduct at issue. A recipient may not protest for many legitimate reasons, including the need to avoid being insubordinate or to avoid being ostracized.
- c. Simply because no one has complained about a joke, gesture, picture, physical contact, or comment does not mean that the conduct is welcome. Harassment can evolve over time. Small, isolated incidents might be tolerated up to a point. The fact that no one is complaining now does not preclude anyone from complaining if the conduct is repeated in the future.
- d. Even visual, verbal, and/or physical conduct between two employees who appear to welcome it can constitute harassment of a third applicant, officer, official, employee or contractor who observes the conduct or learns about the conduct later. Conduct can constitute harassment even if it is not explicitly or specifically directed at an individual.
- e. Conduct can constitute harassment in violation of this Policy even if the individual engaging in the conduct has no intention to harass. Even well-intentioned conduct can violate this Policy if the conduct is directed at, or implicates a protected classification, and if an individual of the recipient's same protected classification would find it offensive (e.g., gifts, over attention, endearing nicknames).
- f. Retaliation: Any adverse conduct taken because an applicant, employee, or contractor has reported harassment or discrimination, or has participated in the complaint and investigation process described herein, is prohibited. "Adverse conduct" includes but is not limited to: taking sides because an individual has reported harassment or discrimination, spreading rumors about a complaint, shunning and avoiding an individual who reports harassment or discrimination, or real or implied threats of intimidation to prevent an individual from reporting harassment or discrimination. The following individuals are protected from retaliation: those who make good faith reports of harassment or discrimination, and those who associate with an individual who is involved in reporting harassment or discrimination or who participates in the complaint or investigation process.

D. Complaint Procedure

1. An employee, job applicant, or contractor who believes he or she has been harassed may make a complaint verbally or in writing with any of the following. There is no need to follow the chain of command:
  - a. Immediate supervisor;
  - b. Any supervisor or manager within or outside of the department;

- c. Department head; or
  - d. City Manager.
2. Any supervisor or department head who receives a harassment complaint should notify the City Manager immediately.
3. Upon receiving notification of a harassment complaint, the City Manager shall:
  - a. Authorize and supervise the investigation of the complaint and/or investigate the complaint. The investigation will include interviews with: 1) the complainant; 2) the accused harasser; and 3) other persons who have relevant knowledge concerning the complaint.
  - b. Review the factual information gathered through the investigation to determine whether the alleged conduct constitutes harassment, discrimination or retaliation giving consideration to all factual information, the totality of the circumstances, including the nature of the conduct, and the context in which the alleged incidents occurred.
  - c. Report a summary of the determination as to whether harassment occurred to appropriate persons, including the complainant, the alleged harasser, the supervisor, and the department head. If discipline is imposed, the level of discipline will not be communicated to the complainant.
  - d. If conduct in violation of this Policy occurred, take and/or recommend to the appointing authority prompt and effective remedial action. The action will be commensurate with the severity of the offense.
  - e. Take reasonable steps to protect the complainant from further harassment, discrimination or retaliation.
  - f. Take reasonable steps to protect the complainant from retaliation as a result of communicating the complaint.
4. The employer takes a proactive approach to potential Policy violations and will conduct an investigation if its officers, supervisors, or managers become aware that harassment, discrimination or retaliation may be occurring, regardless of whether the recipient or third party reports a potential violation.
5. Option to Report to Outside Administrative Agencies: An individual has the option to report harassment, discrimination or retaliation to the U.S. Equal Employment Opportunity Commission (EEOC) or the California Department of Fair Employment and Housing (DFEH). These administrative agencies offer legal remedies and a complaint process. The nearest offices are listed in the government section of the telephone book or employees can check the posters that are located on employer bulletin boards for office locations and telephone numbers.

E. Confidentiality

Every possible effort will be made to assure the confidentiality of complaints made under this Policy. Complete confidentiality cannot occur, however, due to the need to fully investigate and the duty to take effective remedial action. As a result, confidentiality will be maintained to the extent possible. An individual who is interviewed during the course of an investigation is prohibited from discussing the substance of the interview, except as otherwise directed by a supervisor or the City Manager. Any individual who discusses the content of an investigatory interview will be subject to discipline or other appropriate sanction. The employer will not disclose a completed investigation report except as it deems necessary to support a disciplinary action, to take remedial action, to defend itself in adversarial proceedings, or to comply with the law or court order.

F. Responsibilities

1. Managers and Supervisors are responsible for:
  - a. Informing employees of this Policy.
  - b. Modeling appropriate behavior.
  - c. Taking all steps necessary to prevent harassment, discrimination or retaliation from occurring.
  - d. Receiving complaints in a fair and serious manner, documenting steps taken to resolve complaints.
  - e. Monitoring the work environment and taking immediate appropriate action to stop potential violations, such as removing inappropriate pictures or correcting inappropriate language.
  - f. Following up with those who have complained to ensure that the behavior has stopped and that there are no reprisals.
  - g. Informing those who complain of harassment or discrimination of his or her option to contact the EEOC or DFEH regarding alleged Policy violations.
  - h. Assisting, advising, or consulting with employees and the City Manager regarding this Policy, and Complaint Procedure.
  - i. Assisting in the investigation of complaints involving employee(s) in their departments and, if the complaint is substantiated, recommending appropriate corrective or disciplinary action in accordance with employer Personnel Rules, up to and including discharge.
  - j. Implementing appropriate disciplinary and remedial actions.
  - k. Reporting potential violations of this Policy of which he or she becomes aware, regardless of whether a complaint has been submitted, to the Human Resources Department or the department head.

1. Participating in periodic training and scheduling employees for training.
2. Each employee or contractor is responsible for:
  - a. Treating all employees and contractors with respect and consideration.
  - b. Modeling appropriate behavior.
  - c. Participating in periodic training.
  - d. Fully cooperating with the employer's investigations by responding fully and truthfully to all questions posed during the investigation.
  - e. Maintaining the confidentiality of any investigation that the employer conducts by not disclosing the substance of any investigatory interview, except as directed by the department head or City Manager.
  - f. Reporting any act he or she believes in good faith constitutes harassment, discrimination, or retaliation as defined in this Policy, to his or her immediate supervisor, or department head, or City Manager.

G. Dissemination Policy

All employees shall receive a copy of this Policy when they are hired. The Policy may be updated from time to time and redistributed.

**SECTION 3. WORKPLACE SECURITY**

A. Policy

1. The City is committed to providing a safe and secure workplace for employees and the public. The City will not tolerate acts or threats of violence in the workplace. The workplace includes any location where City business is conducted, including vehicles and parking lots. Any violation of this policy will lead to criminal prosecution, and/or disciplinary action, up to and including termination.

B. Prohibited Behavior

1. Employees are prohibited from engaging in or promoting acts of intimidation, violence, threats, coercion, assault and/or abusive behavior toward any person while in the course of City employment. The City has zero tolerance for any conduct that references workplace violence, even if it was intended to be harmless, humorous, a prank, blowing off steam, or venting.
2. Employees engaged in City business are prohibited from carrying self-defense weapons in violation of any law or this policy. Employees who have legal authority to carry a self-defense weapon shall notify the Department Head in writing of what type of weapon is being carried. Employees who have legal authority to carry self-defense weapons violate this policy if they: accidentally discharge or lose their

weapon; use, threaten to use, or display the weapon while engaging in City business; or violate any law related to carrying a legal self-defense weapon while engaged in City business.

C. Definitions

1. “Workplace Violence” is any conduct that causes an individual to reasonably fear for his or her personal safety or the safety of his or her family, friends, and/or property. Specific examples of workplace violence include, but are not limited to, the following:
  - a. Threats or acts of physical harm directed toward an individual or his/her family, friends, associates, or property.
  - b. The destruction, or threat of destruction, of City property or another employee’s property.
  - c. Harassing or threatening phone calls.
  - d. Surveillance.
  - e. Stalking.
  - f. Possession of offensive or defensive weapons (firearms, illegal knives, clubs, mace, pepper spray, tear gas, etc.) unless specifically required or authorized and approved by the City Manager or his/her designee.
  - g. Any conduct relating to violence or threats of violence that adversely affects the City’s legitimate business interests.
  - h. Weapons are defined as firearms, chemical sprays, clubs or batons, and knives, and any other device, tool, chemical agent or implement that can cause bodily harm if used as a weapon or displayed in such a manner to cause harm or threaten a person with harm.

D. Incident Reporting Procedures

1. Employees must immediately report workplace violence to their supervisor or Department Head. The supervisor or Department Head will report the matter to the City Manager or designee.
2. The City Manager or designee will document the incident, including the employee names(s), date/time, location, incident description, witness names and statements, description of unidentified parties, description of the act(s) and/or behavior arising from the incident, action taken, and provide any other relevant information regarding the incident.
3. The City Manager or designee will take appropriate steps to provide security, such as:

- a. Placing the employee alleged to have engaged in workplace violence on administrative leave, pending investigation;
- b. Asking any threatening or potentially violent person to leave the site; or
- c. Immediately contacting an appropriate law enforcement agency.

E. Investigation

1. The City Manager or designee will see that reported violations of this policy are investigated as necessary.

F. Management Responsibility

Each Department Head has authority to enforce this policy by:

1. Training supervisors and subordinates about their responsibilities under this policy;
2. Assuring that reports of workplace violence are documented accurately and timely;
3. Notifying the City Manager or designee and/or law enforcement authorities of any incidents;
4. Making all reasonable efforts to maintain a safe and secure workplace; and
5. Maintaining records and follow up actions as to workplace violence reports.

G. Follow-Up Disciplinary Procedures

1. Any employee found in violation of this policy will be subject to disciplinary action, up to and including termination of employment. The City may also direct that an employee submit to a fitness for duty examination. In addition, employees found in violation of this policy may be subject to criminal prosecution

**SECTION 4. DRUG AND ALCOHOL-FREE WORKPLACE POLICY**

A. Policy

1. The unlawful manufacture, distribution, dispensation, possession, or use of alcohol or any controlled substance is prohibited in both City workplaces and wherever City business is performed.
2. An employee must notify his/her supervisor before beginning work when taking medications or drugs which could interfere with the safe and effective performance of duties or operation of City equipment. If there is a question regarding an employee's ability to perform assigned duties safely and effectively while using prescribed medications, the City may require medical clearance.
3. Compliance with this policy is a condition of City employment. Disciplinary action will be taken against those who violate this policy.

4. Employees who are required to participate in the City's "Federally Mandated Commercial Drivers License Holders Drug/Alcohol Testing Education Program" are subject to requirements contained in the Department of Transportation Policy Handbook.

B. Scope of Policy

1. This policy applies to all City employees when they are on City property or when performing City-related business elsewhere.

C. Searches

1. In order to promote a safe, productive and efficient workplace, the City has the right to search and inspect all City property, including but not limited to lockers, storage areas, furniture, City vehicles, and other places under the common control of the City and employees. No employee has any expectation of privacy in any City building, property, or communications system except as otherwise provided by law. (POBAR)

D. Drug and Alcohol Testing

Except as provided otherwise in a memorandum of understanding, or as to employees who are required to participate in the City's "Federally Mandated Commercial Drivers License Holders Drug/Alcohol Testing Education Program," the City has discretion to test a current employee for alcohol or drugs in the following instances:

1. Reasonable Suspicion Testing

The City may require a blood test, urinalysis, or other drug and/or alcohol screening of those persons reasonably suspected of using or being under the influence of a drug or alcohol at work. Testing must be approved by the City Manager or his/her designee.

"Reasonable suspicion" is based on objective factors, such as behavior, speech, body odor, appearance, or other evidence of recent drug or alcohol use which would lead a reasonable person to believe that the employee is under the influence of drugs or alcohol. In order to receive authority to test, the supervisor must record the factors that support reasonable suspicion and discuss the matter with the City Manager or his/her designee or Department Head. If there is a reasonable suspicion of drug or alcohol abuse, the employee will be relieved from duty and placed on sick leave until the test results are received.

2. Post-Accident Testing

The City may require alcohol or drug screening following any work-related accident or any violation of safety precautions or standards, whether or not an injury resulted from the accident or violation, provided that the "reasonable suspicion" factors described above are present.

E. Employee's Responsibilities

City employee must:

1. Not report to work or be on standby or on-call status while his or her ability to perform job duties is impaired due to on or off duty alcohol or drug use;
2. Not possess or use controlled substances (illegal drugs or prescription drugs without a prescription) at any time, or use alcohol at any time while on City property or while on duty for the City at any location;
3. Not directly or through a third party manufacture, sell, distribute, dispense, or provide controlled substances to any person, including any employee, at any time; or manufacture, sell, distribute, dispense or provide alcohol to any employee while either or both are on duty;
4. Notify his or her supervisor, before beginning work, when taking any medications or drugs, prescription or nonprescription, which may interfere with the safe and effective performance of duties or operation of City equipment;
5. Notify the Department Head of any criminal conviction for a drug violation that occurred in the workplace within no more than five days after such conviction;
6. Notify the supervisor immediately of facts or reasonable suspicions when he or she observes behavior or other evidence that a fellow employee poses a risk to the health and safety of the employee or others; and
7. Consent to drug or alcohol testing and searches.

F. Management Employee Responsibilities

City management employees must:

1. Notify the state or federal granting agency which has funded the work or program, if any, of any criminal drug statute convictions for a violation that occurred at a site where work is/was being done with a specific grant or contract;
2. Record factors supporting "reasonable suspicion" as defined above and consult with other management staff in order to determine whether there is reasonable suspicion to test an employee as described by this policy;
3. Take appropriate disciplinary action for any criminal drug statute conviction that occurred in a City workplace, up to and including termination, or require that the convicted employee participate satisfactorily in a drug abuse assistance or rehabilitation program as a condition for returning to duty; and
4. Take appropriate disciplinary action for any violation of this policy.

G. Drug-Free Awareness Program

The following is the City's drug-free awareness program:

1. Distribution of a brochure on the dangers of drug abuse to each City employee and volunteer; and
2. Notification to each City employee and volunteer of the availability of counseling and treatment of drug-related problems through the City's Employee Assistance Program provider.

**SECTION 5. OUTSIDE EMPLOYMENT OR ACTIVITY**

A. Purpose, Policy and Definition

1. The purpose of this policy is to establish guidelines for outside employment or activity for City employees.
2. An employee shall not engage in any employment or activity which is inconsistent, incompatible, in conflict with, or inimical to, his or her duties as a City officer or employee, or with the duties, functions, or responsibilities of the City.
3. Outside Employment or Activity is any work performed, on a paid or volunteer basis, by a City employee outside of his or her employment with the City.

B. Prohibited Types of Outside Employment or Activity

1. No employee shall engage in outside employment or activity if the contemplated outside employment or activity involves any of the following:
  - a. The use of City time, facilities, equipment, supplies or other resources;
  - b. The use of the employee's uniform, badge, prestige or influence of his/her City office or employment;
  - c. The receipt or acceptance by the employee of money or other consideration, from any person or entity other than the City, for the performance of an act which the employee, if not performing such act, would be required or expected to render in the regular course or hours of his or her City employment or as a part of his or her duties as an employee;
  - d. The performance of an act, not in his/her capacity as a City employee, which may later be subject directly or indirectly to the control, inspection, review, audit, or enforcement by the employee or the City department in which he/she is employed;
  - e. Time demands which would likely render performance of his/her duties as a City employee less efficient or conditions in which there is a substantial danger of injury or illness to the employee; and

- f. The performance of any act, whether or not for monetary compensation or other consideration, which is inconsistent, incompatible, in conflict with, or inimical to his/her duties for the City.

C. Notice of Intent to Participate In Outside Employment or Activity

1. An employee interested in outside employment or activity must advise his/her department head prior to engaging in such work or activity.
2. The Department Head will make a recommendation to the City Manager if he/she determines that the employment/activity should be prohibited, whose decision on the employment/activity will be final.
3. Outside employment or activity will be reviewed subject to the prohibitions contained in Subsection B, above.

D. Violations and Penalties

1. Any violation of the provisions herein shall constitute sufficient grounds for disciplinary action, pursuant to the City's discipline policy, up to and including termination.

**SECTION 6. USE OF CITY EQUIPMENT**

A. Policy

1. City property is to be used only for conducting City business unless otherwise authorized. City property includes, but is not limited to: telephones, desks, computers (including hardware and software), file cabinets, lockers, communications stored or transmitted on City property (such as e- and voice-mails), vehicles and any other City property used by City employees in their work. Employees do not have a reasonable expectation of privacy in City property or equipment.
2. City property may be monitored and searched at any time and for any reason. Messages sent or received on City equipment may be saved and reviewed by others. As a result, City employees have no expectation of privacy in the messages sent or received on City property or equipment.
3. Every City employee is required to adhere to all City rules and policies while on City property or using City property or equipment.

B. Telephone Usage

Telephone calls made from City telephones, including interdepartmental calls, shall generally be made only in conjunction with the conduct of official City business. However, an employee may be permitted to make a local, long distance or interdepartmental call from a City telephone for reasons of personal necessity, subject to the following restrictions:

EXHIBIT A

1. Calls shall be made only during the time an officer or employee is relieved from duty, i.e., during an assigned break, during the lunch hour, or before or after an assigned shift;
2. Departmental operations shall not be disrupted;
3. Calls shall be restricted in number and duration to those necessary for an officer or employee to attend to important personal business which cannot reasonably be conducted at another time and in another place;
4. Calls shall not be made in the conduct of any avocation, second occupation or business pursuit, or for purposes of sales or solicitation on behalf of the officer or employee or another agency, business or concern, and
5. All long distance calls shall be billed to a third party and in no event shall any long distance calls become a charge against the City.

C. Computer/Communications Equipment Usage

1. The City owns and operates a variety of computer, network, electronic mail ("e-mail"), and Internet access and voice mail systems for use by its employees. These systems are provided to employees at the City's expense to assist the employees in carrying out the business of the City. Users of these e-mail/communication systems should be aware that (1) their e-mail/communications are not personal and private, (2) their e-mail/communications may be (but are not necessarily) saved for future reference, and (3) their e-mail/communications may be seen by persons other than the original addressee. In addition, these forms of e-mail/communications may be accessed by members of the public under the provisions of the Public Records Act.
2. The computer, network, e-mail, Internet access and other similar technologies shall generally be used only in conjunction with the conduct of official City business. Subject to the restrictions set out in this policy, employees may be permitted to use the City's computer/communications systems for reasons of personal necessity so long as such use is during the time the employee is relieved from duty, i.e. during a break, during the employee's lunch hour, or before or after the employee's work shift, and only so long as the Department Head determines that the operation of the Department is not being compromised or disrupted.

D. Inappropriate Use of Communications Equipment Prohibited

The following are examples of inappropriate and prohibited uses of the City's communications systems:

1. Exposing others, either intentionally or unintentionally, to material that is offensive, obscene or in poor taste;
2. Any use that a reasonable person would consider creates or furthers a hostile attitude on the basis of race, color, religion, national origin, citizenship, ancestry, marital status, gender, disability, age, veteran's status or sexual orientation;

3. Communication of confidential City information to unauthorized individuals within or outside the City;
4. Sending messages with content that conflicts with any City policies, rules or other applicable laws;
5. Unauthorized attempts to access data or break into a City or non-City system;
6. Theft or unauthorized copying of electronic files or data;
7. Initiating or sustaining chain letters, and
8. Intentionally misrepresenting one's identity for improper or illegal acts.

E. Use of Other City Property

The City reserves the right to restrict employee use of all City-owned property, including City vehicles. City-owned vehicles may be available for use by City employees when required to conduct City business. Employees may be provided guidelines by the appropriate Department Head for using City property, such as vehicles, and must comply with such guidelines when given.

**SECTION 7. EMPLOYEE DRESS CODE**

- A. City employees are required to dress appropriately for the jobs they are performing. Therefore, failure to follow the dress regulations contained in this section shall be grounds for discipline.
- B. All clothing must be neat, clean, in good repair and appropriate to the working environment, especially when the employee has direct contact with the public.
- C. Prescribed uniforms and safety equipment must be worn where applicable.
- D. Footwear must be functional and appropriate for the working environment.
- E. Hair must be neat, clean and well-groomed.
- F. Beards, mustaches and sideburns must be maintained in a neat and well-groomed fashion.
- G. Jewelry is acceptable except in areas where it may constitute a health or safety hazard.
- H. Dress must be appropriate to the work setting, particularly if the employee deals with the public.

**SECTION 8. POLITICAL ACTIVITIES**

A. Policy

The City prohibits:

1. Employees and officers from engaging in political activities during work hours;
2. Political campaigning in City buildings or on premises adjacent to City buildings; and
3. An employee or officer from using his or her office to coerce or intimidate public employees to promote, propose, oppose, or contribute to any political cause or candidate.

B. Examples of Prohibited Conduct

1. Participate in political activities of any kind while in uniform;
2. Participate in political activities during working hours;
3. Participate in political activities on City worksites;
4. Place or distribute political communications on City property;
5. Use equipment to make political communications;
6. Solicit a political contribution from an officer or employee of the City, or from a person on a City employment list, with knowledge that the person from whom the contribution is solicited is a City officer or employee;
7. Favor or discriminate against any employee because of political opinions or affiliations;
8. Interfere with any election; or
9. Attempt to trade job benefits for votes

C. Examples of Permitted Conduct

1. Express opinions on all political subjects or candidates;
2. Become a candidate for any local, state, or national election;
3. Contribute to political campaigns;
4. Join and participate in the activities of political organizations;
5. Request, during off-duty time, political contributions, through the mail or other means, from City officers or employees if the solicitation is part of a solicitation made to a significant segment of the public which may include City officers or employees;
6. Solicit or receive, during off-duty time, political contributions from a City employee organization if the funds, when collected, were not earmarked for a clearly identifiable candidate for a federal, state or local office; or

7. Solicit or receive, during off-duty time, political funds or contributions to promote the passage or defeat of a ballot measure which would affect the rate of pay, hours of work, retirement, civil service, or other working conditions of City officers or employees.

# ARTICLE X

## NEPOTISM AND FRATERNIZATION POLICY

### SECTION 1. PURPOSE

- A. The purpose of this policy is to establish the nepotism and fraternization policy for the City of Lakeport. This policy is intended to avoid conflicts of interest between work-related and personal/family obligations; reduce favoritism or even the appearance of favoritism; prevent personal/family conflicts from affecting the workplace; and decrease the likelihood of sexual harassment and/or gender discrimination in the workplace.

### SECTION 2. DEFINITIONS

- A. The following definitions apply to each section of this Policy.
1. A "romantic and/or sexual relationship" exists when two City employees become personally involved with each other to the point that there is dating, exchange of personal affection, emotional attachment, sexual or physical intimacy and/or cohabitation.
  2. The term "dating" includes but is not limited to one or more social meetings under circumstances that may lead to exchange of personal affection, emotional attachment and sexual or physical intimacy.
  3. "A social meeting" occurs when co-employees gather for purposes not related to work for the City.
  4. "Cohabitation" applies to those employees who live together, share room and board, sire children, or share financial, recreational, social activities together without being married to one another.
  5. A "significant other" means a relationship between an employee of the City and another individual as defined herein in (a), (b), (c) and/or (d) and elsewhere in the policy.

### SECTION 3. POLICY/PROCEDURE

A. Fraternization

1. Romantic Relationships Between Supervisors and Subordinate Employees Are Prohibited.

Public trust, safety and City morale require that employees avoid the appearance of a conflict between their professional responsibilities and any involvement that they

may have in a romantic or sexual relationship with other City employees. In order to promote efficient operation of the City and to avoid misunderstandings, complaints of favoritism, other problems of supervision, security, morale, and possible claims of sexual harassment and/or gender based discrimination, romantic and/or sexual relations between supervisors and subordinate employees are prohibited.

2. Romantic Relationships Between Co-Employees.

Public trust, safety and City morale require that employees avoid relations, which may negatively impact the efficient operation of the City. In order to promote efficient operation of the City and to avoid formation of cliques and factions, claims of sexual harassment and gender based discrimination, and the blurring of professional and personal responsibilities and relationships in the workplace, romantic and/or sexual relationships between co-employees are discouraged. Inappropriate or disruptive conduct resulting from romantic relationships between co-employees will be cause for discipline.

3. Enforcement

The City reserves the right to reasonably investigate situations in the workplace to determine whether a romantic and/or sexual relationship exists and therefore presents a possible violation of this Policy. If the City determines that the herein proscribed relationship exists, remedial and/or disciplinary measures, including but not limited to a transfer, reassignment, or dismissal, shall be utilized to mitigate issues that arise relevant to the enforcement of this policy.

- a. The City retains the right to refuse to place employees engaged in relationships prohibited by this policy in the same department where such has the potential for creating adverse impact on supervision, safety, security or morale or involves potential conflicts of interest.
- b. In order to implement such policies, and where the above circumstances exist and mandate that employees shall not work in a prohibited relationship, the City will attempt to transfer one party to the proscribed relationship to a similar classified position in another City Department, should such a position exist, be available, and should the employee possess the skills and qualifications necessary to perform the essential duties of the position. Although the wishes of the involved parties as to which will be transferred will be given consideration by the City, the controlling factor in determining who is to be transferred shall be the positive operation and efficiency of the City. If any such transfer results in a reduction in salary or compensation, applicable and legally required due process procedures shall be applied.
- c. In lieu of a transfer from one department to another, or in situations where no similar counterpart classification exists to which an employee in a proscribed relationship can be transferred, said employee may continue to be employed within the same City department subject to approval by the Department Head and the City Manager or his/her designee. However, any

such continuing employment is predicated upon both subject employees not reporting to the same immediate supervisor; not being supervised by each other; not working the same shift at the same work site; or, otherwise becoming involved in a work environment having the potential for adverse impact on supervision, safety, security or morale.

- d. If continuing employment of employees engaged in proscribed relationships prohibited by this Policy cannot be accommodated consistent with the City's interest in promotion of safety, security, morale and efficiency, then the City retains sole discretion to separate one of the parties from City employ. Absent resignation by one affected employee, the less senior, in terms of overall City service, of the involved employees shall be subject to separation. In the event of separation, applicable and governing due process procedures shall be applied.

4. The provisions of this fraternization policy are not applicable to individuals employed by the City on or before the date of adoption of these Rules in their current state of marriage or non-marriage. As such, a change in marital status/cohabitation, etc. of any current employee, will result in the applicability of this policy. Furthermore, said employees are subject to any and all employment-related actions by the City, which are permissible pursuant to existing City policies and procedures to address conduct, which is negatively impacting the work environment.

#### B. Nepotism

1. It is an express finding of the City that the situation specified in this Section; the employment of relatives as that term is defined herein, is contrary to appropriate City goals of safety and efficiency. The purpose of this section is to define those specific circumstances and to delineate the manner in which such employment issues will be addressed.
2. For purposes of this policy, "relative" means spouse, child, step-child, parent, step-parent, grandparent, grandchild, brother, sister, step-brother, step-sister, aunt, uncle, niece, nephew, parent-in-law, brother-in-law, sister-in-law, legal guardian and/or significant other as defined herein and in the fraternization policy, and/or any other individual related by blood or marriage living in the same household as the City employee.
3. An employee is defined as any person who receives a City payroll check for services, full or part time, rendered to the City of Lakeport.
4. Relatives of employees shall not be employed in the same department of such a relative at any time by the City as further proscribed below.
5. City employees who are related as defined herein as of the effective date of this Policy shall not be affected in their current job status except when the City Manager or his/her designee determines that the circumstances of such employment raises an

undue hardship upon the other employees within the particular work unit and that such employment is detrimental to the supervision, safety, security and/or morale of the particular work unit.

6. It is found by the City that a business purpose exists and dictates that a prohibition on employment of relatives within City departments is essential to safety and efficiency when such employment result in any of the following:
  - a. a supervisor-subordinate relationship
  - b. the employees having job duties, which authorize performance of shared duties on the same or related work assignment
  - c. both employees being under the jurisdiction of the same immediate supervisor
  - d. an adverse impact on supervision, safety, security and/or morale

C. Effect of Post-Employment Marriage or Creation of Other "Relative" Status of City Employees

1. In determining rules and regulations governing the employment of City employees who become related, as defined herein, after commencement of City employ, the City is guided by the principles enunciated in the California Fair Employment and Housing Act which prohibits discrimination on the grounds of marital status. However, the Act and the Regulations defining the same do authorize restrictions being placed upon married City employees (or upon people deemed related as a result of marriage [i.e., in-laws]) where for business reasons of supervision, safety, security or morale, the employer may refuse to place one spouse or other relative under the direct supervision of another spouse or other relative and refuse to place both spouses or other relatives in the same department, division or facility if the work involves potential conflicts of interest or other hazards greater for married couples or other relatives than for other persons. (2 Cal.Admin. Code, Section 7292.5; Government Code Section 12940(a)(3)).
2. With the above principles being recognized, the City determines that "marital status" is defined as an individual's state of marriage, non-marriage, divorce or dissolution, separation, widowhood, annulment, or other marital state for purpose of this policy. Further, a "spouse" is defined as a partner in marriage as set forth in California Civil Code Section 4100.
3. The City retains the right to refuse to place one spouse or other relative under the direct supervision of the other spouse where there is a potential for creating adverse impact on supervision, safety, security or morale.
4. The City retains the right to refuse to place both spouses or other relatives in the same department where such has the potential for creating adverse impact on supervision, safety, security or morale or involves potential conflicts of interest.

5. In order to implement such policies, and where the above circumstances exist and mandate that two spouses or other relatives shall not work in a prohibited relationship, the City Manager will attempt to do any of the following: Attempt to redefine the job responsibilities of the related employees within the Department to minimize the conflict, if such redefinition of job status is not feasible, will attempt to transfer one spouse or other relative to a similar classified position in another City department. Although the wishes of the involved parties as to which spouse or other relative is to be transferred will be given consideration by the City, the controlling factor in determining who is to be transferred shall be operation an efficient of the City. If any such transfer results in a reduction in salary or compensation, the same shall not be considered disciplinary in nature and shall not be the subject of any form of administrative appeal.
6. In lieu of a transfer from one department to another, or in situations where no similar counterpart classification exists to which a spouse or other relative can be transferred, the City may request the voluntary resignation of one of the employees and if one of the employees does not voluntarily resign, the employee with the least employment experience/service with the City in the City of Lakeport may be discharged by the City Manager. Married or other related employees may continue to be employed within the same City department subject to approval by the Department Head and the City Manager or his/her designee. However, any such continuing employment is predicated upon both spouses or other similarly situated relative as defined in this Policy not reporting to the same immediate supervisor, not being supervised by each other, not working the same shift at the same work site; or, otherwise becoming involved at a work environment having the potential for adverse impact on supervision, safety, security or morale.
7. It is the duty of all involved employees that are in a situation prohibited under this policy to immediately notify their supervisor either in person or through the chain of command that a situation exists wherein the involved employee may be in violation of this policy. The City reserves the right to reasonably investigate the situation and determine whether or not the employee has violated this policy.

## ARTICLE XI

### EMPLOYEE TRAINING POLICY

- A. The City encourages the training of employees. Responsibility for developing training of employees shall be assumed by Department Heads. Such training programs may include lecture courses, demonstrations, assignment of reading matter or such other devices as may be available for the purpose of improving the effectiveness and broadening the knowledge of municipal officers and employees in the performance of their respective duties.
- B. Time for participation by employees in special training programs at the expense of the City shall be granted upon the recommendation of the Department Head and approval of the City Manager.
- C. Participation in, and the successful completion of, special training courses may be considered in making advancement and promotions. The employee shall file evidence of such activity with the Department Head, who shall submit such evidence to the City Manager.

## ARTICLE XII

### PERSONNEL RECORDS

#### **SECTION 1. GENERAL**

- A. The City maintains a personnel file on each employee. An employee's personnel file shall contain only material that is necessary and relevant to the administration of the City's personnel program. Personnel files are the property of the City, and access to the information they contain is restricted.

#### **SECTION 2. NOTIFYING CITY OF CHANGES IN PERSONAL INFORMATION**

- A. Each employee is responsible to promptly notify the Administrative Services Director of any changes in relevant personal information, including (1) mailing address, (2) telephone number, (3) persons to contact in emergency, and (4) number and names of dependents.

#### **SECTION 3. LOCATION OF PERSONNEL FILES**

- A. All current personnel files for are kept in a locked file cabinet at City Hall.

#### **SECTION 4. MEDICAL INFORMATION**

- A. Separate Confidential Files

All medical information about an employee or applicant is kept separately and is treated as confidential, in accordance with the Americans with Disabilities Act (42 U.S.C. section 12112(d)(3)(b)) and the California Confidentiality of Medical Information Act (Cal. Civil Code section 56 et seq.), and any other applicable state or federal law.

- B. Information in Medical Files

The City will not obtain medical information about an employee or applicant except in compliance with the California Confidentiality of Medical Information Act. To enable the City to obtain certain medical information, the employee or applicant may need to sign an AUTHORIZATION FOR RELEASE OF EMPLOYEE MEDICAL INFORMATION.

- C. Access to Medical Information

Access to employee or applicant medical information shall be strictly limited to only those with a legitimate need to have such information for City business reasons, or if access is required by law, subpoena or court order. In the case of an employee with a disability, managers and supervisors may be informed regarding necessary restrictions on the work or duties of the employee and necessary accommodations.

- D. The City will not provide employee or applicant medical information to a third party (except as permitted under the California Confidentiality of Medical Information Act) unless the employee signs an AUTHORIZATION FOR RELEASE OF EMPLOYEE MEDICAL INFORMATION in the form attached to this rule. The City will release only the medical information that is identified in the employee's authorization. If the employee's authorization indicates any limitations regarding the use of the medical information, the City will communicate those limitations to the person or entity to which it discloses the medical information.

## **SECTION 5. REFERENCES AND RELEASE OF INFORMATION IN PERSONNEL FILES**

A. Public Information

Upon request, the City will release to the public information about its employees as required by the Public Records Act. The City will not disclose personnel information if it believes doing so would constitute an unwarranted invasion of personal privacy.

B. Reference Checks

All requests from outside the City for reference checks or verification of employment concerning any current or former employee must be referred to the City Manager or his/her designee. Information will be released only if the employee signs and AUTHORIZATION FOR RELEASE OF EMPLOYMENT INFORMATION, except that without such authorization, the following limited information will be provided: dates of employment, and salary upon departure. Department heads and supervisors should not provide information in response to requests for reference checks or verification of employment, unless specifically approved by City Manager on a case-by-case basis.

C. Medical Information

Medical information will be released only in accordance with the rules set out in subsection 4 above.

## **SECTION 6. EMPLOYEE ACCESS TO PERSONNEL FILE**

A. Inspection of File

An employee may inspect his or her own personnel file, as defined in California Labor Code section 1198.5, at reasonable times and at reasonable intervals. An employee who wishes to review his or her file should contact the Administrative Services Director or his/her designee to arrange an appointment. The review must be done in the presence of the City Clerk or his/her designee.

B. Copies

On request, an employee is entitled to receive free copies of any employment-related document placed in their file. An employee who wishes to receive such a copy should contact Administrative Services Director or his/her designee. On request, the City will also

EXHIBIT A

provide an employee single copies of any other documents in his or her personnel file. The City may charge a reasonable fee for these copies.

## ARTICLE XIII

### EMPLOYEE PERFORMANCE EVALUATIONS

#### **SECTION 1. FREQUENCY**

- A. Supervisors are authorized to evaluate a subordinate's performance as often as the supervisor deems appropriate. Employee performance will be evaluated at least one time each year.

#### **SECTION 2. PROCESS**

- A. The evaluation of an employee's performance is an ongoing process. Evaluations must be documented in writing. The supervisor(s) will review the evaluation in a private meeting with the employee. The employee shall sign the performance evaluation to acknowledge that the employee is aware of its contents and has discussed the evaluation with his or her supervisor. The employee's signature on the evaluation does not necessarily indicate agreement with its contents. The employee will receive a copy of the evaluation after the meeting with the supervisor(s) and a copy of the evaluation will be placed in the employee's personnel file.

#### **SECTION 3. NO APPEAL**

- A. An employee does not have the right to appeal any matter relating to a performance evaluation. Instead, the employee may comment on the evaluation in a written statement which will then be placed with the evaluation in the employee's personnel file.

## ARTICLE XIV

### EMPLOYEE DISCIPLINE PROCEDURE

Unless otherwise specified by a memorandum of understanding, the following constitutes the City's policy regarding disciplinary actions:

#### **SECTION 1. POLICY COVERAGE**

- A. The following categories of persons can be terminated at-will and have no rights to any of the pre- or post-disciplinary processes or procedures in this Policy: (1) temporary employees, (2) provisional or seasonal employees, (3) probationary employees, (4) any person who serves pursuant to a contract, and (5) any person who is designated "at-will" in any City policy, document, acknowledgement, resolution or ordinance. Notwithstanding any provision in this policy, any regular employee who is exempt from the overtime provisions of the Fair Labor Standards Act (FLSA) is not subject to any disciplinary penalty which is inconsistent with his or her FLSA overtime-exempt status.

#### **SECTION 2. CAUSES FOR DISCIPLINE**

- A. Regular employees may be counseled, admonished, reprimanded, suspended, demoted, discharged or incur a reduction in pay for, including but not limited to, each of the following causes of discipline:
1. Violation of the City's Employment Standards, Standards of Conduct or any department rule, City policy or City regulation, ordinance or resolution;
  2. Absence without authorized leave;
  3. Excessive absenteeism and/or tardiness as defined by the employee's department head, these Policies, or Memorandum of Understanding;
  4. Use of disability leave in a manner not authorized or provided for pursuant to the leave policies or other policies of the City;
  5. Making any false statement, omission or misrepresentation of a material fact;
  6. Providing wrong or misleading information or other fraud in securing appointment, promotion or maintaining employment;
  7. Unsatisfactory job performance;
  8. Inefficiency;
  9. Malfeasance or misconduct, which shall be deemed to include, but shall not be limited to the following acts or omissions:

EXHIBIT A

- a. Conviction of a felony. "Conviction" shall be construed to be a determination of guilt of the accused by a court, including a plea of guilty or nolo contendere, regardless of sentence, grant of probation, or otherwise.
  - b. The damaging of City property, equipment, or vehicles, or the waste of City supplies through negligence or misconduct.
10. Insubordination;
  11. Dishonesty;
  12. Theft;
  13. Disobedience;
  14. Violation of the City's or a department's confidentiality policies, or disclosure of confidential City information to any unauthorized person or entity;
  15. Misuse of any City property, including, but not limited to: physical property, tools, equipment, City communication systems, or Intellectual Property;
  16. Mishandling of public funds;
  17. Falsifying any City record;
  18. Discourteous treatment of the public or other employees;
  19. Failure to cooperate with employee's supervisors or fellow employees;
  20. Violation of the City's Drug-Free Workplace Policy;
  21. Violation of the City's Use of City Property and Equipment Policy;
  22. Violation of the City's Policy Against Harassment, Discrimination and Retaliation;
  23. Violation of the City's Workplace Security Policy;
  24. Outside employment or activity that violates the City's Outside Employment policy, or other enterprise that constitutes a conflict of interest with service to the City;
  25. Any conduct that impairs disrupts or causes discredit to the City, the employee's City employment, to the public service, or other employee's employment;
  26. Failure to comply with OSHA Safety Standards and City safety policies;
  27. Failure to report to his or her supervisor any contact with criminal authorities (such as police) which may affect employment with the City;
  28. Altering, falsifying, and tampering with time records, or recording time on another employee's time record; or
  29. Working overtime without prior authorization.

### **SECTION 3. ADMINISTRATIVE LEAVE**

- A. A department head may place an employee on an administrative leave with pay pending a potential disciplinary action. Administrative leave with pay is authorized: (1) when the department head believes that the employee's continued presence at the work site could have detrimental consequences for City operations, or (2) pending investigation into charges of misconduct. If the charges against the employee are substantiated by the investigation, appropriate disciplinary action may be taken in accordance with these procedures.

### **SECTION 4. TYPES OF DISCIPLINE**

A. Counseling Memo

A counseling memo shall be retained in the employee's personnel file, and may not be appealed under this policy.

B. Oral Reprimand

An oral admonishment or reprimand shall be memorialized in writing, become part of the employee's personnel file, and may not be appealed under this policy.

C. Written Reprimand

A department head may reprimand an employee by furnishing him/her with a written statement of the specific reasons for reprimand. A copy of the reprimand will be retained in the employee's personnel file, and may not be appealed. The employee has the right to have a written rebuttal attached to the reprimand in the employee's personnel file.

D. Suspension

A department head may suspend an employee from his or her position for cause. Documents related to a suspension shall become part of the employee's personnel file. An employee subject to suspension will receive prior written notice and appeal as provided herein. FLSA-exempt employees are not subject to suspension except in work day or work week increments or for violations of major safety rules.

E. Demotion

A department head may demote an employee from his or her position for cause. Documents related to a demotion shall become part of the employee's personnel file. An employee subject to demotion shall be entitled to the prior written notice and appeal as provided herein.

F. Reduction in Pay

A department head may reduce an employee's pay for cause. A reduction in pay for disciplinary purposes may take one of two forms: (1) a decrease in salary to a lower step within the salary range, or (2) a decrease in salary paid to an employee for a fixed period of time. Documents related to a reduction in pay shall become part of the employee's

personnel file. An employee subject to a reduction in pay shall be entitled to prior written notice and appeal as provided herein. FLSA-exempt employees are not subject to reduction in pay.

G. Discharge

A department head may discharge an employee from his or her position for cause. Documents related to discharge shall become a part of an employee's personnel file. A discharged employee is entitled to prior written notice and appeal based upon the terms described herein.

**SECTION 5. SKELLY PROCESS – PRE-DISCIPLINARY PROCEDURE FOR  
SUSPENSION, DEMOTION, REDUCTION IN PAY, OR DISCHARGE**

A. Only regular, for-cause employees have the right to the conference and appeal processes outlined in this Section.

B. Notice of Intent to Discipline

The employee will be provided a written notice of intent to discipline, copied to the City Manager that contains the following:

1. The level of discipline intended to be imposed;
2. The specific charges upon which the intended discipline is based;
3. A summary of the misconduct upon which the charges are based;
4. A copy of all written materials, reports, or documents upon which the intended discipline is based;
5. Notice of the employee's right to respond to the department head regarding the charges within 5 calendar days from the date of the Notice, either by requesting an informal conference, or by providing a written response, or both;
6. Notice of the employee's right to have a representative of his or her choice at the informal conference, should he or she choose to respond orally; and
7. Notice that the failure to respond at the time specified shall constitute a waiver of the right to respond prior to the imposition of discipline.

C. Employee's Response and the *Skelly* Conference

1. If the employee requests an informal conference to respond orally to the charge(s), the conference must be scheduled at least 7 calendar days after the date of the Notice. The conference will be an informal meeting with the department head, at which the employee has an opportunity to rebut the charges against him or her and

present any mitigating circumstances. The department head will consider the employee's presentation before recommending any final disciplinary action.

2. The employee's failure to make an oral response at the arranged conference time, or the employee's failure to cause his or her written response to be delivered by the date and time specified in the notice, constitutes a waiver of the employee's right to respond prior to the imposition of the discipline. In that case, the proposed disciplinary action will be imposed on the date specified.

D. Final Notice of Discipline

1. After considering the employee's response, or after the expiration of the employee's time to respond to the Notice of Intent, the department head shall: (1) dismiss the notice of intent and take no disciplinary action against the employee, or (2) modify the intended disciplinary action, or (3) impose the intended disciplinary action. In any event, the department head shall prepare and provide the employee with a notice, copied to the City Manager that contains the following:
  2. The level of discipline, if any, to be imposed and the effective date of the discipline;
  3. The specific charges upon which the discipline is based;
  4. A summary of the misconduct upon which the charges are based;
  5. A copy of all written materials, reports, or documents upon which the discipline is based; and
  6. A statement of the nature of the employee's right to appeal.

**SECTION 6. EVIDENTIARY APPEAL TO THE CITY MANAGER**

A. Request for Appeal Hearing

A regular, for-cause employee may appeal from a final notice of discipline that is not greater than a 5 working day suspension without pay, by delivering a written answer to the charges and a request for appeal to the City Manager or designee. The written answer and request for appeal must be received no later than 10 calendar days from the date of the department head's decision.

B. Delegation

The City Manager or designee reserves the right to delegate his or her authority to decide the appeal to an outside hearing officer to be chosen by the City Manager or designee.

C. Date and Time of the Appeal Hearing

The City Manager will set a date for an appeal hearing within a reasonable time after receipt of a timely written answer and request for appeal. An employee who, having filed a timely written answer and request for appeal, has been notified of the time and place of the appeal

hearing, and who fails to appear personally at the hearing, may be deemed to have abandoned his or her appeal. In such a case, the City Manager may dismiss the appeal.

D. Identification of Issues, Witnesses and Evidence

No later than 10 days prior to the appeal hearing, each party will provide each other and the City Manager a statement of the issues to be decided, a list of all witnesses to be called (except rebuttal witnesses), a brief summary of the subject matter of the testimony of each witness, and a copy of all evidence (except rebuttal evidence) to be submitted at the hearing. The City will use numbers to identify its evidence; the employee shall use alphabet letters. Neither party will be permitted to call any witness during the hearing that has not been identified pursuant to this section, nor use any exhibit not provided pursuant to this section, unless that party can show that they could not have reasonably anticipated the need for the witness or exhibit. The City Manager will state at the beginning of the hearing his or her decision as to the precise issue(s) to be decided.

E. Conduct of the Appeal Hearing

1. Subpoenas. The City Clerk has authority to issue subpoenas in the name of the City prior to the commencement of the hearing. Each party is responsible for serving his/her/its own subpoenas. City employees who are subpoenaed to testify during working hours will be released with pay to appear at the hearing. City employees who are subpoenaed to testify during non-working hours will be compensated for the time they actually testify unless the City agrees to a different arrangement.
2. Continuances. The City Manager may continue a scheduled hearing only upon good cause shown.
3. Record of the Proceedings. All disciplinary hearings may, at the discretion of the parties, be either recorded by a court reporter or tape recorded.
4. The City Manager's Authority during the Hearing the City Manager has the authority to control the conduct of the hearing and to affirm, modify, or revoke the discipline.
5. Conduct of the Hearing
  - a. The hearing need not be conducted in accordance with technical rules relating to evidence and witnesses, but hearings shall be conducted in a manner the City Manager decides is the most conducive to determining the truth.
  - b. Any relevant evidence may be admitted if it is the type of evidence upon which responsible persons are accustomed to rely upon in the conduct of serious affairs, regardless of the existence of any common law or statutory rules which might make improper the admission of such evidence over objection in civil actions.
  - c. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence, but over timely objection shall not be

sufficient in itself to support a finding, unless such evidence would be admissible over objection in civil actions. An objection is timely if made before submission of the case.

- d. The rules dealing with privileges shall be effective to the same extent that they are now or hereafter may be recognized in civil actions.
- e. Irrelevant and unduly repetitious evidence may be excluded.
- f. The City Manager shall determine relevancy, weight and credibility of testimony and evidence.
- g. During the examination of a witness, all other witnesses, except the parties, shall be excluded from the hearing upon the request of either party.
- h. All witnesses shall be sworn in for the record prior to testifying at the hearing. The City Manager or the court reporter shall request each witness to raise his or her right hand and respond to the following: "Do you swear that the testimony that you are about to give at this hearing is the truth, the whole truth, and nothing but the truth?"

F. Burden Of Proof

The City has the burden of proof by a preponderance of the evidence.

G. Right to Due Process

The employee shall have the following due process rights during the hearing:

- 1. The right to be represented by legal counsel or another chosen representative, at his or her own expense;
- 2. The right to call and examine witnesses on his or her behalf;
- 3. The right to introduce evidence;
- 4. The right to cross-examine opposing witnesses on any matter relevant to the issues;
- 5. The right to impeach any witness regardless of which party first called him or her to testify; and
- 6. The right to rebut evidence against him or her.

H. Hearing to Be Closed To the Public

The hearing will be closed to the public unless the employee requests that it be open.

I. Presentation of the Case

The parties will address their remarks, evidence, and objections to the City Manager. All parties and their counsel or representatives shall not disparage the intelligence, morals, or

ethics of their adversaries or of the City Manager. The City Manager may terminate argument at any time and issue a ruling regarding an objection or any other matter. The City Manager may alter the order of witnesses, limit redundant or irrelevant testimony, or directly question the witness. The hearing shall proceed in the following order unless the City Manager directs otherwise:

1. The City shall be permitted to make an opening statement.
2. The employee shall be permitted to make an opening statement.
3. The City shall produce its evidence.
4. The employee shall produce his or her evidence.
5. The City, followed by the employee, may offer rebuttal evidence.
6. Closing arguments of no more than 20 minutes shall be permitted at the discretion of the City Manager. The City shall have the right to argue first, the employee may argue second, and the City may reserve a portion of its argument time for rebuttal.

J. Written Briefs by the Parties

The City Manager or the parties may request the submission of written briefs. The City Manager will determine whether to allow written briefs, the deadline for submitting briefs, and the page limit for briefs.

K. Written Findings and Decision

The City Manager shall render a statement of written findings and decision within 30 days after the hearing has been completed and the briefs, if any, have been submitted. The City Manager's decision is final.

L. Proof of Service of the Written Findings and Decision

The City Manager shall send his or her final statement of written findings and decision, along with a proof of service of mailing, to each of the parties and to each of the parties' representatives. A copy shall also be distributed to the employee's personnel file.

M. Statute Of Limitations

The City Manager's written findings and decision is final. There is no process for reconsideration. Pursuant to Code of Civil Procedure section 1094.6, the parties have 90 days from the date of the proof of service of mailing of the written findings and decision to appeal the decision to the Superior Court in and for the County of Lake.

**SECTION 7. EVIDENTIARY APPEAL TO A HEARING OFFICER**

- A. A regular, for-cause employee may appeal from a final notice of discipline that is greater than a 5 working day suspension without pay, by delivering a written answer to the charges and a request for appeal to the City Manager or designee for an appeal by a neutral hearing officer.

EXHIBIT A

The written answer and request for appeal must be received no later than 10 calendar days from the date of the department head's decision.

- B. The appeal shall be heard by an independent hearing officer mutually selected by the City and the appellant.
- C. The costs of the hearing officer shall be borne by the City. Either party may request that the hearing be transcribed and the party so making the request shall bear the expense of the transcript.
- D. The hearing officer shall have the authority to conduct the hearing in the same manner as provided in Section 6 above and make findings of fact and conclusions about the discipline. The hearing officer will render his/her decision based on the weight of the evidence and such decision shall be final. This decision shall be served on both the employee and City Clerk. The Hearing Officer's decision is final but reviewable by an administrative writ of mandate.

## ARTICLE XV

### EMPLOYEE GRIEVANCE PROCEDURE

Unless otherwise specified in a memorandum of understanding, the following is the City's grievance procedure for City employees:

#### **SECTION 1. POLICY**

- A. The goal of this grievance procedure is make every reasonable effort to resolve applicable complaints as near as possible to the point of origin.

#### **SECTION 2. ELIGIBILITY TO FILE A GRIEVANCE**

- A. A grievant is a regular employee who is personally affected by an act or omission that occurred no more than 14 days prior to the reporting of the grievance, provided that the act or omission comes within the definition of "grievance" as described herein.

#### **SECTION 3. DEFINITION OF "GRIEVANCE"**

- A. Subject to the exclusions listed in this Policy, a grievance is defined as any dispute that: (1) is job-related, (2) is wholly or partially within the province of the City to rectify or remedy, (3) concerns terms and conditions of employment, (4) involves the interpretation, application, or alleged violation of these Policies or a current Memorandum of Understanding (MOU) between the City and a recognized employee organization representing City employees, and (5) is not subject to any other City dispute resolution process or procedure that is provided by statute, ordinance, resolution or agreement.

#### **SECTION 4. EXCLUSIONS FROM THE GRIEVANCE PROCEDURE**

- A. The following matters are excluded from the definition of "grievance":
1. Requests for changes in wages, hours, or working conditions, including any impasse or dispute in the meeting and conferring process or matter within the scope of representation;
  2. Requests for changes in the content of employee evaluations or performance reviews, oral or written warnings, reprimands or counseling;
  3. Layoff, transfer, or denial of reinstatement.
  4. Challenges to any disciplinary action;
  5. Challenges to examinations or appointment to positions;

6. Management of the City generally, or issues of City or Department policy;
7. Determination of the nature, necessity or organization of any service or activity conducted by the City, including the decisions to expand or reduce services or the workforce, and/or to impose layoffs;
8. Methods of financing;
9. Determination of and/or change in facilities, equipment, methods, technology, means or size of the work force;
10. Determination of or change in the location, number of locations, relocations and types of operations, processes or materials to be used in carrying out City functions;
11. Determination of work assignments and schedules;
12. Determination of productivity or performance programs and standards;
13. Determination of standards, policies, and procedures for selection, training, and promotion of employees; and
14. Establishment, implementation, and modification of Department organizations, supervisory assignments, chains of command, and reporting responsibilities.

Notwithstanding the unavailability of the grievance procedure as stated above, employee associations shall retain the right to invoke the meet and confer process as to matters involving or related to Item 7 and Items 9 through 14 above.

## **SECTION 5. GRIEVANCE PROCEDURE**

A. The grievance procedure has the following four steps:

1. Step 1: Informal Discussion

Within 14 calendar days of the occurrence of the act(s) that constitute the grievance, an employee shall discuss the grievance with his/her immediate supervisor, who shall investigate and attempt to resolve the matter. The supervisor shall give the employee an oral reply within 14 calendar days after the discussion. If the employee is not satisfied with the reply, he or she may proceed to Step 2.

2. Step 2: Formal Discussion

a. Any grievance not resolved at Step 1 may be submitted in writing to the immediate supervisor no later than 14 days after the date of the supervisor's oral reply. The written grievance must identify all of the following:

- 1) Fully describe how the grievant is/was adversely affected by a specific act or omission which gave rise to the alleged violation, misinterpretation, or misapplication;

- 2) Identify the specific provision of these Policies or an applicable MOU was allegedly violated, misinterpreted, or misapplied;
- 3) The date or dates on which the violation, misinterpretation, or misapplication allegedly occurred;
- 4) The documents, witnesses or other evidence that support the grievance;
- 5) The desired solution or remedy;
- 6) The signature and identification of the grievant; and
- 7) The person, if any, the grievant has chosen to be his or her representative.

b. No grievance shall be accepted for processing until all of the information listed above is provided. Within 14 calendar days after the grievant provides all of the information listed above, the immediate supervisor may, in his or her discretion, schedule a meeting with the grievant for the parties to work at resolving the grievance. The immediate supervisor shall give the grievant a written reply within 14 calendar days after receipt of the written grievance, or the meeting, whichever occurs later, and will file a copy in the grievance file. If the grievant is not satisfied with the response, he/she may either request mediation or proceed to Step 3 below.

3. Step 3: Department Head

Any grievance not resolved at Step 2 may be submitted in writing to the department head no later than 14 days after the date of the immediate supervisor's written reply. The grievant shall provide the department head with copies of the Step 2 response. Within 14 calendar days thereafter, the department head may, in his or her discretion, schedule a meeting with the grievant for the purpose of giving the parties the opportunity to resolve the grievance. The department head shall give the grievant a written reply within 14 calendar days after receipt of the written grievance, or the meeting, whichever occurs later, and shall file a copy in the grievance file. If the grievant is not satisfied with the response, he/she may either request mediation or proceed to Step 4.

4. Step 4: Grievance Appeals Committee

Any grievance not resolved at Step 3 may be submitted in writing no later than 14 days after the date of the department head's written reply. The grievant shall present to the grievance appeals committee copies of the Step 2 and 3 responses. The committee shall consist of one management employee, a classified employee and a jointly selected member of the community with public sector experience. Within 14 calendar days thereafter, the Grievance Appeals Committee will, schedule a meeting with the grievant to discuss the matter. After consideration of the facts and an investigation, the Committee shall issue their written decision to the grievant.

5. Decision on Grievance:

The decision of the Grievance Appeals Committee will be final and binding except as follows:

- a. The decision shall neither add to, detract from, nor modify the language of these Policies or any applicable MOU.
- b. The decision shall be confined to the precise issue(s) the grievance has raised and that the grievant has submitted.
- c. Any monetary award in favor of the grievant may not exceed wages or benefits that the grievant has actually lost as a result of the matters alleged in the grievance. In no event shall any grievance award include any compensatory damages or attorneys' fees.

**SECTION 6. SETTLEMENT OF GRIEVANCE**

- A. Any grievance shall be deemed settled when it is not appealed to the next step within the specified time limit, unless an extension of time to a definite date has been mutually agreed upon in writing. Any grievance that the grievant fails to timely move to the next step shall be deemed resolved on the basis of the last disposition.

**SECTION 7. REPRESENTATION**

- A. An employee may have a representative of his or her choice present at all stages of the grievance procedure, except that no one may be represented by an employee he or she supervises, and no employee may be represented by his or her supervisor or department head. If the employee's representative is a fellow employee, that employee will receive time off from his or her work assignment for the time of the grievance meeting or hearing plus reasonable travel time. Forty-eight hours prior to the grievance meeting, the employee shall inform the immediate supervisor, department head or City Manager whether he or she shall be represented at the grievance meeting and shall identify the representative.

**SECTION 8. NO RETRIBUTION**

- A. An employee shall not be penalized for using this procedure.

**SECTION 9. WITHDRAWAL**

- A. A grievant may withdraw any grievance at any time, without prejudice, by giving written notice to the City representative who last took action on the grievance, and by providing a copy of the notice to the City Manager.

**SECTION 10. RESUBMISSION**

- A. Upon consent of the person hearing the grievance and the grievant, a grievance may be resubmitted to a lower step in the grievance procedure for reconsideration.

**SECTION 11. MISCELLANEOUS**

- A. If an employee is given an order that he or she wishes to grieve, the employee must first comply with the order and file a grievance later, unless the employee reasonably believes that the assignment endangers the health or safety of the employee or others or if the employee reasonably believes that the requested assignment violates the employee's constitutional rights.

**SECTION 12. DELEGATION**

- A. The City Manager may delegate non-involved department heads or other management-level employees to act on his or her behalf in these processes. The findings and recommendations they render will be advisory to the City Manager, whose ultimate decision will be final and binding.

# ARTICLE XVI

## EMPLOYER-EMPLOYEE RELATIONS

### SECTION. 1. STATEMENT OF PURPOSE

- A. This rule implements Chapter 10, Division 4, Title 1 of the Government Code of the State of California (Sections 3500 et seq.) captioned “Local Public Employee Organizations,” by providing orderly procedures for the administration of employer-employee relations between the City and its employee organizations. However, nothing contained herein shall be deemed to supersede the provisions of state law, City ordinances, resolutions and rules which establish and regulate the personnel system, or which provide for other methods of administering employer-employee relations. This rule is intended, instead, to strengthen merit, civil service and other methods of administering employer-employee relations through the establishment of uniform and orderly methods of communications between employee, employee organizations and the City.
- B. It is the purpose of this rule to provide procedures for meeting and conferring in good faith with Recognized Employee Organizations regarding matters that directly and significantly affect and primarily involve the wages, hours and other terms and conditions of employment of employees in appropriate units and that are not preempted by federal or state law (or the City Charter). However, nothing herein shall be construed to restrict any legal or inherent exclusive City rights with respect to matters of general legislative or managerial policy, which include among others: The exclusive right to determine the mission of its constituent departments, commissions, and boards; set standards of service; determine the procedures and standards of selection for employment; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other lawful reasons; determine the content of job classifications; subcontract work; maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization, and the technology of performing its work.

### SECTION 2. DEFINITIONS

- A. As used in this rule, the following terms shall have the meanings indicated:
1. Appropriate unit means a unit of employee classes or positions, established pursuant to this rule.
  2. City means the City of Lakeport, and, where appropriate herein, refers to the City Council or any duly authorized City representative as herein defined.

3. Confidential Employee means an employee who, in the course of his or her duties, has access to confidential information relating to the City's administration of employer-employee relations.
4. Consult/Consultation in Good Faith means to communicate orally or in writing with all affected employee organizations, whether exclusively recognized or not, for the purpose of presenting and obtaining views or advising of proposed actions in an effort to reach a consensus; and, as distinguished from meeting and conferring in good faith regarding matters within the required scope of such meet and confer process, does not involve an exchange of proposals and counterproposal with an exclusively recognized employee organization in an endeavor to reach agreement in the form of a Memorandum of Understanding, nor is it subject to the impasse procedures outlined in this rule.
5. Day means calendar day unless expressly stated otherwise.
6. Employee Relations Officer means the City Manager or his/her duly authorized representative.
7. Impasse means that the representatives of the City and a Recognized Employee Organization have reached a point in their meeting and conferring in good faith where their differences on matters to be included in a Memorandum of Understanding, and concerning which they are required to meet and confer, remain so substantial and prolonged that further meeting and conferring would be futile.
8. Management Employee means an employee having responsibility for formulating, administering, or managing the implementation of City policies and programs.
9. Proof of Employee Support means (1) an authorization card recently signed and personally dated by an employee, or (2) a verified authorization petition or petitions recently signed and personally dated by an employee, or (3) employee dues deduction authorization, using the payroll register for the period immediately prior to the date a petition is filed hereunder, except that dues deduction authorizations for more than one employee organization for the account of any one employee shall not be considered as proof of employee support for any employee organization. The only authorization which shall be considered as proof of employee support hereunder shall be the authorization last signed by an employee. The words "recently signed" shall mean within ninety (90) days prior to the filing of a petition.
10. Exclusively Recognized Employee Organization means an employee organization which has been formally acknowledged by the City as the sole employee organization representing the employees in an appropriate representation unit pursuant to this rule, having the exclusive right to meet and confer in good faith concerning statutorily required subjects pertaining to unit employees, and thereby assuming the corresponding obligation of fairly representing such employees.
11. Supervisory Employee means any employee having authority, in the interest of the City, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or

discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recommend such action if, in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

**SECTION 3. FILING OF RECOGNITION PETITION BY EMPLOYEE ORGANIZATION**

- A. An employee organization which seeks to be formally acknowledged as an Exclusively Recognized Employee Organization representing the employees in an appropriate unit shall file a petition with the Employee Relations Officer containing the following information and documentation:
1. Name and address of the employee organization.
  2. Names and titles of its officers.
  3. Names of employee organization representatives who are authorized to speak on behalf of the organization.
  4. A statement that the employee organization has, as one of its primary purposes, the responsibility of representing employees in their employment relations with the City.
  5. A statement whether the employee organization is a chapter of, or affiliated directly or indirectly in any manner, with a local, regional, state, national or international organization, and, if so, the name and address of each such other organization.
  6. Certified copies of the employee organization's constitution and bylaws.
  7. A designation of those persons, not exceeding two in number, and their addresses, to whom notice sent by regular United States mail will be deemed sufficient notice on the employee organization for any purpose.
  8. A statement that the employee organization has no restriction on membership based on race, color, religion, creed, sex, national origin, age, sexual orientation, mental or physical disability or medical condition.
  9. The job classifications or position titles of employees in the unit claimed to be appropriate and the approximate number of member employees therein.
  10. A statement that the employee organization has in its possession proof of employee support as herein defined to establish that a majority of the employees in the unit claimed to be appropriate have designated the employee organization to represent them in their employment relations with the City. Such written proof shall be submitted for confirmation to the Employee Relations Officer or to a mutually agreed upon disinterested third party.
  11. A request that the Employee Relations Officer formally acknowledge the petitioner as the Exclusively Recognized Employee Organization representing the employees in

the unit claimed to be appropriate for the purpose of meeting and conferring in good faith.

- B. Petition, including the proof of employee support and all accompanying documentation, shall be declared to be true, correct and complete, under penalty of perjury, by the duly authorized officer(s) of the employee organization executing it.

**SECTION 4. CITY RESPONSE TO RECOGNITION PETITION**

- A. Upon receipt of the Petition, the Employee Relations Officer shall determine whether:
  - 1. There has been compliance with the requirements of the Recognition Petition, and
  - 2. The proposed representation unit is an appropriate unit in accordance with Sec. 9 of this rule.
- B. If an affirmative determination is made by the Employee Relations Officer on the foregoing two matters, he/she shall so inform the petitioning employee organization, shall give written notice of such request for recognition to the employees in the unit and shall take no action on said request for thirty (30) days thereafter. If either of the foregoing matters are not affirmatively determined, the Employee Relations Officer shall offer to consult thereon with such petitioning employee organization and, if such determination thereafter remains unchanged, shall inform that organization of the reasons therefore in writing. The petitioning employee organization may appeal such determination in accordance with Sec. 12 of this rule.

**SECTION 5. OPEN PERIOD FOR FILING CHALLENGING PETITION**

- A. Within thirty (30) days of the date written notice was given to affected employees that a valid recognition petition for an appropriate unit has been filed, any other employee organization may file a competing request to be formally acknowledged as the exclusively recognized employee organization of the employees in the same or in an overlapping unit (one which corresponds with respect to some, but not all the classifications or positions set forth in the recognition petition being challenged), by filing a petition evidencing proof of employee support in the unit claimed to be appropriate of at least thirty (30) percent and otherwise in the same form and manner as set forth in Sec. 3 of this rule. If such challenging petition seeks establishment of an overlapping unit, the Employee Relations Officer shall call for a hearing on such overlapping petitions for the purpose of ascertaining the more appropriate unit, at which time the petitioning employee organizations shall be heard. Thereafter, the Employee Relations Officer shall determine the appropriate unit or units in accordance with the standards in Sec. 9 of this rule. The petitioning employee organizations shall have fifteen (15) days from the date notice of such unit determination is communicated to them by the Employee Relations Officer to amend their petitions to conform to such determination or to appeal such determination pursuant to Sec. 12 of this rule.

**SECTION 6. GRANTING RECOGNITION WITHOUT AN ELECTION**

- A. If the proof of support shows that a majority of the employees in the appropriate unit have designated the petitioning employee organization to represent them, and if no other employee organization filed a challenging petition, the petitioning employee organization and the Employee Relations Officer shall request the California State Mediation and Conciliation Service, or another agreed upon neutral third party, to review the count, form, accuracy and propriety of the proof of support. If the neutral third party makes an affirmative determination, the Employee Relations Officer shall formally acknowledge the petitioning employee organization as the Exclusive Recognized Employee Organization for the designated unit.

**SECTION 7. ELECTION PROCEDURE**

- A. The Employee Relations Officer shall arrange for a secret ballot election to be conducted by a party agreed to by the Employee Relations Officer and the concerned employee organization(s), in accordance with such party's rules and procedures subject to the provisions of this rule. All employee organizations who have duly submitted petitions which have been determined to be in conformance with this rule shall be included on the ballot. The ballot shall also reserve to employees the choice of representing themselves individually in their Employment relations with the City. Employees entitled to vote in such election shall be those persons employed in regular permanent positions within the designated appropriate unit who were employed during the pay period immediately prior to the date which ended at least fifteen (15) days before the date the election commences, including those who did not work during such period because of illness, vacation or other authorized leaves of absence, and who are employed by the City in the same unit on the date of the election. An employee organization shall be formally acknowledged as the Exclusively Recognized Employee Organization for the designated appropriate unit following an election or run-off election if it received a numerical majority of all valid votes cast in the election. In an election involving three or more choices, where none of the choices receives a majority of the valid votes cast, a run-off election shall be conducted between the two choices receiving the largest number of valid votes cast; the rules governing an initial Election being applicable to a run-off election.
- B. There shall be no more than one valid election under this rule pursuant to any petition in a 12-month period affecting the same unit.
- C. In the event that the parties are unable to agree on a third party to conduct an election, the election shall be conducted by the California State Mediation and Conciliation Service.
- D. Costs of conducting elections shall be borne in equal shares by the City and by each employee organization appearing on the ballot.

**SECTION 8. PROCEDURE FOR DECERTIFICATION OF EXCLUSIVELY RECOGNIZED EMPLOYEE ORGANIZATION**

- A. A Decertification Petition alleging that the incumbent Exclusively Recognized Employee Organization no longer represents a majority of the employees in an established appropriate unit may be filed with the Employee Relations Officer only during the month of March of any year following the first full year of recognition or during the thirty (30) day period commencing one hundred twenty (120) days prior to the termination date of a Memorandum of Understanding then having been in effect less than three (3) years, whichever occurs later. A Decertification Petition may be filed by two or more employees or their representative, or an employee organization, and shall contain the following information and documentation declared by the duly authorized signatory under penalty of perjury to be true, correct and complete:
1. The name, address and telephone number of the petitioner and a designated representative authorized to receive notices or requests for further information.
  2. The name of the established appropriate unit and of the incumbent Exclusively Recognized Employee Organization sought to be decertified as a representative of that unit.
  3. An allegation that the incumbent Exclusively Recognized Employee Organization no longer represents a majority of the employees in the appropriate unit, and any other relevant and material facts relating thereto.
  4. Proof of employee support that at least thirty (30) percent of the employees in the established appropriate unit no longer desire to be represented by the incumbent Exclusively Recognized Employee Organization. Such proof shall be submitted for confirmation to the Employee Relations Officer or to a mutually agreed upon disinterested third party within the time limits specified in the first paragraph of this Section.
- B. An employee organization may, in satisfaction of the Decertification Petition requirements hereunder, file a Petition under this Section in the form of a Recognition Petition that evidences proof of employee support of at least thirty (30) percent, that includes the allegation and information required under subdivision (A)(3) of this Section 8, and otherwise conforms to the requirements of Section 3 of this rule.
- C. The Employee Relations Officer shall initially determine whether the Petition has been filed in compliance with the applicable provisions of this Article II. If his/her determination is in the negative, he/she shall offer to consult thereon with the representative(s) of such petitioning employees or employee organization and, if such determination thereafter remains unchanged, shall return such Petition to the employees or employee organization with a statement of the reasons therefore in writing. The petitioning employees or employee organization may appeal such determination in accordance with Sec. 12 of this rule. If the determination of the Employee Relations Officer is in the affirmative, or if his negative determination is reversed on appeal, he/she shall give written notice of such Decertification

or Recognition Petition to the incumbent Exclusively Recognized Employee Organization and to unit employees.

- D. Employee Relations Officer shall thereupon arrange for a secret ballot election to be held on or about fifteen (15) days after such notice to determine the wishes of unit employees as to the question of decertification and, if a Recognition Petition was duly filed hereunder, the question of representation. Such election shall be conducted in conformance with Sec. 7 of this rule.
- E. During the “open period” specified in the first paragraph of this Sec. 8, the Employee Relations Officer may on his/her own motion, when he/she has reason to believe that a majority of unit employees no longer wish to be represented by the incumbent Exclusively Recognized Employee Organization, give notice to that organization and all unit employees that he/she will arrange for an election to determine that issue. In such an event any other employee organization may within fifteen (15) days of such notice file a Recognition Petition in accordance with this Sec. 8, which the Employee Relations Officer shall act on in accordance with this Sec. 8.
- F. If, pursuant to this Sec. 8, a different employee organization is formally acknowledged as the Exclusively Recognized Employee Organization, such organization shall be bound by all the terms and conditions of any Memorandum of Understanding then in effect for its remaining term.

## **SECTION 9. POLICY AND STANDARDS FOR DETERMINATION OF APPROPRIATE UNITS**

- A. The policy objectives in determining the appropriateness of units shall be the effect of a proposed unit on (1) the efficient operations of the City and its compatibility with the primary responsibility of the City and its employees to effectively and economically serve the public, and (2) providing employees with effective representation based on recognized community of interest considerations. These policy objectives require that the appropriate unit shall be the broadest feasible grouping of positions that share an identifiable community of interest. Factors to be considered shall be:
1. Similarity of the general kinds of work performed, types of qualifications required, and the general working conditions.
  2. History of representation in the City and similar employment; except however, that no unit shall be deemed to be an appropriate unit solely on the basis of the extent to which employees in the proposed unit have organized.
  3. Consistency with the organizational patterns of the City.
  4. Number of employees and classifications, and the effect on the administration of employer-employee relations created by the fragmentation of classifications and proliferation of units.

5. Effect on the classification structure and impact on the stability of the employer-employee relationship of dividing single or related classifications among two or more units.
  6. Effect of differing legally mandated impasse resolution procedures.
- B. Notwithstanding the foregoing provisions of this Section, managerial, supervisory and confidential responsibilities, as defined in Sec. 2 of this rule, are determining factors in establishing appropriate units hereunder, and therefore managerial, supervisory and confidential employees may only be included in a unit consisting solely of managerial, supervisory or confidential employees respectively. Managerial, supervisory and confidential employees may not represent any employee organization which represents other employees.
  - C. Peace Officers may be required to be represented in separate units composed solely of such peace officers. These units shall not be represented by an organization that, directly or indirectly, is subordinate to any other employee organization which includes non-peace officers.
  - D. The Employee Relations Officer shall, after notice to and consultation with affected employee organizations, allocate new classifications or positions, delete eliminated classifications or positions, and retain, reallocate or delete modified classifications or positions from units in accordance with the provisions of this Section. The decision of the Employee Relations Officer shall be final.

#### **SECTION 10. PROCEDURE FOR MODIFICATION OF ESTABLISHED APPROPRIATE UNITS**

- A. Requests by employee organizations for modifications of established appropriate units may be considered by the Employee Relations Officer only during the period specified in Sec. 8 of this rule. Such requests shall be submitted in the form of a Recognition Petition and, in addition to the requirements set forth in Sec. 3 of this rule, shall contain a complete statement of all relevant facts and citations in support of the proposed modified unit in terms of the policies and standards set forth in Sec. 9 hereof. The Employee Relations Officer shall process such petitions as other Recognition Petitions under this rule.
- B. The Employee Relations Officer may by his own motion propose that an established unit be modified. The Employee Relations Officer shall give written notice of the proposed modification(s) to any affected employee organization and shall hold a meeting concerning the proposed modification(s), at which time all affected employee organizations shall be heard. Thereafter the Employee Relations Officer shall determine the composition of the appropriate unit or units in accordance with Sec. 9 of this rule, and shall give written notice of such determination to the affected employee organizations. The Employee Relations Officer's determination may be appealed as provided in Section 12 of this rule. If a unit is modified pursuant to the motion of the Employee Relations Officer hereunder, employee organizations may thereafter file Recognition Petitions seeking to become the Exclusively Recognized Employee Organization for such new appropriate unit or units pursuant to this rule.

## **SECTION 11. PROCEDURE FOR PROCESSING SEVERANCE REQUESTS**

- A. An employee organization may file a request to become the recognized employee organization of a unit alleged to be appropriate that consists of a group of employees who are already a part of a larger established unit represented by another recognized employee organization. The timing, form and processing of such request shall be as specified in Sec. 10 for modification requests.

## **SECTION 12. APPEALS**

- A. An employee organization aggrieved by an appropriate unit determination of the Employee Relations Officer; or an employee organization aggrieved by a determination of the Employee Relations Officer that a Recognition Petition (Sec. 3), Challenging Petition (Sec. 5), Decertification Petition (Sec. 8), Unit Modification Petition (Sec. 10) --- or employees aggrieved by a determination of the Employee Relations Officer that a Decertification Petition (Sec. 8) ---has not been filed in compliance with the applicable provisions of this Article, may, within ten (10) days of notice of the Employee Relations Officer's final decision, request to submit the matter to mediation by the State Mediation and Conciliation Service, or may, in lieu thereof or thereafter, appeal such determination to the City Council for final decision within fifteen (15) days of notice of the Employee Relations Officer's determination or the termination of mediation proceedings, whichever is later.
- B. Appeals to the City Council shall be filed in writing with the City Clerk, and a copy thereof served on the Employee Relations Officer. The City Council shall commence to consider the matter within thirty (30) days of the filing of the appeal. The City Council may, in its discretion, refer the dispute to a third party hearing process. Any decision of the City Council on the use of such procedure, and/or any decision of the City Council determining the substance of the dispute shall be final and binding unless timely appealed to the Public Employees Relations Board.

## **SECTION 13. SUBMISSION OF CURRENT INFORMATION BY RECOGNIZED EMPLOYEE ORGANIZATIONS**

- A. All changes in the information filed with the City by and Exclusively Recognized Employee Organization under items (a) through (h) of its Recognized Petition under Sec. 3 of this rule shall be submitted in writing to the Employee Relations Officer within fourteen (14) days of such change.

## **SECTION 14. EMPLOYEE ORGANIZATION ACTIVITIES – USE OF CITY RESOURCES**

- A. Access to City work locations and the use of City paid time, facilities, equipment and other resources by employee organizations and those representing them shall be authorized only to the extent provided for in Memoranda of Understanding and/or administrative procedures, shall be limited to lawful activities consistent with the provisions of this rule that pertain directly to the employer-employee relationship and not such internal employee organization

business as soliciting membership, campaigning for office, and organization meetings and elections, and shall not interfere with the efficiency, safety and security of City operations.

**SECTION 15. ADMINISTRATIVE RULES AND PROCEDURES**

- A. The City Manager is hereby authorized to establish such rules and procedures as appropriate to implement and administer the provisions of this rule after consultation with affected employee organizations.

**SECTION 16. INITIATION OF IMPASSE PROCEDURES**

- A. If the meet and confer process has reached impasse as defined in Section 2 of this rule, either party may initiate the impasse procedures by filing with the other party a written request for an impasse meeting, together with a statement of its position on all issues. An impasse meeting shall then be scheduled promptly by the Employee Relations Officer. The purpose of such meeting shall be:
1. To review the position of the parties in a final effort to reach agreement on a Memorandum of Understanding; and
  2. If the impasse is not resolved, to discuss arrangements for the utilization of the impasse procedures provided herein.

**SECTION 17. IMPASSE PROCEDURES**

- A. Impasse procedures are as follows:
1. If the parties agree to submit the dispute to mediation, and agree on the selection of a mediator, the dispute shall be submitted to mediation. All mediation proceedings shall be private. The mediator shall make no public recommendation, nor take any public position at any time concerning the issues.
  2. If the parties fail to agree to submit the dispute to mediation or fail to agree on the selection of a mediator, or fail to resolve the dispute through mediation within fifteen (15) days after the mediator commenced meeting with the parties, the parties may agree to submit the impasse to fact-finding.
  3. If the parties agree on fact-finding, they may agree on the appointment of one or more fact-finders. If they fail to so agree on one or more fact-finders, a fact-finding panel of three (3) shall be appointed in the following manner: One member of the panel shall be appointed by the Employee Relations Officer, one member shall be appointed by the Exclusively Recognized Employee Organization, and those two shall name a third, who shall be the chairperson. If they are unable to agree upon a third, they shall select by agreement the third member from one or more lists of seven (7) names of individuals having fact-finding experience in the municipal sector to be provided by the California State Mediation and Conciliation Service.

- B. The following constitute the jurisdictional and procedural requirements for fact-finding:
1. The fact-finders shall consider and be guided by applicable federal and state laws.
  2. Subject to the stipulations of the parties, the fact-finders shall determine and apply the following measures and criteria in arriving at their findings and recommendations:
    - a. First, as relevant to the issues in dispute, the fact-finders shall compare the total compensation, hours and conditions of employment of the employees involved in the fact-finding proceeding with the total compensation, hours and conditions of employment of other employees performing similar services in public and private employment in the same and comparable communities. "Total compensation" shall mean all wage compensation, including but not limited to premium, incentive, minimum 'standby', out-of-class and deferred pay; all paid leave time; all allowances, including but not limited to educational and uniform benefits; and employer payments for all health, welfare and pension benefits.
  3. The fact-finders shall then adjust the results of the above comparisons based on the following factors:
    - a. The compensation necessary to recruit and retain qualified personnel.
    - b. Maintaining compensation relationships between job classifications and positions within the City.
    - c. The pattern of change that has occurred in the total compensation of the employees in the unit at impasse as compared to the pattern of change in the average "consumer price index" for goods and services, and the pattern of change in wages and compensation of other wage earners."
  4. The fact-finders shall then determine preliminary recommendations based on the comparisons as adjusted above which, however, shall be reduced as appropriate based on the financial resources of the City to implement them. In assessing the City's financial resources, the fact-finders shall be bound by the following:
    - a. Other legislatively determined and projected demands on agency resources, i.e., budgetary priorities as established by the governing body; and
    - b. Allowance for equitable compensation increases for other employees and employee groups for the corresponding fiscal period(s); and
    - c. Revenue projections not to exceed currently authorized tax and fee rates for the relevant fiscal year(s); and
    - d. Assurance of sufficient and sound budgetary reserves; and
    - e. Constitutional, statutory limitations on the level and use of revenues and expenditures.

5. The fact-finders shall make written findings of fact, and advisory recommendations for the resolution of the issues in dispute, which shall be presented in terms of the criteria, adjustments, and limitations specified above. Any member of a fact-finding panel shall be accorded the right to file dissenting written findings of fact and recommendations. The fact-finder or chairperson of the fact-finding panel shall serve such findings and recommendations on the Employee Relations Officer and the designated representative of the Exclusively Recognized Employee Organization.
- C. If these parties have not resolved the impasse within ten (10) days after service of the findings and recommendations upon them, the fact-finder or the chairperson of the fact-finding panel shall make them public by submitting them to the City Clerk for consideration by the City Council in connection with the Council's legislative consideration of the impasse.
- D. If the parties did not agree on mediation or the selection of a mediator and did not agree on fact-finding, or having so agreed, the impasse has not been resolved, the City Council may take such action regarding the impasse as it in its discretion deems appropriate as in the public interest. Any legislative action by the City Council on the impasse shall be final and binding.

#### **SECTION 18. COSTS OF IMPASSE PROCEDURES**

- A. The cost for the services of a mediator and fact-finder or chairperson of a fact-finding panel utilized by the parties, and other mutually incurred costs of mediation and fact-finding, shall be borne equally by the City and Exclusively Recognized Employee Organization. The cost for a fact-finding panel member selected by each party, and other separately incurred costs, shall be borne by such party.

#### **SECTION 19. CONSTRUCTION**

- A. This rule shall be administered and construed as follows:
  1. Nothing in this rule shall be construed to deny to any person, employee, organization, the City, or any authorized officer, body or other representative of the City, the rights, powers and authority granted by federal or state law.
  2. This rule shall be interpreted so as to carry out its purpose as set forth in section 1 of this rule.
  3. Nothing in this rule shall be construed as making the provisions of California Labor Code Section 923 applicable to City employees or employee organizations, or of giving employees or employee organizations the right to participate in, support, cooperate or encourage, directly or indirectly, any strike, sickout or other total or partial stoppage or slowdown of work. In consideration of and as a condition of initial and continued employment by the City, employees recognize that any such actions by them are in violation of their conditions of employment except as expressly otherwise provided by legally preemptive state or contrary local law. In the event employees engage in such actions, they shall subject themselves to discipline

EXHIBIT A

up to and including termination, and may be replaced, to the extent such actions are not prohibited by preemptive law; and employee organizations may thereby forfeit rights accorded them under City law or contract.

# Proclamation

## OF THE CITY COUNCIL OF THE CITY OF LAKEPORT

**WHEREAS**, Domestic Violence impacts, women, children and men of all racial, cultural and economic backgrounds; and

**WHEREAS**, emotional and physical scars resulting from Domestic Violence are often severe and long lasting; and

**WHEREAS**, in the fiscal year ending June 30, 2016, Lake County Law Enforcement responded to over 359 incidents of Domestic Violence, including men, women and children. In the past 12 months the Victim Witness Division of the District Attorney's office has served over 280 victims of Domestic Violence, and the District Attorney's Office has prosecuted 72 felonies and 70 misdemeanor acts of Domestic Violence. Lake Family Resource Center responded to 391 crisis line calls, served victims, and additionally sheltered 149 domestic violence victims and their children for a total of 9,277 bed nights.

**WHEREAS**, it is crucially important to hold perpetrators responsible for assault and to prevent Domestic Violence at every opportunity; and

**WHEREAS**, family violence is a community problem, stopping the cycle requires not only the strength and courage of survivors, but also the support and involvement of all members of the community; and

**WHEREAS**, many organizations such as the District Attorney's Office, Sheriff's Office, Lakeport Police Department, Clearlake Police Department and Lake Family Resource Center are committed to ending Domestic Violence in Lake County and provide essential crisis intervention and prevention services to all members of our community.

**NOW, THEREFORE, BE IT PROCLAIMED** that the City Council of the City of Lakeport does hereby designate that the month of October 2016 as

## Domestic Violence Awareness Month

in the City of Lakeport, and our community is urged to support the efforts of the agencies assisting victims of domestic violence and to increase their involvement in efforts to prevent domestic violence, thereby strengthening our community and creating an environment which honors, nurtures and protects all members of every family.

I have hereunto set my hand and caused the Seal of the City of Lakeport to be affixed to this Proclamation on this 18th day of October, 2016.

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Marc Spillman, Mayor



# CITY OF LAKEPORT

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

<b>STAFF REPORT</b>	
<b>RE:</b> Hold a Public Hearing and adopt a proposed ordinance to amend Chapter 8.31 of Title 8 of the Lakeport Municipal Code Regarding the Administrative Citation Appeal Hearing process.	<b>MEETING DATE:</b> 10/18/2016
<b>SUBMITTED BY:</b> Margaret Silveira, City Manager	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

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

City Council is being asked to hold a Public Hearing for, and subsequently adopt, an ordinance amending Sections 8.31.040, 8.31.050 8.31.060, and 8.31.140, and adding section 8.31.185 to Chapter 8.31 of title 8 to the Lakeport Municipal Code regarding the administrative citation appeal hearing process.

## BACKGROUND/DISCUSSION:

In reviewing the Chapter 8.31 Section 8.31.040 of the Lakeport Municipal Code regarding the administrative citation appeal hearing process, staff recommends changing the hearing officer for the appeal hearing from a member of the Lake County Bar Association/mediation program to the City Manager or a neutral person designated by the City Manager to serve as the Hearing Officer.

The amendment to Section 8.31.050 and 8.31.060 are updates to reflect that the Hearing Officer is the City Manager or his or her designee.

These changes would make the process simpler and reduce the cost to the City for the process.

Section 8:31.140 and Section 8.31.185 specify the time period to challenge a decision by the hearing officer. These time periods are already operative as they are governed by the Government Code Section 53069.4. However, by including them in the notice of decision and the Municipal Code, this provides better notice and transparency to affected individuals.

## OPTIONS:

Hold a Public Hearing for the second reading of the proposed ordinance and adopt the proposed ordinance  
 Direct staff to amend the proposed ordinance and bring back for an additional reading as amended.

## FISCAL IMPACT:

None at this time.     Account Number:    **Comments:** Savings of legal costs for a bar member or mediator.

**SUGGESTED MOTIONS:**

Move to adopt the proposed Ordinance amending Chapter 8.31 of Title 8 of the Lakeport Municipal Code regarding the Administrative Citation Appeal Hearing process.

- Attachments:**            1. Proposed Ordinance

Ordinance No. \_\_\_\_\_ (2016)

AN ORDINANCE OF THE CITY COUNCIL OF THE  
CITY OF LAKEPORT AMENDING CHAPTER 8.31 OF TITLE 8  
OF THE LAKEPORT MUNICIPAL CODE REGARDING THE ADMINISTRATIVE CITATION APPEAL  
HEARING PROCESS

THE CITY COUNCIL OF THE CITY OF LAKEPORT DOES ORDAIN AS FOLLOWS:

**SECTION 1.** Amendment to Chapter 8.31 “Administrative Citation Appeal Hearing Process”

Sections 8.31.040, 8.31.050, 8.31.060, and 8.31.140 of Chapter 8.31 “Administrative Citation Appeal Hearing Process” of Title 8 of the Lakeport Municipal Code is hereby amended as follows (changes in *bold-italics*):

***8.31.040 Obtaining an administrative hearing officer.***

***A.—~~Within five business days after the city has determined that a timely and complete appeal of an administrative citation has been filed, the citing officer or his or her designee shall provide written notice by first class mail or facsimile to the Lake County bar association/mediation program requesting a neutral hearing officer.~~***

***B.—~~As soon as practicable, the Lake County bar association will provide to the citing officer and the person or entity who filed the appeal a randomly selected disinterested hearing officer.~~***

***8.31.040 Administrative hearing officer.***

***The City Manager shall serve as hearing officer, or shall appoint a neutral person to serve as hearing officer.***

***8.31.050 Scheduling the administrative appeal hearing.***

***~~Once the hearing officer is selected, the citing officer or his or her designee shall contact the hearing officer to schedule a date, time, and location for the administrative appeal hearing. The administrative appeal hearing shall be scheduled as soon as practicable but allowing sufficient time for providing notice of the hearing.~~***

***An appeal hearing based on a request for hearing shall be set for a date not less than ten (10) days nor more than sixty (60) days from the date the city has determines that a timely and complete appeal of an administrative citation has been filed unless the enforcement officer determines that the matter is urgent or that good cause exists for an extension of time, in which case the hearing date may be shortened or extended, as warranted by the circumstances.***

***8.31.060 Preparation and form of notice of administrative appeal hearing.***

Once the date, time and place for the administrative appeal hearing is determined, the citing officer or his or her designee shall prepare a notice of administrative appeal hearing ("hearing notice"), which shall be in substantially the same form as follows:

You are hereby notified that a hearing will be held before the ~~Administrative Hearing Officer~~ **City Manager or his or her designee** at \_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at the hour of \_\_\_\_\_ to hear your appeal of the Administrative Citation served upon you. You may be present at the hearing. You may be, but need not be, represented by an attorney. You may present any relevant evidence at the hearing and you will be given a full opportunity to cross-examine all witnesses testifying against you.

**8.31.140 Duty to prepare and serve notice of decision and compliance order.**

The hearing officer shall sign their decision and then provide same to city staff who will then prepare and serve a written notice of decision and compliance order ("decision and compliance order") upon each appellant and the citing officer following the administrative appeal hearing. The decision of the hearing officer shall be final, except as otherwise provided by this chapter.

***The notice of decision shall include the following language:***

***"The time within which judicial review of the penalty imposed by this order must be sought is governed by Government Code Section 53069.4. Judicial review must be sought not later than twenty (20) days after service of the order imposing or confirming such penalty."***

**SECTION 2. Addition to Chapter 8.31 "Administrative Citation Appeal Hearing Process"**

Section 8.31.185 of Chapter 8.31 "Administrative Citation Appeal Hearing Process" of Title 8 of the Lakeport Municipal Code is hereby added as follows:

**8.31.185 Judicial review.**

An appellant may seek judicial review of a hearing officer's decision by filing a petition for review with the superior court, pursuant to Government Code Section 53069.4, within twenty (20) days after the effective date of the hearing officer's notice of decision and compliance order.

**SECTION 3. Severability.** Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

**SECTION 4. CEQA.** This ordinance is not a “project” subject to the California Environmental Quality Act (CEQA). “Project” does not include “general policy and procedure making” or “[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” pursuant to CEQA Guidelines § 15378(b). In addition, this ordinance is exempt from CEQA because it does not apply to the modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies that are not designed to increase services or expand a system pursuant to CEQA Guidelines § 15273.

**SECTION 5. Effective Date.** This Ordinance shall take effect thirty (30) days after adoption as provided by Government Code section 36937.

**SECTION 6. Certification.** The City Clerk shall certify to the passage and adoption of this Ordinance and shall give notice of its adoption as required by law. Pursuant to Government Code section 36933, a summary of this Ordinance may be published and posted in lieu of publication and posting the entire text.

INTRODUCED and first read at a regular meeting of the City Council on the 20th day of September, 2016, by the following vote:

AYES: Mayor Spillman, Council Members Mattina, Scheel, and Turner

NOES: None

ABSENT: Council Member Parlet

ABSTAINING: None

FINAL PASSAGE AND ADOPTION by the City Council occurred at a meeting thereof held on the 18<sup>th</sup> day of October 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

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MARC SPILLMAN, Mayor

ATTEST:

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KELLY BUENDIA, City Clerk



# CITY OF LAKEPORT

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

<b>STAFF REPORT</b>	
<b>RE:</b> 2016 Speed Zone Study	<b>MEETING DATE:</b> 10/18/2016
<b>SUBMITTED BY:</b> Kevin M. Ingram, Community Development Director	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

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

The City Council is being asked to receive the 2016 Speed Zone Study for the City of Lakeport and set a public hearing for the adoption of an ordinance revising Chapter 10.16 of the Lakeport Municipal Code establishing the speed zones associated with the engineering and traffic study.

### BACKGROUND/DISCUSSION:

In June of 2016 an engineering and traffic study was performed for all of the current speed zones in the City. This speed zone survey was completed for the City by staff of the Lake County/City Area Planning Council as part of the 2015/16 Transportation Planning Work Program. Section 40802 of the California Vehicle Code requires that speed zones be justified by an engineering and traffic survey every five years if the local authority wishes to enforce the speed limit on that facility by radar or other electronic device. Furthermore, traffic and engineering surveys are mandated by the legislature as a prerequisite to speed zone establishments to ensure that resulting speed zones are reasonable and safe. Reasonable speed limits are those that somewhat conform to the actual behavior of the majority of motorists who drive the street under study. Therefore, a major component of a traffic and engineering survey is a sample of prevailing speeds.

Recommended speed limits for a vast majority of the surveyed roadway segments within the City are proposed to remain unchanged with the following exceptions:

1. Bevins Street from Lakeport Boulevard to Bevins Court;
2. Hartley Street from Twentieth Street to the northern City Limits;
3. Martin Street from Bevins Street to the western City Limits;
4. Parallel Drive from old City Limits (near Chester Avenue) to Lakeport Boulevard; and
5. Twentieth Street from Alden Avenue to Hartley Street.

All recommendations were reviewed with city staff (Public Works, Police and Community Development Departments) on July 28, 2016. Staff concurs with these recommendations.

Attached for your consideration are the following excerpts of the 2016 Speed Zone Study:

- Table 1—*City of Lakeport Speed Zone Recommendations*
- Appendix A: In-depth Analyses (Descriptions for roadway segments where changes to previous speed limits are recommended)

A complete copy of the 2016 Speed Zone Study in addition to the Hartley Street Extended 25 MPH Prima Facie Speed Limit specific study referenced in the main study may be viewed with the Community Development Department at City Hall, 225 Park Street, Lakeport, CA and may be made available upon request.

**OPTIONS:**

Introduce the ordinance and set a public hearing to consider adoption thereof for the November 1, 2016, meeting.

Take no action.

**FISCAL IMPACT:**

None       \$      Budgeted Item?    Yes    No

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

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

Comments: None

**SUGGESTED MOTIONS:**

Move to introduce the proposed ordinance amending Chapter 10.16 of the Lakeport Municipal Code establishing speed limits within the City and set a public hearing for adoption of the ordinance on November 1, 2016.

**Attachments:**

1. Draft Ordinance Amending Chapter 10.16 of the Lakeport Municipal Code establishing speed limits within the City.
2. 2016 Speed Zone Study, Table 1—City of Lakeport Speed Zone Recommendations
3. 2016 Speed Zone Study, Appendix A: In-depth Analysis

**ORDINANCE NO. (2016)**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKEPORT AMENDING  
CHAPTER 10.16 OF THE LAKEPORT MUNICIPAL CODE TO REFLECT THE  
PERFORMANCE OF A SUPPLEMENTARY ENGINEERING AND TRAFFIC SURVEY**

**WHEREAS**, the *Lakeport Municipal Code* Chapter 10.16 sets forth speed limits in the City of Lakeport established by engineering and traffic surveys consistent with California Vehicle Code Section 40802; and

**WHEREAS**, recent engineering and traffic surveys have been performed by a registered professional engineer who is recommending changes in the speed zoned for various locations.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEPORT DOES ORDAIN  
AS FOLLOW:**

**SECTION 1. Amendment to Chapter 10.16 "Speed Limits"**

Chapter 10.16 of Title 10 of the Lakeport Municipal Code is amended as follows. Additions are denoted by underlined text and deletions by ~~struck through text~~.

**Chapter 10.16  
SPEED LIMITS**

10.16.010 Twenty miles per hour.

- A. Lange Street from Loch Drive to Lakeshore Boulevard ~~to Forest Drive~~.

10.16.020 Twenty-five miles per hour.

- A. All city streets unless posted otherwise.

10.16.025 Twenty-five miles per hour recommended to be posted.

- A. Armstrong Street from Berry Street to Martin ~~Main~~ Street.  
B. Giselman Street from Lakeshore Boulevard to Lange Street.  
C. Hartley Street from Hillcrest to northern City Limits.  
D. Mellor Drive from Eleventh Street to one hundred-seventy feet north of Page Drive.  
~~E.~~ Sixth Street from Spurr Street to Main Street.  
F. Sixteenth Street from Mellor Drive to High Street.  
G. Twentieth Street from Hartley Street to High Street.

10.16.030 Thirty miles per hour.

- A. Bevins Street from Bevins Court to Martin Street ~~to Lakeport Boulevard~~.

- B. Forbes Street from Martin Street to Clear Lake Avenue.
  - C. Hartley Street from Clear Lake Avenue to ~~Twentieth Street~~ Hillcrest Drive.
  - D. High Street from Clear Lake Avenue to Twentieth Street.
  - E. Lakeport Boulevard from ~~Main Street western~~ Parallel Drive to Main Street.
  - F. Lakeshore Boulevard from High Street to Lange Street.
  - G. North Main Street from First Street to Clear Lake Avenue.
  - H. South Main Street from First Street to five hundred seventy-five feet south of Lakeport Boulevard.
  - I. Martin Street from ~~South~~ Smith Street to Main Street.
  - J. Parallel Drive from Lakeport Boulevard to north of Craig Avenue.
  - K. Eleventh Street from North Main Street to one thousand one hundred feet west of Mellor Drive.
  - ~~K. Twentieth Street from Will-O-View Street to Hartley Street to Alden Avenue.~~
- 10.16.040 Thirty-five miles per hour.
- A. ~~Hartley~~ Bevins Street from Twentieth Street to northern city limits Lakeport Boulevard to Bevins Court.
  - B. Lakeshore Boulevard from Lange Street to northern city limits.
  - C. South Main Street from five hundred seventy-five feet south of Lakeport Boulevard to southern city limits.
  - D. ~~Parallel Drive from one thousand eight hundred fifty feet north of the Todd Road junction north to Lakeport Boulevard~~ E. Eleventh Street from one thousand one hundred feet west of Mellor Drive to western city limits.
- 10.16.050 Forty miles per hour.
- A. Martin Street from ~~Bevins~~ Smith Street to western city limits
- 10.16.060 Forty-five miles per hour.
- A. From ~~SR~~ State Route 175 north to Chester Lane, approximately one thousand seven hundred eighty feet.
- ~~10.16.070 From Chester Lane (one thousand eight hundred eighty feet south of Todd Road) north to one thousand eight hundred fifty feet north of Todd Road.~~

**SECTION 2. Severability:** Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

**SECTION 3. CEQA.** This ordinance is exempt from review under the California Environmental Quality Act (CEQA). Pursuant to section 15061(b)(3) of the CEQA Guidelines, CEQA applies only to projects which have the potential for causing a significant effect on the environment. The ordinance will not result in any foreseeable environmental impact because it sets speed limits in line with normal traffic flows as determined by an Engineering & Traffic Survey.

**SECTION 4. Effective Date.** This ordinance shall take effect thirty (30) days after adoption as provided by Government Code section 36937.

**SECTION 5. Certification.** The City Clerk shall certify to the passage and adoption of this Ordinance and shall give notice of its adoption as required by law. Pursuant to Government Code section 36933, a summary of this Ordinance may be published and posted in lieu of publication and posting the entire text.

INTRODUCED and first read at a regular meeting of the City Council on the 18<sup>th</sup> day of October, 2016, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

FINAL PASSAGE AND ADOPTION by the City Council of Lakeport occurred at a meeting thereof held on the 1<sup>st</sup> day of November 2016, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
MARC SPILLMAN, MAYOR

ATTEST:

\_\_\_\_\_  
KELLY BUENDIA, City Clerk  
City of Lakeport

ATTACHMENT 2  
**TABLE 1**

**CITY OF LAKEPORT SPEED ZONE RECOMMENDATIONS  
2016**

SITE	ROAD NAME	FROM	TO	VOL.	85th % 2016	85th % 2011	PACE	ACC.	EXIST. SPEED LIMIT	REC.	ENFORCE- MENT PRIORITY
1	Armstrong Street	Berry Street	Main Street	480	29	30	21-30	NF	NP	25	
2	Bevins Street	Bevins Court	Martin Street	3530	35	35	26-35	NF	30	30	
3	Bevins Street	Lakeport Boulevard	Bevins Court	4070	39	35	30-39	NF	30	see p. 25	H
4	South Forbes Street	Martin Street	6th Street	2710	34	34	25-34	NF	30	30	
5	North Forbes Street	6th Street	Clear Lake Avenue	3010	32	32	24-33	NF	30	30	
6	Giselman Street	Lakeshore Boulevard	Lange Street	740	28	29	20-29	NF	NP	25	
7	Hartley Street	Clear Lake Avenue	20th Street	1660	36	36	28-37	NF	30	30	M
8	Hartley Street	20th Street	City Limits	1660	34	39	26-35	NF	30	see p. 27	H
9	High Street	Clear Lake Avenue	20th Street	6630	36	35	28-37	NF	30	30	M
10	Lakeport Boulevard	Parallel Drive	Main Street	8510	34	33	32-41	NF	30	30	
11	Lakeshore Boulevard	High Street	Lange Street	4780	37	35	29-38	F	30	30	M
12	Lakeshore Boulevard	Lange Street	City Limits	5050	38	39	30-39	NF	35	35	
13	Lange Street	Loch Drive	Lakeshore Boulevard	400	24	22	15-24	NF	20	20	
14	North Main Street	1st Street	Clear Lake Avenue	9480	30	30	23-32	NF	30	30	
15	South Main Street	Martin Street	1st Street	10690	28	29	21-30	NF	30	30	
16	South Main Street	Lakeport Boulevard	Martin Street	11510	30	32	23-32	F	30	30	
17	South Main Street	City Limits	Lakeport Boulevard	10460	39	39	31-40	NF	35	35	
18	South Main Street	City Limits	Lakeport Boulevard	9930	40	39	31-40	NF	35	35	
19	South Main Street	City Limits	Lakeport Boulevard	8300	40	40	32-41	NF	35	35	
20	Martin Street	Bevins Street	Main Street	2540	36	35	27-36	NF	30	30	M
21	Martin Street	City Limits	Bevins Street	800	45	43	35-44	NF	35	see p. 29	H
22	Mellor Drive	11th Street	End	720	32	32	24-33	NF	25	25	M
23	Parallel Drive	Lakeport Boulevard	North of Craig Avenue	2450	36	38	27-36	NF	30	30	M
24	Parallel Drive	Old City Limits	Lakeport Boulevard	1710	50	48	41-50	NF	35	see p. 31	M
25	Parallel Drive	State Route 175	Old City Limits	1600	49	55	40-49	NF	NP	45	
26	6th Street	Spurr Street	Main Street	390	22	26	8-17	NF	25	25	
27	11th Street	Pool Street	North Main Street	9210	33	34	25-34	NF	30	30	
28	11th Street	1100' w/o Mellor Drive	Pool Street	11040	36	36	27-36	NF	30	30	M
29	11th Street	City Limits	1100' w/o Mellor Drive	10930	39	40	30-39	NF	35	35	
30	16th Street	Mellor Drive	High Street	880	29	30	21-30	NF	NP	25	
31	20th Street	Hartley Street	High Street	1160	31	31	22-31	NF	25	25	M
32	20th Street	Alden Avenue	Hartley Street	450	36	34	26-35	NF	25	see p. 33	M

VOL: Volume in vehicles per day

ACC: Accident experience is shown either as an "F" (a Factor), or an "NF" (Not a Factor) in consideration of speed limit recommendation

## **Appendix A**

- **In-depth Analyses**

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### **Site #3: Bevins Street – Lakeport Boulevard to Bevins Court**

**Issue:** The Critical Speed monitored in 2016 is 39 mph, a full 4 mph higher than in 2011. The existing Critical Speed would warrant a speed limit of 40 mph unless adjusted. There are factors with the roadway and adjacent development that could warrant establishment of the speed limit at 35 miles per hour.

**Existing Conditions:** Bevins Street is an important Collector street in the Lakeport street system. It carries approximately 4,070 vehicles per day in the street segment under review. Adjacent land use is industrial and commercial and continues to develop. This street segment is characterized by the following:

- Steep vertical curves (in excess of 12%) as well as horizontal curves with a single tangent section
- A junction (Bevins Court) at the crest of a steep vertical curve, resulting in poor sight distance
- Obscured driveways due to topography
- Partially built street segments
- Inconsistent but generally narrow pavement width
- Discontinuous sidewalks, some with obstructions such as utility poles
- On-street parking on the west side that limits SB lane width to 10 feet or less in vicinity of Gateway Business Park (Figure 1, p. 35)
- On-street parking adjacent to O’Meara Brothers Brewing Company limits SB travel lane 7 feet or less at most southerly extent of new sidewalk improvements (Figure 2, p. 35)

**Analysis:** Although the vertical curves on Bevins are readily apparent to the reasonable and prudent driver, obscured driveways and the crest-top junction of Bevins Court are not readily apparent, even at moderate speeds. Furthermore, on-street parking constrains travel lanes to widths that are usually unexpected on urban streets.

#### **Recommendations:**

1. There are conditions present on Bevins Court that warrant establishing a speed limit lower than that suggested by the 85<sup>th</sup> Percentile (Critical) Speed. Therefore, the recommended speed limit is 35 mph.
2. It is recommended that all on-street parking be removed adjacent to curb, gutter & sidewalk on west side of Bevins adjacent to O’Meara Brothers Brewery.
3. It is recommended that the City of Lakeport consider removal of all on-street parking on the west side of Bevins Street adjacent to the Gateway Business Park.

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## Site #8: Hartley Street – 20<sup>th</sup> Street to City Limits

**Issue:** Although Hartley Street south of 20<sup>th</sup> Street is straight and relatively flat, the segment to the north is characterized by steep (>12%) grades and horizontal curves (Figure 3, p. 36). The topography makes it difficult for motorists to maintain constant speeds. The Critical Speed monitored near the north City Limits produced a Critical Speed as high as 44 mph; the segment north of 20<sup>th</sup> Street produced a Critical Speed of 34 mph. Furthermore, the entire segment is an adopted route to school, with much of the street north of Boggs Lane lying adjacent to the Lakeport schools complex property.

**Existing Conditions:** This segment of Hartley Street carries approximately 540 vehicles per day and meets the county-maintained segment (Hartley Road) near the northerly extent of the schools property. Adjacent land is sparsely developed, but primarily residential and open. This street segment is characterized by the following:

- Steep vertical curves (in excess of 12%) and moderate horizontal curves. (Figure 4, p. 36)
- A junction (Hillcrest Street) at the crest of a steep vertical curve, as well as on a side-hill (Boggs Lane) closely adjacent to the crest. Both result in poor sight distance
- Sight distance limitations due to roadside trees and shrubbery.
- Very limited pedestrian improvements (just north of 20<sup>th</sup> Street and adjacent to Jerry & Anastasia streets). Both segments are on the west side of the street.
- Areas of very limited paved shoulders; in most areas paved shoulders are lacking.
- Insufficient width to accommodate bicycle lanes.
- A marked school crosswalk at Anastasia Street that provides access to 4 schools in Lakeport complex.
- Hartley Road was identified as an access route in the Lake County Safe Routes to Schools Plan.

**Analysis:** The southerly portion of this segment (between 20<sup>th</sup> Street and Hillcrest Street) is constrained by a steep vertical curve and STOP signs at both intersections that somewhat control speeds. The Critical Speed monitored for this segment is 34 mph. However, areas monitored to the north of Boggs Lane ranged from 39 mph in 2011 to 44 mph in 2015. There are few tangent and level areas where these higher speeds were monitored. It appears that the combination of vertical and horizontal curvature is responsible for producing inconsistent results in this area. Since much of the frontage of the area north of Boggs Lane lies adjacent to the schools, and Hartley Street is a component of the Safe Routes to School Plan for Lake County, it would be inadvisable to post speed limits of 40 mph or 45 mph (as indicated by 85<sup>th</sup> Percentile) for the segment from Hillcrest to the City Limits. School children walk along this street (as well as cross it) and there few and disjointed pedestrian facilities to accommodate pedestrian movements.

The following recommendations are made on the premise that an extended school zone advisory speed of 25 mph on an un-zoned street may be more effective at controlling speeds than a conflicted message of 40 mph speed signing in an area that is largely within the limits of a 25 mph school zone.

**Recommendations:**

1. Maintain the existing speed limit of 30 mph, as substantiated herein, for that segment of Hartley Street between 20<sup>th</sup> Street and Hillcrest Drive.
2. Remove speed zone posting for the segment of Hartley Street between Hillcrest Drive and the north City Limits, subject to successful completion of (3.) below:
3. Complete an engineering study consistent with Section 627 of the California Vehicle Code to support the extension of the school zone speed limit for up to 1,000 feet south of the school grounds.
4. Upon successful completion of (3.) above, place a School Speed Limit Assembly (25 MPH) approximately 775 feet south of school grounds facing NB traffic. Remove the existing S1-1 School Zone sign at this location. Remove the unauthorized School Speed Limit Assembly (25 MPH) sign approximately 648 feet north of the school grounds.
5. Remove other standard R2-1 speed limit signs in the segment north of Hillcrest to the City Limits.

Note: For all sign references, see excerpts from the California MUTCD 2014 on pages 39 to 42.

## Site #21: Martin Street – City Limits to Bevins Street

**Issue:** The Critical Speed monitored in 2016 is 45 mph, which is an increase of 2 mph since last monitored in 2011. The existing speed limit is 35 mph would need to be increased to 45 mph unless there are factors within the roadway and adjacent development that could warrant establishment of a lower speed limit of 40 miles per hour. Even so, the eastbound approach to the Bevins Street junction at Martin Street remains hidden because it lies just beyond (and below) a hill crest. This raises a concern with raising the speed limit on this segment.

**Existing Conditions:** This segment of Martin Street transitions from a country road under County maintenance to a partially developed public facility and residential area. The street is narrow, sometimes only 24 feet, pavement condition is poor, and sloping terrain to the south as well as shrubbery on both sides obscures the view of intersecting driveways (Figure 5, p. 37). The hill crest near the eastern terminus of this segment obstructs the view of the Bevins Street junction (Figure 6, p. 37). The County maintained segment to the west is zoned at 40 mph.

**Analysis:** A speed limit lower than indicated by the Critical Speed (45 mph) is warranted by conditions that are not readily apparent to the prudent driver. The conditions relevant are driveway obstructions west of Smith Street as well as the obstructed gravel driveway that forms a four-way intersection at Smith Street. In addition, the junction of Bevins Street is discernible eastbound only about 275 feet from the junction. This is the stopping design distance for an approach speed of 40 mph. There is no margin for error. Even with a reduced recommended speed limit of 40 mph, further mitigation is needed to accommodate for the blind junction approach at Bevins Street.

### Recommendations:

1. Shorten the limits of the speed zone reviewed herein to be applicable from the west City Limit to Smith Street.
2. Establish the speed limit on the segment of Martin Street from the west City Limit to Smith Street at 40 mph.
3. Extend the limits of the speed zone established herein for the segment from Bevins Street to Main Street (Site 20) westward to Smith Street so that the segment runs from Smith Street to Main Street.
4. Establish the speed limit for the Martin Street segment between Smith Street and Main Street to be 30 mph based on analysis completed herein.
5. Install an R2-1 (30) sign for eastbound traffic at the southeast corner of the intersection of Martin and Smith Street/gravel road.
6. Clear brush along south side of Martin west of Smith Street to improve sight distance to driveways and gravel road.

7. Install an R2-1 (40) sign for westbound traffic along embankment on north side of the street west of Smith Street.
8. Replace existing R2-1 (35) speed limit sign west of Orchard Street with R2-1 (30) speed limit sign.
6. Replace existing R2-1 (35) sign near City Limits and S.R. 29 overcrossing with an R2-1 (40) sign.

Note: For all sign references, see excerpts from the California MUTCD 2014 on pages 39 to 42.

## Site #24: Parallel Drive – Old City Limits to Lakeport Boulevard

**Issue:** For many years Parallel Drive has been reviewed in three separate segments for the purpose of speed zone analysis. The segment from Lakeport Boulevard northward to beyond Craig Avenue has different characteristics than the street south of the roundabout. Until rather recently, only a short segment south of the roundabout was within the City Limits and that was reviewed separately. Historically, the County segment of Parallel Drive remained un-zoned until the Mendocino College campus was built to the south. Although the City of Lakeport annexed land including the entire stretch of Parallel Drive, speed analysis was completed on all three segments in the 2016 Speed Zone Study. Speed zone monitoring at Study Site 24 – Old City Limit to Lakeport Boulevard, indicated a critical speed of 50 mph, which is 2 mph higher than last monitored in 2011. This is despite that adjacent land use changes are abrupt in this area and horizontal curvature obstructs the view of driveways and the roundabout. The Critical Speed on this segment is actually 1 mph higher than the long, straight segment from Old City Limit to S. R. 175. The existing speed limit on this segment is 35 mph based on the 2011 Speed Zone Study. Under current guidelines, the speed limit on this short segment should be established at 50 mph. There are existing conditions that are not readily apparent to the reasonable and prudent driver that would warrant a reduction to 45 mph. Even with that, there are concerns regarding obstructions to sight distance, due to horizontal curves, that obstruct driveways in the area of abrupt roadside land use changes.

**Existing Conditions:** Parallel Drive is a frontage road to S.R. 29 that serves as one of Lakeport's arterials. It serves approximately 1,710 vehicles per day on relatively flat terrain. The subject segment transitions abruptly from a moderately intensive commercial area to a relatively undeveloped area to the west and freeway frontage on the east. The northern terminus of this segment is at the Lakeport Boulevard roundabout; the southern terminus is at a segment that consists of a long tangent to the junction at S.R. 175. Street width is approximately 34 feet, pavement is good, and there are some shoulders on the south and curbs, gutters, and sidewalks adjacent to the developed area at the north end. The existing speed limit for this segment is 35 mph and it is signed as such both northbound and southbound.

**Analysis:** A field review at the site noted that there is a 35 mph sign at the south end of the segment (facing NB traffic) and a Curve Warning Sign with supplemental 35 MPH Advisory Sign in advance of the horizontal curve that transitions into the commercial area at the north end of the segment (Figure 7, p. 38). Traffic is guided through the curve by three properly spaced chevrons behind guardrail. Other than a metal building on the right (east), an approaching driver has no indication that a commercial area lies beyond the next horizontal curve or that a roundabout lies around the next corner. It is practice to warn of traffic control devices if they are obscured or otherwise than hidden from view by approaching drivers. No such warning now exists. A roundabout warning sign should be installed at an appropriate location on the northbound approach. Furthermore, since existing signage is ineffective, another approach

regarding speeds in this short, transitional segment should be considered. Reliance on enhanced warning devices may be more effective than regulatory devices.

**Recommendations:** The basis of recommendations that follow is that the subject segment of Parallel Drive identified as Site 18 in the 2016 Speed Zone Study should no longer be speed zoned. It is a short segment that transitions from a relatively undeveloped area to a commercial area that would benefit more from additional warning signs than ineffective speed zoning. It was monitored separately in the 2016 study as a remnant of previous history when Parallel Drive was both a City street and a County maintained road.

1. Delete this segment of Parallel Drive from the list of Lakeport street segments to be zoned for speed control.
2. Remove existing R2-1 (35) speed sign near the south terminus of the subject segment.
3. Install a W2-6 Roundabout Advance Warning Sign with supplemental "Roundabout" plaque approximately 30 feet south of the large commercial "KARATE" sign adjacent to embankment on east side of the street. This location is approximately 490 feet from nose of the Lakeport Boulevard/Parallel Drive roundabout.
4. Install a W1-2 (Rt.) Curve Warning Sign with 35 mph Advisory Speed plaque positioned on the west side of street in advance of the southbound approach to the horizontal curve that leads to the tangent segment of Parallel Drive.
5. Remove existing R2- 1 (35) Speed Limit sign facing southbound traffic north of the roundabout.
6. Monitor travel speeds within this segment within 1 year after changes have been implemented and propose adjustments as warranted.

Note: For all sign references, see excerpts from the California MUTCD 2014 on pages 39 to 42.

## Site #32: 20<sup>th</sup> Street – Alden to Hartley Street

**Issue:** The Critical Speed for this segment of 20<sup>th</sup> street was determined to be 36 mph in the 2016 Speed Zone Study. This is 2 mph higher than when previously monitored in 2011. Without valid reasons to downgrade, the appropriate recommendation would be for a 35 mph speed limit on this residential street. Although much of the street is approximately 40 feet wide and on tangent alignment, the western portions are narrower and have horizontal curvature. Consistent speed monitoring for the street as a whole is affected in that there is a gap in adjacent development that is conducive to higher travel speeds. As indicated by the 85<sup>th</sup> Percentile, a 35 mph speed zone through a residential area is inconsistent with residential neighborhoods. Even a reduction to 30 mph is judged to be inappropriate for the narrower and curvy area near the western terminus of the street.

**Existing Conditions:** Traffic volumes on 20<sup>th</sup> Street are approximately 450 vehicles per day. The easternmost segment lies within a well-established residential area. There is a westerly transition into a newer area of development with a significant gap between (Figure 8, p. 38). The westernmost portion of this segment is currently developing as a residential area but the street is narrower and transitions into horizontal curvature and then vertical curvature. On-street parking exists throughout. The wider eastern area has a street width of 40 feet, but narrows to the west.

**Analysis:** The character of the street and roadside development changes to the west of Will-O-View Street, even though the 2016 Speed Zone Study assumed that the selected speed limit would be applicable from Alden Avenue to Hartley Street. West of Will-O-View Street, density increases, the street narrows, and there is less curb, gutter and sidewalk. The street conforms to a hilly topography with horizontal, and then vertical and horizontal curvature. The speed zoning that may be appropriate for conditions to the east is unlikely to be appropriate in the west. Along the eastern portion from Hartley Street there are conditions that are not apparent to the reasonable and prudent driver due to a gap in development followed by a horizontal curve, an intersection (Will-O-View), and further residential development.

### Recommendations:

1. Adjust the limits of the western speed zone on 20<sup>th</sup> Street from Alden Avenue to Hartley Street to Will-O-View Street to Hartley Street.
2. Establish the speed limit on 20<sup>th</sup> Street from Will-O-View Street to Hartley Street at 30 miles per hour.
3. Install an R2-1 (30) speed limit sign, visible to westbound traffic, west of the Hartley Street.
4. Install an R2-1 (30) speed limit sign, visible to eastbound traffic, east of Will-O-View.

Note: For all sign references, see excerpts from the California MUTCD 2014 on pages 39 to 42.

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**Figure 1: View to north along Bevins Street. On-street parking adjacent to Gateway Business Park constrains southbound travel lane to less than 10 feet in locations.**



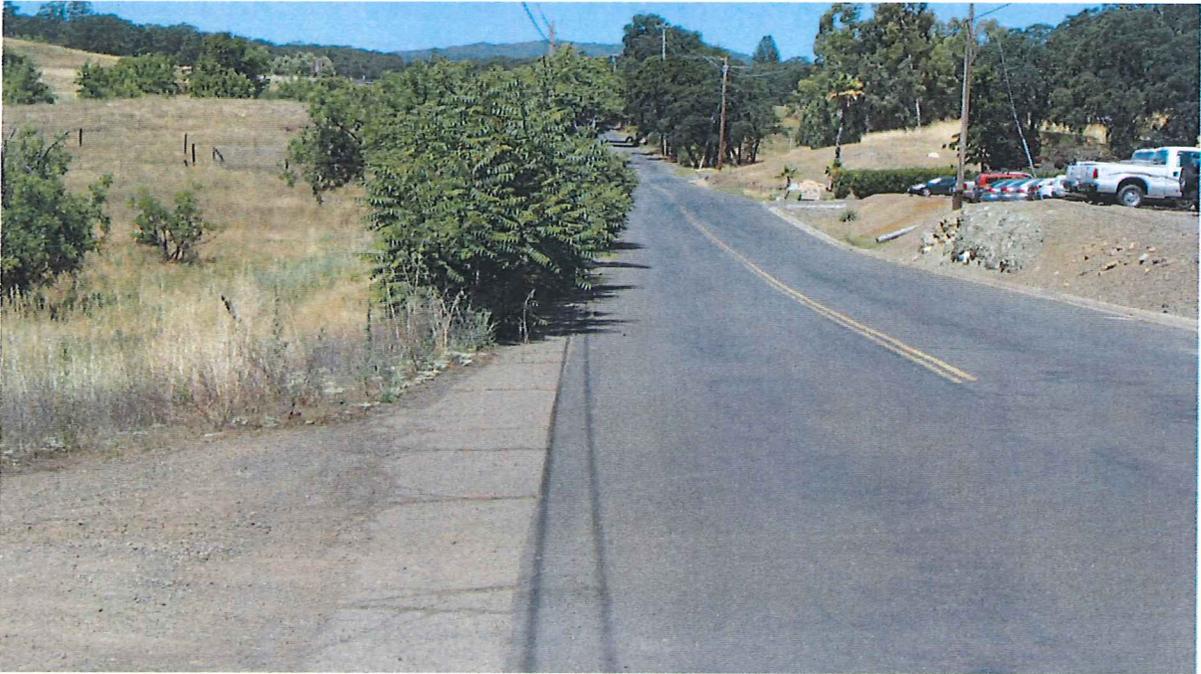
**Figure 2: View to south along Bevins Street. Permitted parking due to lack of red curb and signing reduces southbound lane width to below standard.**



**Figure 3: View south along Hartley Street from the north City Limit. Horizontal and vertical curvature depicted here is typical of the entire street segment.**



**Figure 4: View to the north along Hartley Street. Horizontal and vertical curvature obstructs the view of vehicles and potential pedestrians.**



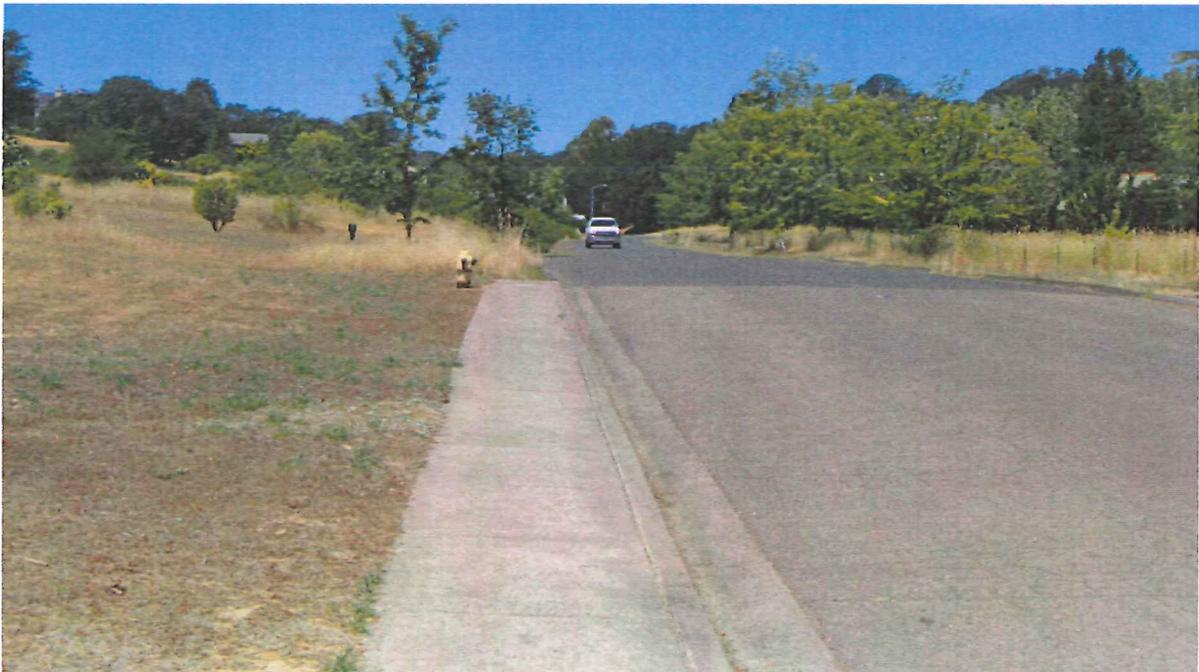
**Figure 5: View of Martin Street to the west from the Smith Street intersection depicts sight distance obstructions due to overgrown brush.**



**Figure 6: View along Martin Street to the east depicts how the hill crest obstructs view of the Bevins Street junction that lies ahead and on the right.**



**Figure 7: A 35 MPH sign currently controls traffic ahead of a horizontal curve with an advisory 35 MPH speed on Parallel Drive. If this segment of the street were to be zoned in accordance with CVC standards, the new posted speed would be 45 MPH.**



**Figure 8: A significant stretch of undeveloped land between residential areas contributes to higher travel speeds on 20<sup>th</sup> Street that are higher than desirable.**



# CITY OF LAKEPORT

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

<b>STAFF REPORT</b>	
<b>RE:</b> Refunding (Refinancing) Certain Outstanding Former Redevelopment Agency Bonds; Approving form of Preliminary Official Statement; Adopting Two New Policies	<b>MEETING DATE:</b> 10/18/2016
<b>SUBMITTED BY:</b> Ginny Feth-Michel, Interim Finance Director	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

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

The Successor Agency to the Lakeport Redevelopment Agency (the “Agency”) is being asked to approve the refunding of certain former Redevelopment Agency bonds, and adopt Resolution No. SA 2016 - [REDACTED], “Approving the Form of Preliminary Official Statement in Connection with the Refunding of Certain Agency Bonded Debt, Establishing Certain Related Policies And Procedures, And Approving Certain Other Matters And Official Actions Related Thereto.”

### BACKGROUND/DISCUSSION:

On July 5, 2016, the Successor Agency adopted Resolution No. 2585 (2016) (the “Authorizing Resolution”) approving related documents and authorizing the sale and issuance of its Series 2016 Tax Allocation Refunding Bonds (Lakeport Redevelopment Project) (the “Refunding Bonds”) for the purpose of refinancing (this process is also referred to as a “Refunding”) two Agency’s outstanding (i) 2004 Series A Tax Allocation Bonds (“2004A Bonds”), and the 2008 Tax Allocation Bonds (“2008 Bonds”) (collectively, “Prior Obligations”). The Agency’s 2004 Series B Tax Allocation Bonds (“2004B Bonds) are non-callable, and therefore will not be refunded. The proceeds from the Prior Obligations were used to provide funds for programs, projects and activities of benefit to property within the Agency’s Lakeport Redevelopment Project Area.

On July 11, 2016, the Oversight Board to the Successor Agency (the “Oversight Board”) adopted Resolution No. OB-017 (2016) approving the actions of the Successor Agency and the issuance of the Refunding Bonds (the “Oversight Board Resolution”) and, as required by redevelopment agency dissolution law, the Department of Finance (DOF) issued its letter dated September 16, 2016, establishing DOF’s approval of the Oversight Board Resolution and the issuance of the Refunding Bonds.

### Review and Analysis

The next step in this process is for the Agency to adopt the attached resolution approving the Preliminary Official Statement (the “Preliminary Official Statement”), and approving two new related debt management policies (the “Policies”) required with respect to the issuance of the Refunding Bonds. The Preliminary Official Statement is included as an attachment to this report. The Policies are included as an attachment to the subject Resolution.

As a necessary prerequisite to the public marketing and selling of the Refunding Bonds, the Preliminary Official Statement has been prepared by The Weist Law Firm, as Disclosure Counsel to the Agency, with the assistance of NHA Advisors – the Financial Advisor, Hilltop Securities – the Underwriter, and Agency staff. This document describes the Agency, the Refunding, the Project Area, the structure and credit quality of the Refunding Bonds, the financing documents, and the risk factors associated with an investment in the Refunding Bonds. The Preliminary Official Statement is distributed by the Underwriter to prospective investors prior to the bond sale so that they can make informed purchase decisions. The Preliminary Official Statement is the central source of information to potential bond buyers, and as such it is essential that the information be accurate and complete. Once the bond purchase contract has been executed by the Agency and Underwriter, the final pricing detail will be used to fill in the blanks of the Preliminary Official Statement, which will then be used as the basis for the final Official Statement (the “Official Statement”).

**Important Information about Securities Disclosure:** The Preliminary Official Statement has been reviewed and approved for transmittal to the Board by staff and the financing team. The Preliminary Official Statement must include all facts that would be material to an investor in the Refunding Bonds. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Refunding Bonds. It is important that this document does not contain any material misstatements or omissions. Members of the Board are encouraged to review the Preliminary Official Statement and/or question staff and consultants to make sure they feel comfortable that it includes all material facts.

**Two New Policies:**

In addition to approval of the Preliminary Official Statement, the subject resolution also adopts a Continuing Disclosure Policy and a Post-Issuance Tax Compliance Policy which are intended to (i) ensure that the all Continuing Disclosure under Rule15c2-12 is accurate, timely and in compliance with all applicable federal and state securities laws, (ii) ensure that use, expenditure and investment of bond proceeds (as well as equipment and property acquired and constructed with such proceeds) remains in compliance with federal tax rules arbitrage rules, and retention of records, and (iii) promote best practices regarding Continuing Disclosure and Tax Compliance. Ensuring a solid track record of Continuing Disclosure and Tax Compliance will be viewed favorably by bond investors, rating agencies, bond insurers and the public, and is therefore in the best interests of the Agency.

**Next Steps:**

City staff has been working with its financing team, NHA Advisors – financial advisor, The Weist Law Firm – bond counsel, and Hilltop Securities – underwriter to prepare for the execution and delivery of the Refunding Bonds. It is anticipated that with Agency Board approval of the subject Resolution, the sale and closing of the Refunding Bonds could be completed by the first week of November 2016.

**OPTIONS:**

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

**FISCAL IMPACT:**

None      Budgeted Item?  Yes  No  NA

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

Affected fund(s):  General Fund  Water OM Fund  Sewer OM Fund  Other: Fund 705: RDA  
Successor Agency Private Purpose Trust Fund

**SUGGESTED MOTIONS:**

Move to approve the refunding of certain former Redevelopment Agency bonds, and adopt the proposed Resolution approving the form of the Preliminary Official Statement in connection of refunding of certain Agency

bonded debt, establishing certain related policies and procedures, and approving certain other matters and official actions related thereto



**Attachments:**

1. Resolution
2. Form of Preliminary Official Statement

**RESOLUTION NO. \_\_\_\_ (2016)**

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT  
APPROVING THE FORM OF PRELIMINARY OFFICIAL  
STATEMENT IN CONNECTION OF REFUNDING OF CERTAIN  
AGENCY BONDED DEBT, ESTABLISHING CERTAIN RELATED  
POLICIES AND PROCEDURES, AND APPROVING CERTAIN OTHER  
MATTERS AND OFFICIAL ACTIONS RELATED THERETO**

**WHEREAS**, the Redevelopment Agency of the City of Lakeport (the “Former Agency”) was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the “Law”); and

**WHEREAS**, a redevelopment plan for the redevelopment project area designated the “Lakeport Redevelopment Project” in the City of Lakeport, California (the “Redevelopment Project”) was adopted in compliance with all requirements of the Law; and

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, and the City of Lakeport (the “City”) has become the successor entity to the Former Agency (the “Successor Agency”); and

**WHEREAS**, prior to dissolution of the Former Agency, the Former Agency caused the issuance of the following tax allocation bonds prior to its dissolution:

(a) (i) the Lakeport Redevelopment Project, 2004 Tax Allocation Bonds, Series A, issued in the aggregate principal amount of \$1,070,000 (the “2004 Series A Bonds”), and (ii) the Lakeport Redevelopment Project, 2004 Tax Allocation Bonds, Series B, issued in the aggregate principal amount of \$1,170,000 (the “2004 Series B Bonds”), pursuant to a Bond Issuance and Sale Agreement, dated as of December 1, 2004, by and among the Association of Bay Area Governments, the Former Agency and Union Bank of California, N.A., as trustee; and

(b) the Lakeport Redevelopment Project, 2008 Tax Allocation Bonds, issued in the aggregate principal amount of \$3,425,000 (the “2008 Bonds”), pursuant to the Indenture of Trust, dated as of May 1, 2008, by and between the Former Agency and Union Bank of California, N.A., as trustee; and

**WHEREAS**, Assembly Bill X1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 (“AB 1484” and, collectively, as further amended, the “Dissolution Act”), resulted in the dissolution of the Former Agency as of February 1, 2012, and the vesting in the Successor Agency of all of the authority, rights, powers, duties and obligations of the Former Agency; and

**WHEREAS**, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”); and

**WHEREAS**, the Successor Agency has determined that the Savings Parameter can be achieved and it is necessary and advisable to refund the 2004 Series A Bonds and the 2008 Bonds (collectively, the “Prior Bonds”) for savings through the issuance pursuant to the Law, the Dissolution Act and the Refunding Law of its Successor Agency to the Redevelopment Agency of the City of Lakeport, Series 2016 Tax Allocation Refunding Bonds (Lakeport Redevelopment Project) (the “Refunding Bonds”) to provide funds to refund the outstanding Prior Bonds; and

**WHEREAS**, the Successor Agency previously adopted Resolution No. 2585 (2016) on July 5, 2016 (the “Prior Successor Agency Resolution”), approving the issuance of the Refunding Bonds; and

**WHEREAS**, pursuant to Sections 34177.5(f) and 34180 of the Law, the issuance of the Refunding Bonds are subject to the prior approval of the Oversight Board and the California State Department of Finance (the “DOF”); and

**WHEREAS**, the Oversight Board adopted Resolution No. OB-017 (2016) on July 11, 2016 (the “Oversight Board Resolution”), approving the issuance of the Refunding Bonds; and

**WHEREAS**, the DOF issued its letter dated September 16, 2016, indicating the DOF’s approval of the Oversight Board Resolution; and

**WHEREAS**, the Successor Agency, with the assistance of its disclosure counsel, The Weist Law Firm, has prepared a draft of the Official Statement for the Refunding Bonds (the “Official Statement”), which contains, among other things, information regarding the Refunding Bonds, the Former Agency and the Successor Agency, the preliminary form of which is on file with the City Clerk, as the secretary (the “Secretary”) of the Successor Agency; and

**WHEREAS**, the Successor Agency, with the aid of its staff, has reviewed the Official Statement and wishes at this time to approve the Official Statement’s use and distribution as in the public interests of the Successor Agency and applicable taxing entities; and

**WHEREAS**, both internal Revenue Service (the “IRS”) and the Securities and Exchange Commission (the “SEC”) recommend that issuers of municipal bonds adopt policies and procedures to govern compliance and implement training with respect to their initial post-issuance tax compliance and continuing disclosure undertakings; and

**WHEREAS**, there has been presented to this meeting proposed Continuing Disclosure Policy and Procedures (the “Continuing Disclosure Policy and Procedures”); and

**WHEREAS**, there has been presented to this meeting proposed Post Issuance Tax Compliance Policy and Procedures (the “Tax Compliance Policy and Procedures”);

**NOW, THEREFORE, BE IT RESOLVED** by the Successor Agency to the Redevelopment Agency of the City of Lakeport, as follows:

**Section 1. Finding as to Recitals.** The above recitals are true and correct and are a substantive part of this Resolution.

**Section 2. Affirmation of Issuance of the Bonds.** The approval of issuance of the Refunding Bonds pursuant to the Prior Successor Agency Resolution is hereby affirmed.

**Section 3. Authorized Representatives.** The Chair, Vice Chair, Executive Director, Treasurer, and any other person authorized by the Executive Director to act on behalf of the Successor Agency shall each be an “Authorized Representative” of the Successor Agency for the purposes of structuring and providing for the issuance of the Refunding Bonds and the execution of the Official Statement, the Continuing Disclosure Policy and Procedures and the Tax Compliance Policy and Procedures presented at this meeting, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the Successor Agency, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the issuance of the Refunding Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions approved in this Resolution.

**Section 4. Approval of Preliminary Official Statement.** The Successor Agency hereby approves the preliminary Official Statement in substantially the form on file with the Secretary of the Successor Agency. Distribution of the preliminary Official Statement by the Successor Agency and the Underwriter is hereby approved, and, prior to the distribution of the preliminary Official Statement, each Authorized Representative, acting alone, are authorized and directed, on behalf of the Successor Agency, to deem the preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Representative executing the same, and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Refunding Bonds, and each Authorized Representative, acting alone, is authorized and directed to execute and deliver the final Official Statement for and on behalf of the Successor Agency, to deliver to the Underwriter a certificate with respect to the information set forth therein and to deliver to the Underwriter a continuing disclosure undertaking substantially in the form appended to the final Official Statement.

**Section 5. Continuing Disclosure Policy and Procedures.** The form of the Continuing Disclosure Policy and Procedures attached hereto as Exhibit A are hereby approved, and any Authorized Representative, on behalf of the Successor Agency, is hereby authorized and directed to make such changes thereto as are necessary in order to conform the same to actual or recommended Successor Agency practices, to correct typographical or grammatical errors, to cure ambiguities and inconsistencies, and to conform to applicable law as advised by bond counsel or

the general counsel to the Successor Agency, and to execute the final form of the Continuing Disclosure Policy and Procedures on behalf of the Successor Agency, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such additions and changes.

**Section 6. Post-Issuance Tax Compliance Policy and Procedures.** The form of the Tax Compliance Policy and Procedures attached hereto as Exhibit B are hereby approved, and any Authorized Representative, on behalf of the Successor Agency, is hereby authorized and directed to make such changes thereto as are necessary in order to conform the same to actual or recommended Successor Agency practices, to correct typographical or grammatical errors, to cure ambiguities and inconsistencies, and to conform to applicable law as advised by bond counsel or the general counsel to the Successor Agency, and to execute the final form of the Tax Compliance Policy and Procedures on behalf of the Successor Agency, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such additions and changes.

**Section 7. Official Actions.** The Authorized Representatives and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in consummating the issuance, sale and delivery of the Refunding Bonds and the refunding of the Prior Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

**Section 8. Effective Date.** This Resolution shall take effect from and after the date of approval and adoption thereof.

\* \* \* \* \*

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the Successor Agency of the Lakeport Redevelopment Agency of the City of Lakeport, held this 18th day of October, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

APPROVED:

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Secretary of the Successor Agency  
to the Redevelopment Agency of the  
City of Lakeport

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Chair of the Successor Agency  
to the Redevelopment Agency of the  
City of Lakeport

**SECRETARY'S CERTIFICATE**

I hereby certify that the foregoing is a true and correct copy of **Resolution \_\_ (2016)**, passed and adopted at a regular meeting of the Board of Directors of the Successor Agency to the Redevelopment Agency of the City of Lakeport, Lake County, California, held on the 18th day of October, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

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Secretary of the Successor Agency  
to the Redevelopment Agency of the  
City of Lakeport

**EXHIBIT A**

**CONTINUING DISCLOSURE POLICY AND PROCEDURES**

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT**

**DATED: October 1, 2016**

**Background**

Pursuant to Securities and Exchange Commission (“SEC”) Rule 15c2-12 (the “Rule”), issuers of obligations are required under most circumstances to provide financial and operating information on an annual basis with the Municipal Securities Rulemaking Board (“MSRB”) using the Electronic Municipal Market Access system (EMMA). The Successor Agency to the Redevelopment Agency of the City of Lakeport (the “Agency”) has issued obligations which are covered by the Rule (the “Obligations”) and must comply with any required filings in a timely manner. These Policies and Procedures are intended to assure that all filings required under the Rule are made timely and completely and meet all requirements of the Rule. The Agency has covenanted or will covenant to comply with the Rule through the execution and delivery of continuing disclosure agreements or certificates (each, a “Continuing Disclosure Undertaking”) applicable to each issue of Obligations.

The Rule requires that an underwriter, prior to purchasing or selling an issue of obligations in connection with a covered offering, determine that the issuer and any other “Obligated Person” (as defined in the Rule) for whom financial or operating data is presented in the official statement has undertaken in writing to provide the following information to the MSRB using EMMA and to the appropriate state information depository (“SID”), if any:

- By a specified date, annual financial and operating information for each Obligated Person for whom financial information or operating data is presented in the official statement (an “Annual Information Filing”);
- By a specified date, if available, audited annual financial statements for each Obligated Person (“Audited Financial Statements”) and, if not available by the date required, unaudited financial statements with Audited Financial Statements;
- In a timely manner within 10 business days of occurrence, notice of the occurrence of one or more of the listed events described in the Rule (a “Rule 15c2-12 Event Notice”); and
- In a timely manner, notice of a failure of any Obligated Person required to make the Annual Information Filing and/or file the Audited Financial Statements on or before the date(s) specified in the Continuing Disclosure Undertaking (“Notice of Failure”).

**Responsible Party: Maintenance of List and Files**

The Responsible Party for the Agency shall be the Executive Director and any alternate or assistant as the Executive Director shall assign. The Responsible Party shall maintain a current list for each fiscal year identifying each issue of Obligations during such fiscal year setting forth the name, original principal amount, date of issuance and CUSIP numbers for each such issue, the dates by which the Annual Information Filings and the Audited Financial Statements are required to be submitted to the MSRB using EMMA and the current contact information for the dissemination agent (if any) with respect to such Continuing

Disclosure Undertaking; such list is to be accompanied by copies of the related Continuing Disclosure Undertakings.

### **Annual Information Filing Requirements**

The Responsible Party shall be knowledgeable and familiar with the provisions of each Continuing Disclosure Undertaking as to the type, format and content of the financial and operating information to be included in each Annual Information Filing to be made thereunder and the timing requirements for the filing thereof. The submission dates for the Continuing Disclosure Undertakings vary.

### **Audited Financial Statements**

Audited Annual Financial Statements of the Agency are also required to be filed no later than the submission dates established under each Continuing Disclosure Undertaking. The Responsible Party shall be knowledgeable and familiar with the specific timing requirements for the filing of Audited Financial Statements and, if not available by the date(s) required, the provisions regarding the filing of unaudited financial statements under the terms of each Continuing Disclosure Undertaking.

### **Notices of Failures to File**

The Responsible Party shall be knowledgeable and familiar with the specific requirements for the filing of a Notice of Failure to make Annual Information Filings and/or to file Audited Financial Statements by the date(s) required under the terms of each Continuing Disclosure Undertaking.

### **Preparation**

Approximately 90 days before the submission date for required filings established under each Continuing Disclosure Undertaking, the Responsible Party shall initiate the process of preparing the financial and operating information required to be submitted thereunder. The Responsible Party shall assemble the information available at that time and determine the scope of additional information to be required and also contact the auditors to establish a schedule for completion and submission for the Audited Financial Statements.

Not less than 30 days before the submission date, the Responsible Party shall prepare a draft submission of required financial and operating information, highlighting any information still unavailable.

On or before the submission date established under each Continuing Disclosure Undertaking, the Responsible Party shall make the Annual Information Filing together with the Audited Financial Statements. If the Audited Financial Statements are not then available, unaudited financial information shall be filed with the MSRB using EMMA and the Audited Financial Statements shall be filed within 10 business days of their receipt and acceptance.

The Responsible Party shall set calendar reminders in the Finance Department's recordkeeping systems.

### **Listed Events**

The Rule also requires filing of a Rule 15c2-12 Event Notice upon the occurrence of certain listed events described in the Continuing Disclosure Undertakings. The Responsible Party shall provide a Rule 15c2-12 Event Notice to the MSRB using EMMA within 10 business days of occurrence of any such listed event.

The listed events most likely to occur relate to bond redemptions or defeasances of outstanding issues and rating changes.

**Familiarity with EMMA Submission Process**

The Responsible Party shall register with EMMA and review the on-line process of filing with EMMA located at [www.emma.msrb.org](http://www.emma.msrb.org) in order to submit the required information. The MSRB market Information Department can also be contacted at (703) 797-6668. A tutorial is available at the website and a practice submission is available as well.

The Responsible Party also shall enroll the Agency in EMMA's reminder system to ensure timely performance of their responsibilities and obligations.

**Training Efforts**

To ensure adequate resources to comply with the Rule, the Responsible Party shall develop a training process aimed at providing additional assistance in preparing required information. A training review process shall be conducted at least annually and shall encompass a review of the EMMA submission process and an understanding of the timing requirements necessary for full compliance.

**Coordination Effort**

The Responsible Party shall coordinate the preparation and submission of the required information with the Department's continuing disclosure consultant and corporate trustees and paying agents to ensure full compliance with the requirements of the Rule and the Continuing Disclosure Undertakings.

**Records Retention**

The Responsible Party shall maintain records with respect to the filings with the MSRB using EMMA, including, but not limited to, EMMA posting receipts showing the dates and nature or contents of all filings for each issue of Obligations outstanding during each fiscal year.

**EXHIBIT B**

**POST-ISSUANCE TAX COMPLIANCE POLICY AND PROCEDURES**

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT**

**DATED: October 1, 2016**

**I. PURPOSE**

Use of tax-exempt bond proceeds must comply with Federal tax rules pertaining to the expenditure of proceeds, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The policy of the Successor Agency to the Redevelopment Agency of the City of Lakeport (the "Agency") for monitoring compliance of its bond issues with these rules is as follows:

The Agency will comply with the following procedures:

**II. PROCEDURES**

**1. Expenditure of Proceeds**

The Executive Director of the Agency shall have the responsibility for allocating bond proceeds to particular investments, expenditures, and assets. The Executive Director of the Agency may delegate this responsibility, but shall retain the primary responsibility for insuring that the following procedures are followed.

- a) **Proceeds of a bond issue must be identified.** The Executive Director shall refer to the Tax Certificate and to bond counsel (The Weist Law Firm) for help in identifying the amount of the proceeds of the bonds and for identification of funds holding bond proceeds.
- b) **Investments of bond proceeds must be tracked.** The Executive Director shall ensure that all investments of bond proceeds are recorded, including identification of the investment, the purchase price of the investment, the date of the investment, the date of any receipts from the investment, and the date of repayment or sale of the investment. Earnings from investments of bond proceeds will be treated as additional bond proceeds and similarly tracked.
- c) **Proceeds must be tracked until they are allocated to expenditures.** Proceeds may be allocated to a capital expenditure by direct tracing or by another other reasonable method (such as treating an expenditure made from another source as having been made from bond proceeds if that source is reimbursed from bond proceeds).
  - i. If the Agency uses direct tracing of bond proceeds, the Executive Director shall establish the form and procedure for preparation and review of requisitions of bond proceeds. Requisitions must identify the financed property in conformity with the Tax Certificate, including certifications as to the character and average economic life of the bond-financed property.
  - ii. If the Agency uses bond proceeds to reimburse costs that were paid prior to the issuance of the bonds, the Executive Director shall document the use of bond proceeds to make such

reimbursements and will only allow such reimbursements to the extent permitted in the Tax Certificate.

- iii. If the Agency uses any other method for allocating bond proceeds to expenditures, the Executive Director shall prepare at least annually until all proceeds have been spent a written allocation of bond proceeds to expenditures, including the dates and amounts of such expenditures. The Executive Director shall only allocate bond proceeds to expenditures if there is a reasonably concurrent actual outlay of cash by the Agency to a third party.
  - iv. The Executive Director shall prepare a written “final allocation” of bond proceeds to expenditures no later than the earlier of 18 months after the in-service date of the financed property and the fifth anniversary date of the issue of the bonds, which written record shall be filed in the office of the Finance Director. If not all bond proceeds are allocated to expenditures by that date, allocations thereafter may only be made using a tracing method.
- d) The Executive Director shall compare the allocation of proceeds to expenditures of proceeds to the tax certificate expectation to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. In the event that those expectations are not met, the Executive Director shall consult with bond counsel to determine whether further action is necessary. Similarly, the Executive Director shall compare to the allocation of proceeds to expenditures to the timetables set forth for the arbitrage rebate exceptions described in the tax certificate.
- e) As proceeds are allocated to expenditures for capital assets, the Executive Director shall prepare and maintain a schedule of all capital assets treated as financed with the bonds, which written record shall be filed in the office of Finance Director. The Executive Director shall maintain a separate schedule for each bond issue. If only a portion of a capital asset is treated as financed with a particular bond issue, the Executive Director shall consult with bond counsel as to how to document the particular allocation.

## **2. Use of Bond-Financed Property**

The Executive Director of the Agency shall have the responsibility of periodically reviewing the continued ownership and use of all assets financed by the bond issue. The Executive Director of the Agency may delegate this responsibility, but shall retain the primary responsibility for insuring that the following procedures are followed.

- a) At least annually, the Executive Director shall conduct a review of the assets financed with the proceeds of the bonds in accordance with the schedule prepared under 1(e) above.
  - i. The Executive Director shall contact the appropriate officers or employees of the Agency to determine whether the assets continue to be owned by the Agency. Ownership of bond financed facilities by entities other than governmental entities can give rise to tax issues.
  - ii. The Executive Director shall contact the appropriate officers or employees of the Agency to determine whether the assets are used only by the Agency or by some other entities. Use of assets by any entities other than another governmental entity can give rise to tax issues. Use may arise through ownership, lease, management contract, sponsored research, purchase of

output, or other arrangements that give rise to priority rights in bond-financed assets. Use as a member of the general public (such as through short-term rentals or use under a rate-scale arrangement) will not be treated as private use.

- b) If the Executive Director learns of sale of assets or private use of bond financed assets, he or she shall consult with bond counsel concerning appropriate remedies, including remedial action or voluntary compliance agreements with the IRS.
- c) Ideally, the Executive Director will try to learn in advance of any proposed sale, lease, or other use by a private entity of bond financed assets and will consult with bond counsel concerning appropriate remedial action or other action.

### **3. Investments**

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Executive Director.

- a) Guaranteed investment contracts (“GIC”) will be purchased only using the three-bid “safe harbor” of applicable Treasury regulations, in compliance with fee limitations on GIC brokers in the regulations. Any exceptions to this rule must be discussed with the bond counsel.
- b) Other investments will be purchased only in market transactions.
- c) Calculations of rebate liability will be performed as necessary by outside consultants.
- d) Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the Agency.
- e) The Executive Director shall identify date for first rebate payment at time of issuance, in conjunction with bond counsel, and enter that date in the records for the issue.

### **4. Records**

Management and retention of records related to tax exempt bond issues will be supervised by the Executive Director.

- a) The Executive Director shall retain records relating to investment, expenditures, and use of bond financed facilities for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.
  - i. Retainable records pertaining to bond issuance include transcript of documents executed in connection with the issuance of the bonds and any amendments, and copies of rebate calculations and records of payments including Forms 8038-T.
  - ii. Retainable records pertaining to expenditures of bond proceeds include requisitions, trustee statements and final allocation of proceeds.

- iii. Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.
- iv. Retainable records pertaining to investments include GIC documents under the Treasury regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.
- v. Retainable records pertaining to any credit enhancement of the bonds during the entire term of the bonds, including bond insurance contracts, letters of credit and standby purchase agreements.
- vi. Retainable records pertaining to interest rate swaps, interest rate caps and other hedging contracts, including any ISDA agreements, fairness opinions, termination agreements and records of termination payments.

### **III. COMPLIANCE UNDER TAX CERTIFICATE**

The Executive Director shall also periodically, and at least annually, review and monitor comply with all provisions of the related Tax Certificate so long as the bonds are outstanding and will consult with bond counsel to take timely remedial actions under section 1.141-12 of the Treasury Regulations (or other remedial actions authorized by the Commissioner of the IRS under Section 1.141-12(h) of the Regulations) to prevent from being considered “deliberate actions” any actions of the Agency which cause the conditions of the private business tests or the private loan financing test to be met resulting in private activity bonds.

#### **TRAINING**

The Executive Director and any persons to who the Executive Director specifically delegates any of the duties in these procedures will consult with bond or tax counsel at the time a new issue of bonds is issued to determine what further training may be needed to comply with these procedures. In addition, the Executive Director shall also periodically, and at least annually, consult with bond or tax counsel to determine whether additional training is needed.

#### **OVERALL RESPONSIBILITY**

Overall administration and coordination of this policy is the responsibility of the Executive Director of the Agency.

**NEW ISSUE—BOOK-ENTRY ONLY****RATINGS**

Standard & Poor's: “\_\_” (Insured) “\_\_” (Underlying)  
(See “RATINGS” herein)

*In the opinion of The Weist Law Firm, Scotts Valley, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are “qualified tax-exempt obligations” within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”*

\$ \_\_\_\_\_\*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT  
SERIES 2016 TAX ALLOCATION REFUNDING BONDS  
(LAKEPORT REDEVELOPMENT PROJECT)  
BANK QUALIFIED**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside cover**

*This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. For a discussion of some of the risks associated with a purchase of the Bonds, see “RISK FACTORS” herein.*

The \$ \_\_\_\_\_\* aggregate principal amount of above-captioned Successor Agency to the Redevelopment Agency of the City of Lakeport, Series 2016 Tax Allocation Refunding Bonds (Lakeport Redevelopment Project), Bank Qualified (the “Bonds”) are being issued by the Successor Agency to the Redevelopment Agency of the City of Lakeport (the “Successor Agency”) pursuant to an Indenture of Trust, dated as of October 1, 2016 (the “Indenture”), by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the “Trustee”).

The Bonds are being issued to (i) redeem and defease certain tax allocation bonds of the Successor Agency, as described herein; (ii) pay the premium for a surety for the Reserve Account for the Bonds, (iii) pay the premium for a municipal bond insurance policy for the Bonds, and (iv) pay costs of issuance of the Bonds. See “PLAN OF REFUNDING” herein.

Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2017 (each, an “Interest Payment Date”). The Bonds will be issued in fully registered form without coupons and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of such beneficial interests will not receive physical certificates representing their interests in the Bonds. Payment of principal of, interest and premium, if any, on the Bonds will be made directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of the DTC Participants, as more fully described herein. See “THE BONDS—Book-Entry-Only System” herein.

The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of Tax Revenues (as defined herein) and moneys on deposit in the Redevelopment Property Tax Trust Fund and the Redevelopment Obligation Retirement Fund, and by a pledge of amounts in certain funds and accounts established under the Indenture, as further discussed herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_ (“Insurer”). See “BOND INSURANCE” herein.

[Insurer Logo]

**The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.** See “THE BONDS - Optional Redemption” and “- Mandatory Sinking Fund Redemption” herein.

THE BONDS ARE NOT A DEBT OF THE CITY OF LAKEPORT (THE “CITY”) OR THE STATE OF CALIFORNIA (THE “STATE”), OR ANY OF THE STATE’S POLITICAL SUBDIVISIONS (OTHER THAN THE SUCCESSOR AGENCY), AND NEITHER THE CITY NOR THE STATE, NOR ANY OF THE STATE’S POLITICAL SUBDIVISIONS (OTHER THAN THE SUCCESSOR AGENCY), IS LIABLE THEREFOR. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE BOARD MEMBERS OF THE SUCCESSOR AGENCY NOR ANY PERSONS RESPONSIBLE FOR THE EXECUTION OF THE BONDS IS LIABLE PERSONALLY FOR PAYMENT OF THE BONDS BY REASON OF THEIR ISSUANCE. THE SUCCESSOR AGENCY HAS NO TAXING POWER.

*The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval of validity by The Weist Law Firm, Scotts Valley, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Successor Agency by The Weist Law Firm, Scotts Valley, California, Disclosure Counsel, and by Colantuono, Highsmith & Whatley, PC, Grass Valley, California, as Successor Agency counsel, and for the Underwriter by its counsel, \_\_\_\_\_, California. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC on or about November \_\_, 2016.*

**HilltopSecurities Inc. [Logo]**

Dated: October \_\_, 2016

\* Preliminary; subject to change.

**MATURITY SCHEDULE**

\$ \_\_\_\_\_\*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT  
SERIES 2016 TAX ALLOCATION REFUNDING BONDS  
(LAKEPORT REDEVELOPMENT PROJECT)  
BANK QUALIFIED**

(Base CUSIP<sup>†</sup> No.: \_\_\_\_\_)

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP<sup>†</sup></u>
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\$ \_\_\_\_\_ . \_\_\_\_ % Term Bonds maturing September 1, 20\_\_; Yield . \_\_\_\_ %; Price: \_\_. \_\_\_\_ %; CUSIP<sup>†</sup> \_\_\_\_

\* Preliminary; subject to change.

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No dealer, broker, salesperson or other person has been authorized by the Successor Agency or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The Successor Agency has undertaken to provide continuing disclosure on certain matters, including annual financial information and specific enumerated events, as more fully described herein under “CONTINUING DISCLOSURE.”

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from the Successor Agency and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, the Underwriter. The information and expressions of opinions herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. All summaries contained herein of the Indenture or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All statements made herein are made as of the date of this document by the Successor Agency except statistical information or other statements where some other date is indicated in the text.

The Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading “Bond Insurance” and “Appendix I - Specimen Municipal Bond Insurance Policy.”

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL ON THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur.

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT  
Lake County, California**

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**LAKEPORT CITY COUNCIL / SUCCESSOR AGENCY BOARD**

Marc Spillman, *Mayor/Chairman*  
Stacey Mattina, *Mayor Pro Tem/Vice Chairman*  
Kenneth Parlet, *Council Member/Board Member*  
Martin Scheel, *Council Member/Board Member*  
Mireya Turner, *Council Member/Board Member*

**CITY/ SUCCESSOR AGENCY STAFF**

Margaret Silveira, *City Manager/Executor Director*  
Ginny Feth-Michel, *Interim Finance Director/Treasurer*  
Hilary Britton, *Deputy City Clerk/Secretary*  
Colantuono, Highsmith & Whatley, PC, *City Attorney*

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**PROFESSIONAL SERVICES**

**Financial Advisor**

NHA Advisors  
*San Rafael, California*

**Bond and Disclosure Counsel**

The Weist Law Firm  
*Scotts Valley, California*

**Fiscal Consultant**

HdL Coren & Cone  
*Diamond Bar, California*

**Trustee**

MUFG Union Bank, N.A.  
*San Francisco, California*

**Verification Agent**

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## OFFICIAL STATEMENT

\$ \_\_\_\_\_ \*

### SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT SERIES 2016 TAX ALLOCATION REFUNDING BONDS (LAKEPORT REDEVELOPMENT PROJECT) BANK QUALIFIED

*The following introduction is not a summary of this Official Statement, but rather is only a brief description of and guide to, and is qualified in its entirety by, more complete and detailed information contained in the entire Official Statement, the appendices hereto and the actual documents summarized or described herein. Potential investors are encouraged to read the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” or, if not defined therein, shall have the meanings assigned to such terms in the Indenture.*

## INTRODUCTION

### General

This Official Statement, including the cover page, the inside front cover and appendices hereto, is being provided in connection with the issuance by the Successor Agency to the Redevelopment Agency of the City of Lakeport (the “Successor Agency”) of the Successor Agency’s \$ \_\_\_\_\_ \* Series 2016 Tax Allocation Refunding Bonds (Lakeport Redevelopment Project), Bank Qualified (the “Bonds”).

The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of Tax Revenues (as defined herein) and by a pledge of amounts in certain funds and accounts established under an Indenture of Trust, dated as of October 1, 2016 (the “Indenture”), by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the “Trustee”).

### Authority for Issuance

The Bonds are being issued pursuant to the Indenture and the Constitution and laws of the State of California (the “State”), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Bond Law”), the Dissolution Act (as defined below) and the Community Redevelopment Law, Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the “Redevelopment Law”).

### Purpose of Issuance

The Bonds are being issued to (i) redeem and defease (a) the Lakeport Redevelopment Project, 2004 Tax Allocation Bonds, Series A, issued in the aggregate principal amount of \$1,070,000 (the “2004 Series A Bonds”), and (b) the Lakeport Redevelopment Project, 2008 Tax Allocation Bonds, issued in the aggregate principal amount of \$3,425,000 (the “2008 Bonds,” and together with the 2004 Series A Bonds, the “Prior Bonds”), (ii) pay the premium for a surety for the Reserve Account for the Bonds, (iii) pay the premium for a municipal bond insurance policy for the Bonds, and (iv) pay costs of issuance of the Bonds. See “PLAN OF REFUNDING” herein.

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\* Preliminary; subject to change.

## **The Successor Agency**

The Redevelopment Agency of the City of Lakeport (the “Former Agency”) was established pursuant to the Redevelopment Law and was activated by the City Council of the City of Lakeport (the “City”) in 1986 by an ordinance of the City Council, at which time the City Council declared itself to be the governing board of the Former Agency.

In June 2011, Assembly Bill No. 26 (“AB X1 26”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“AB X1 27”). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4<sup>th</sup> 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State of California (the “State”) were dissolved, including the Former Agency.

Under the operative provisions of AB X1 26, successor agencies were created and designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107 (“SB 107”), enacted as Chapter 325, Statutes of 2015 (collectively, as amended from time to time, the “Dissolution Act”).

Pursuant to Section 34173 of the Dissolution Act, the City acts as the Successor Agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

## **The City**

The City of Lakeport (the “City”) is the county seat of Lake County, California (the “County”), and is located on the western shore of Clear Lake at an elevation of 1355 feet, generally just north of the northern intersection of State Routes 175 and 29, and south of the intersection of State Routes 29 and 20. The City is about 45 miles northeast of Santa Rosa, about 120 miles north of San Francisco, and about 125 miles west of Sacramento. The City has a population of approximately 5,000, and the County has a population of approximately 64,000. The City was incorporated in 1888 and operates as a general law city. It maintains a council-manager form of government with the Mayor elected at-large for a two year term and Council Members elected at-large for four-year terms. See “APPENDIX B – GENERAL INFORMATION REGARDING THE CITY” for a more complete description of the City and the surrounding region. The Bonds are not a debt of the City in any respect.

## **The Project Area**

The Redevelopment Plan for the original project area was adopted by the City Council pursuant to Ordinance No. 799 (99) adopted on June 7, 1999 (the “Project Area”). The total Project Area consists of approximately 612 acres and includes the City’s downtown area. The land uses within the Project Area are primarily commercial development, with pockets of industrial and residential uses. The total assessed

value (including secured, unsecured and utility values) of the taxable property in the Project Area for fiscal year 2016-17 was approximately \$207 million. See “THE PROJECT AREA” for further information regarding the Project Area.

### **The Bonds**

The Bonds will be issued and delivered as one fully-registered Bond in the denomination of \$5,000 and any integral multiple thereof (each an “Authorized Denomination”) for each maturity of Bonds, initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as registered owner. The Bonds will be dated the date of their delivery (the “Delivery Date”) and mature on September 1 in the years and in the amounts shown on the inside cover pages of this Official Statement. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2017 (each an “Interest Payment Date”) to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premium (if any) on any Bond shall be paid only upon presentation and surrender thereof, at maturity or redemption, at the Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months. “Record Date” in respect of any Interest Payment Date means the fifteenth calendar day of the month preceding such Interest Payment Date whether or not such day is a Business Day. See “THE BONDS” herein.

### **Book-Entry System**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM” herein.

### **Security for the Bonds**

The Dissolution Act requires the Lake County Auditor-Controller (the “County Auditor-Controller”) to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of AB x1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the “Redevelopment Property Tax Trust Fund”).

The Bonds will be secured by a pledge of and lien on Tax Revenues (as defined herein) pursuant to the Indenture and by a lien created by Section 34177.5(g) of the Health and Safety Code (added by the Dissolution Act) on monies deposited from time to time in the Redevelopment Property Tax Trust Fund. Under the Indenture, the Successor Agency must remit, from time to time, directly to the Trustee the amount of Tax Revenues to make the deposits required by the Indenture to pay debt service on the Bonds and to replenish the Reserve Account, if necessary. See “SECURITY FOR THE BONDS” herein

### **Prior Payment Obligations**

The use of Tax Revenues from the Project Area to pay debt service on the Bonds is subject to the prior payment of permitted administrative costs of the County Auditor-Controller, amounts due under Pass-Through Agreements and Statutory Pass-Through Amounts to certain taxing entities. See the captions “PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures” for a description of the County’s administrative costs and “SECURITY FOR THE BONDS – Pass-Through Agreements” and “– Statutory Pass-Through Amounts” for a description of the Pass-Through Agreements and Statutory Pass-Through Amounts, respectively.

In addition to the Prior Bonds, in order to provide financing for the Redevelopment Project, the Former Agency on December 15, 2004 caused the issuance of Association of Bay Area Governments, 2004 Tax Allocation Revenue Bonds (California Redevelopment Agency Pool), Taxable Series B, issued in the original aggregate principal amount of \$25,205,000, the Former Agency’s original share of which was \$1,1700,00 (the “2004 Taxable Series B Bonds”), pursuant to a Bond Issuance and Sale Agreement, dated as of December 1, 2004, by and among the Association of Bay Area Governments, the Former Agency and Union Bank of California, N.A., as trustee thereunder (the “2004 Bond Agreement”).

Immediately following issuance of the Bonds, the Successor Agency will not have any bonds that are secured by a pledge of tax increment other than the 2004 Taxable Series B Bonds and the Bonds.

### **Municipal Bond Insurance**

Concurrently with the issuance of the Bonds, \_\_\_\_\_ (the “Insurer”) will issue its Financial Guaranty Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due. A form of the Policy is included as Appendix I to this Official Statement.

### **Reserve Account**

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account in the Debt Service Fund is established by the Indenture. The Reserve Account will initially be funded by the purchase of a Municipal Bond Debt Service Reserve Account Policy (the “Reserve Policy”) issued by the Insurer in an amount equal to the Reserve Requirement as defined in the Indenture (the “Reserve Requirement”). The Reserve Policy secures all of the Bonds. The initial Reserve Requirement for the Bonds is the amount of \$ \_\_\_\_\_. See “SECURITY FOR THE BONDS – Security for the Bonds – Reserve Account.”

### **Limited Obligations**

The Bonds will not be a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Successor Agency as described in this Official Statement. None of the City, the State nor any of its political subdivisions, other than the Successor Agency, will be liable for the Bonds. None of the members of the governing bodies or officers of the Successor Agency, the City nor any person executing the Bonds or the Indenture will be liable personally with respect to the Bonds. The obligations of the Successor Agency with respect to the Bonds will be payable solely from Tax Revenues and the funds pledged pursuant to the Indenture. The Successor Agency has no taxing power.

## **Parity Debt**

The Indenture provides that the Successor Agency may issue and sell refunding bonds payable from and secured by Tax Revenues on a parity with Outstanding Bonds (the “Parity Debt”) exclusively for the purpose of refunding a portion of the Outstanding Bonds, if (a) annual debt service on such refunding bonds is lower than annual debt service on the Bonds or Parity Debt being refunded over the term of the refunding bonds, and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds or Parity Debt being refunded. See “SECURITY FOR THE BONDS – Issuance of Parity Debt” herein. Immediately following issuance of the Bonds, the Parity Debt will be comprised of the 2004 Taxable Series B Bonds and the Bonds.

## **Continuing Disclosure**

In connection with the sale of the Bonds, the Successor Agency will execute and deliver a Continuing Disclosure Certificate, covenanting to prepare and file an annual report and certain other notices with the Municipal Securities Rulemaking Board. See “CONTINUING DISCLOSURE” and “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

## **Bank Qualified**

The Successor Agency has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a “financial institution” (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. See “TAX MATTERS” herein.

## **Professionals Involved in the Offering**

The Successor Agency has retained NHA Advisors, San Rafael, California, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. HdL Coren & Cone, Diamond Bar, California, has been retained to serve as fiscal consultant to the Successor Agency (the “Fiscal Consultant”) and to advise the Successor Agency as to the taxable values and Tax Revenues projected to be available to pay debt service on the Bonds as referenced in this Official Statement. The report prepared by the Fiscal Consultant is referred to as the “Fiscal Consultant’s Report” and is attached as Appendix A. The proceedings of the Successor Agency in connection with the issuance of the Bonds are subject to the approval as to their legality of The Weist Law Firm, Scotts Valley, Bond Counsel to the Successor Agency. Certain legal matters will be passed upon for the Successor Agency by The Weist Law Firm, Scotts Valley, California, Disclosure Counsel, and by Colantuono, Highsmith & Whatley, PC, Grass Valley, California, as Successor Agency counsel, and for the Underwriter by its counsel,

## **Further Information**

Brief descriptions of the Bonds, certain risk factors, the Indenture, the Project Area, the Successor Agency, the City and certain other documents and information relevant to the issuance of the Bonds are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Bonds, the Indenture, the Redevelopment Law, the Bond Law, the Dissolution Act, the Constitution and the laws of the State, and the proceedings of the Successor Agency, are qualified in their entirety by reference to each such document, law or to the Constitution. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the Indenture and other documents described in this Official Statement may be obtained from the Trustee at its corporate trust office in San Francisco, California.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

## **PLAN OF REFUNDING**

### **Redemption of Prior Bonds**

On the Closing Date, a portion of the proceeds will be transferred to the Trustee as escrow agent (“Escrow Agent”) for deposit pursuant to separate Escrow Agreements for each series of the Prior Bonds, each dated as of October 1, 2016 (the “Escrow Agreements”) between the Successor Agency and the Escrow Agent.

The amount deposited under the Escrow Agreements, together with other available moneys, will be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the Prior Bonds as follows:

- to the redemption in full of the outstanding 2004 Series A Bonds on March 1, 2017, at a redemption price equal to 100% of the principal amount of the 2004 Series A Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium,
- to the payment of the principal and interest on the 2008 Bonds when due through and including September 1, 2017 and to pay the redemption in full on September 1, 2017 of the outstanding 2008 Bonds, at a redemption price equal to 100% of the principal amount of the 2008 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Amounts so deposited under the Escrow Agreements will be pledged to the payment of principal and interest on the 2008 Bonds and to the redemption price of the Prior Bonds on the respective redemption dates, and the sufficiency of the amounts deposited in the under the Escrow Agreements for such purpose will be verified by the Verification Agent as described below. The lien of the Prior Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Agent of the amounts required pursuant to the Escrow Agreements.

Neither the funds deposited in the redemption account for the Prior Bonds nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

### **Verification of Mathematical Accuracy**

The sufficiency of the deposits in the Escrow Fund for the purposes described above will be verified by \_\_\_\_\_ (the “Verification Agent”). Assuming the accuracy of the Verification Agent’s computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the Successor Agency’s obligations under the Prior Indenture will be discharged.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

**Sources and Uses of Funds**

The following table sets forth a summary of the estimated sources and uses of funds associated with the issuance and sale of the Bonds.

Sources of Funds

Par Amount of Bonds	\$
[Plus] [Less]: Net Original Issue [Premium] [Discount]	
Other Available Funds	
Total Sources	<u>\$</u>

Uses of Funds

Series 2004A Escrow Fund	\$
Series 2008 Escrow Fund	
Underwriter's Discount	
Costs of Issuance <sup>(1)</sup>	
Total Uses	<u>\$</u>

<sup>(1)</sup> Includes rating agency fees, fees and expenses of the Financial Advisor, Bond Counsel, Disclosure Counsel, Fiscal Consultant, Successor Agency's Counsel, Trustee, Verification Agent, escrow bidding agent, bond insurance and reserve surety bond premium, printing fees and other costs of issuance.

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### Debt Service Schedule

The following table sets forth the annualized debt service for the Bonds, assuming no prior redemption of the Bonds other than mandatory sinking fund redemption.

<b><u>Bond Year Ending September 1</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Annual Debt Service</u></b>
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
Totals			

## THE BONDS

### Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law, the Bond Law, and the Dissolution Act. The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. 2585 (2016) adopted on July 5, 2016 (the “Resolution”) and by the Oversight Board for the Successor Agency pursuant to Resolution No. OB-017 (2016), adopted on July 11, 2016 (the “Oversight Board Resolution”).

Written notice of the Oversight Board Resolution was provided to the Department of Finance (the “DOF”) pursuant to the Dissolution Act, on July 18, 2016, and the DOF requested a review within five business days of such written notice. On September 16, 2016, the DOF provided a letter to the Successor Agency stating that based on the DOF’s review and application of the law, the Oversight Board Resolution approving the Bonds was approved by the DOF. See APPENDIX G – “STATE DEPARTMENT OF FINANCE APPROVAL LETTER” herein.

### Description of the Bonds

The Bonds will be issued and delivered as one fully-registered Bond in the denomination of \$5,000 and any integral multiple thereof (each an “Authorized Denomination”) for each maturity of Bonds, initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as registered owner. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds will be dated the date of their delivery (the “Delivery Date”) and mature on September 1 in the years and in the amounts shown on the inside cover pages of this Official Statement. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2017 (each an “Interest Payment Date”) to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of and redemption premium (if any) on any Bond shall be paid only upon presentation and surrender thereof, at maturity or redemption, at the Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months. “Record Date” in respect of any Interest Payment Date means the fifteenth calendar day of the month preceding such Interest Payment Date whether or not such day is a Business Day. See “THE BONDS” herein.

### Redemption Provisions

**Optional Redemption.** The Bonds maturing before September 1, 20\_\_ are not subject to redemption prior to maturity. The Bonds maturing on and after September 1, 20\_\_, are subject to redemption, at the option of the Successor Agency on any date on or after September 1, 20\_\_, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

***Mandatory Sinking Fund Redemption.*** The Bonds maturing on September 1, 20\_\_ shall also be subject to redemption in whole, or in part by lot, on September 1 in each of the years as set forth in the following table, from Sinking Account payments made by the Successor Agency, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the Indenture, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of such Bonds have been optionally redeemed, the total amount of all future Sinking Account payments with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

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

Sinking Fund Redemption Date (September 1)	Principal Amount To Be Redeemed
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***Notice of Redemption; Rescission of Notice.*** The Trustee will mail notice of redemption to the registered owners of Bonds designated for redemption not less than thirty (30) nor more than sixty (60) days prior to the redemption date. Neither failure to receive such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

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

***Effect of Redemption.*** When notice of redemption has been given as provided above and when the amount necessary for the redemption of the Bonds called for redemption (principal, interest and premium, if any) have been duly provided, such Bonds shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue on such Bonds called for redemption from and after the redemption date specified in such notice.

***Manner of Redemption.*** Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of the same series and maturity, the Trustee shall select the Bonds of such series and maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Bonds shall be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

### **Book-Entry Only System**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. Payment of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants. See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM" herein.

### **BOND INSURANCE**

*The following information has been furnished by the Insurer for use in this Official Statement. Such information has not been independently confirmed or verified by the Successor Agency. The Successor Agency makes no representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Reference is made to Appendix I for a specimen of the municipal bond insurance policy.*

### **Bond Insurance Policy**

[To come]

### **THE DISSOLUTION ACT**

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB x1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB x1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules.

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in a Redevelopment Plan, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called “taxing agencies”) after the effective date of the ordinance approving such Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Project Area are to be divided as follows:

(a) *To Taxing Agencies:* That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the applicable project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the applicable project area (each, a “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) *To the Former Agency/Successor Agency:* Except for that portion of the taxes in excess of the amount identified in (a) above that is attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year following the Delivery Date, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller and required pass-through payments, constitutes the amount required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

## SECURITY FOR THE BONDS

### Background

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never dropped below the base year level, the taxing agencies receiving property taxes thereafter would receive only that portion of the taxes produced by applying then current tax rates to the base year valuation; the redevelopment agency was allocated the remaining portion of property taxes (i.e., the portion measured by applying then current tax rates to the

increase in valuation over the base year valuation). Such "incremental tax revenues" allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations, including the Refunded Bonds.

### **The Dissolution Act**

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB x1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB x1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules, as defined and described below.

The Dissolution Act further provides that bonds authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

### **Security and Sources of Payment for the Bonds**

The Bonds shall be equally secured by a pledge of, security interest in and a first and exclusive lien on all of the Tax Revenues (as defined below), whether held in the Redevelopment Property Tax Trust Fund or by the Successor Agency or the Trustee, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Revenue Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account and all subaccounts in the foregoing) and in the Reserve Fund to the Trustee for the benefit of the applicable Owners of the Outstanding Bonds. The principal of and interest or redemption premium (if any) on the Bonds shall be payable from Tax Revenues. In addition, pursuant to Health and Safety Code section 34177.5(g), the Bonds shall be specifically secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Under the Health and Safety Code the County administrative fee is not deposited into the Redevelopment Property Tax Trust Fund.

"Tax Revenues" means moneys deposited from time to time in the Redevelopment Property Tax Trust Fund under Section 34183(a)(2) and Section 34183(a)(4)(b) of the Redevelopment Law, and that are paid to the Successor Agency for deposit into the Redevelopment Obligation Retirement Fund. If, and to the extent, that the provisions of Section 34172 or Section 34183(a)(2) of the Redevelopment Law are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to Section 33670 of the Redevelopment Law or such other section as may be in effect at the time providing for the allocation of Tax Increment Revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

Except for the Tax Revenues and moneys in the Revenue Fund (including the Interest Account, the Principal Account, the Sinking Account and the Redemption Account and all subaccounts in the

foregoing) and the Reserve Account, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. Notwithstanding anything in the Indenture to the contrary, however, if Tax Revenues are insufficient for the deposits required under the Indenture or the payment of the principal of and interest or redemption premium (if any) on the Bonds, the Successor Agency may, but shall not be obligated, to make such deposits or pay such principal of and interest or redemption premium (if any) on the Bonds from other legally available funds.

The Indenture will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners, and the covenants and agreements therein set forth to be performed on behalf of the Successor Agency and the Trustee are for the equal and proportionate benefit, security and protection of all Owners without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Other than the Prior Bonds and the 2004 Taxable Series B Bonds, the Successor Agency has no other bonds outstanding.

### **Limitation on Additional Indebtedness**

The Successor Agency covenants that it will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, payable, either as to principal or interest, from the Tax Revenues which have any lien upon the Tax Revenues on a parity with or superior to the lien under the Indenture for the Bonds; provided, that the Successor Agency may issue and sell refunding bonds payable from Tax Revenues on a parity with Outstanding Bonds, if (a) the Successor Agency complies with the requirements of Section 34177.5 of the Redevelopment Law, and (b) annual debt service on such refunding bonds is lower than annual debt service on the Parity Bonds being refunded over the term of the refunding bonds, (c) the debt service payment dates with respect to such refunding bonds are the same as for the Parity Bonds being refunded, and (d) the final maturity of any such refunding bonds does not exceed the final maturity of the Parity Bonds being refunded.

The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency. Any Subordinate Debt shall be payable on the same dates as the Bonds and shall be in all respect, including security and payments, subordinate and junior to the Bonds.

### **Recognized Obligation Payment Schedules**

By February 1st of each year, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the Former Agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from a low and moderate income housing fund.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) bond proceeds, (ii) reserve balances, (iii) administrative cost allowance, (iv) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (v) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Former Agency, as approved by the Oversight Board). A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period.

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule may be amended once, provided that (i) the Successor Agency submits the amendment to the DOF no later than October 1, (ii) the Oversight Board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive), and (iii) the Successor Agency may only amend the amount requested for payment of approved enforceable obligations. The DOF is required to notify the Successor Agency and the County Auditor-Controller as to whether the Successor Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

The Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the Department of Finance and the State Controller by February 1 in each year, commencing February 1, 2016. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. Additionally, the Successor Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Successor Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Successor Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedules" herein.

With respect to each Recognized Obligation Payment Schedule submitted by the Successor Agency, the Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources available to pay approved enforceable obligations no later than April 15. Within five business days of the determination by the DOF, the Successor Agency may request additional review by the DOF and an opportunity to meet and confer on disputed items, if any. The DOF will notify the Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the June 1 property tax distribution date preceding the applicable Recognized Obligation Payment Schedule period. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Oversight Board and the DOF at least 60 days prior to the next June 1 property tax distribution date.

The Successor Agency covenants that it will duly and punctually pay or cause to be paid the principal of and interest on the Bonds on the date, at the place and in the manner provided in the Bonds, and that it will take all actions required under the Health and Safety Code to include debt service on the Bonds on the applicable Recognized Obligation Payment Schedule, including any amounts required to replenish the Reserve Account to the full amount of the Reserve Requirement.

### **Flow of Fund; Reserve Account**

The Successor Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law which the Successor Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding. Promptly upon receipt of Tax Revenues, the Successor Agency shall deposit all Tax Revenues into the Redevelopment Obligation Retirement Fund.

Tax Revenues received during each Bond Year (on January 2 and June 1 or any other dates during the Bond Year) shall be promptly transferred by the Successor Agency to the Trustee in an amount equal to the principal of and interest on the Bonds due during such Bond Year (i.e. March 1 and September 1) plus any amounts due in such Bond Year, as described in the Indenture. After the full amount required to be transferred to the Trustee for each Bond Year has been received by the Trustee, Tax Revenues received by the Successor Agency in such Bond Year shall be released from the pledge and lien hereunder and shall be applied in accordance with the Redevelopment Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture.

There is established under the Indenture a special trust funds known as the "Revenue Fund," which Fund will be held by the Trustee in trust for the Owners. Under the Indenture there are also created separate accounts within the Revenue Fund as set forth below, to be known respectively as the Interest Account, the Principal Account, the Sinking Account, and the Reserve Account. The Successor Agency shall transfer amounts on deposit in the Redevelopment Obligation Retirement Fund to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Revenue Fund, in the following order of priority:

***Interest Account.*** On or before the 5th Business Day preceding each Interest Payment Date, the Successor Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, equals the aggregate amount of the interest coming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. The Trustee shall apply amounts in the Interest Account solely for the purpose of paying the interest on the Bonds when due and payable.

***Principal Account.*** On or before the 5th Business Day preceding each Principal Payment Date, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, equals the amount of principal coming due and payable on such date on the Outstanding Bonds on the next Principal Payment Date. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next Principal Payment Date, on all of the Outstanding Bonds. All moneys in the Principal Account

shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable.

If there shall be insufficient money in the Revenue Fund to make in full all such principal payments and Sinking Account payments required to be made on such Principal Payment Date, then the money available in the Revenue Fund shall be applied pro rata with respect to such principal payments and Sinking Account payments in the proportion that all such principal payments and sinking account payments bear to each other.

***Sinking Account.*** On or before the 5th Business Day preceding each Principal Payment Date on which any Outstanding Term Bonds are subject to mandatory redemption, the Successor Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, equals the aggregate principal amount of the Term Bonds required to be redeemed on such Principal Payment Date pursuant to the Indenture. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption or purchase pursuant to the Indenture.

***Reserve Account.*** Pursuant to the Indenture, a reserve account (the “Reserve Account”) is established with respect to the Bonds, and will be held by the Trustee in trust for the benefit of the Successor Agency and the registered owners of the Bonds. The amount on deposit in the Reserve Account is required to be maintained at an amount equal to the Reserve Requirement, which is defined in the Indenture to mean for the Bonds, as of each calculation date, an amount equal to the least of (i) Maximum Annual Debt Service on all Outstanding Bonds, (ii) 10% of the initial offering price to the public of the Bonds, or (iii) 125% of the average Annual Debt Service as of the date of issuance of the Bonds.

The Reserve Requirement for the Bonds will be satisfied by the delivery of the Reserve Policy by the Insurer on the date of delivery of the Bonds. The Successor Agency will have no obligation to replace the Reserve Policy or to fund the Reserve Account with cash if amounts are not available under the Reserve Policy or if any rating with respect to the Insurer is downgraded or revoked. The Reserve Policy is a Qualified Reserve Account Credit Instrument under the Indenture.

All money in the Reserve Account from draws on the 2016 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in the event of any deficiency at any time in any of such accounts.

***Redemption Account.*** On or before the Business Day preceding any date on which Bonds are to be redeemed, other than mandatory Sinking Account redemption of Term Bonds, the Trustee shall withdraw from the Revenue Fund any amount transferred by the Successor Agency pursuant to the optional redemption provisions of the Indenture for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be optionally redeemed on the date set for such redemption. Interest due on Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account.

### **Elimination of Housing Set-Aside**

Pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law, redevelopment agencies were required to set aside not less than twenty percent of all tax increment revenues allocated to

redevelopment agencies from redevelopment project areas adopted after December 31, 1976, in a low- and moderate-income housing fund to be expended for authorized housing purposes. Amounts on deposit in the low- and moderate-income housing fund could be applied to pay debt service on bonds, loans, or advances of redevelopment agencies to finance low- and moderate-income housing projects.

The Dissolution Act eliminated the requirement that twenty percent of tax increment revenue be set aside and used exclusively for purposes of providing low and moderate income housing. The Bonds are payable from amounts of tax increment revenue that prior to the Dissolution Act were required to be set aside for low and moderate income housing.

### **Lake County Auditor-Controller**

The County Auditor-Controller is responsible for accounting, auditing, accounts payable, payroll and property tax services for all governments, individuals and businesses she serves, including the County. The Dissolution Act assigns county auditors numerous responsibilities, including the responsibility to deposit tax increment revenues attributable to each successor agency into a Redevelopment Property Tax Trust Fund held in the county treasury in the name of each successor agency.

The Dissolution Act assigns county auditors numerous responsibilities, including the responsibility to deposit tax increment revenues attributable to each successor agency into a Redevelopment Property Tax Trust Fund held in the county treasury in the name of each successor agency. Pursuant to the Dissolution Act, county auditors disburse funds from each Redevelopment Property Tax Trust Fund twice annually, on January 2 and June 1. Such amounts include payments to affected taxing entities, payments that are required to be paid from tax increment as approved on a Recognized Obligation Payment Schedule, and various administrative fees and allowances. Remaining Redevelopment Property Tax Trust Fund balances are distributed to affected taxing entities under a prescribed method that accounts for pass-through payments. County auditors are also responsible for distributing other moneys received from successor agencies (from sale of assets etc.) to the affected taxing entities.

### **Certain Covenants of the Successor Agency**

As long as the Bonds are outstanding, the Successor Agency will (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or in any Bond issued under the Indenture, including the covenants and agreements described below for the benefit of the Owners which are necessary, convenient, and desirable to secure the Bonds.

***Punctual Payment.*** The Successor Agency will punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and the Indenture. The Successor Agency will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures. Nothing in the Indenture will prevent the Successor Agency from making advances of other legally available funds to make any payment referred to in the Indenture.

***Compliance with the Redevelopment Law; Recognized Obligation Payment Schedules.*** Pursuant to Section 34177 of the Health and Safety Code, not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Successor Agency shall prepare and submit to the Successor Agency Oversight Board and the DOF, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the Successor

Agency are listed, including debt service with respect to the Bonds, including debt service with respect to the Bonds. Such Recognized Obligation Payment Schedule shall include all scheduled interest and principal payments on the Bonds that are due and payable on March 1 and September 1 of the Bond Year ending on September 1 of the next ensuing calendar year, together with any amounts required to replenish the Reserve Account or to pay amounts due to the Insurer in connection with the Insurance Policy or the Reserve Policy.

If, on January 2 of any year, the amount of Tax Revenues remitted by the County Auditor-Controller to the Successor Agency is less than the amount required pursuant to the preceding paragraph, then not less than 90-days prior to June 1 of such year, the Successor Agency shall prepare, and submit to the Successor Agency Oversight Board and the DOF, a Recognized Obligation Payment Schedule that includes the balance due.

***Payment of Claims.*** The Successor Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the Bonds. Nothing requires the Successor Agency to make any such payment so long as the Successor Agency in good faith contests the validity of said claims.

***Books and Accounts; Financial Statements; Additional Information.*** The Successor Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City of Lakeport, in which complete and correct entries are made of all transactions relating to the Tax Revenues and the Redevelopment Obligation Retirement Fund. The Successor Agency will cause to be prepared annually, within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year, prepared in accordance with applicable provisions of the California Government Code, showing all deposits into and disbursements from the Redevelopment Obligation Retirement Fund, as of the end of such Fiscal Year. To the extent permitted by law, such financial statements may be combined with or otherwise be a part of the financial statements which are prepared for the City.

***Protection of Security and Rights of Owners.*** The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Owners, and to contest (by court action or otherwise, if deemed necessary or appropriate by the Successor Agency) (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that the Tax Revenues pledged under the Indenture cannot be used to pay debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Tax Revenues, the lien priority position of the Bonds.

***Payments of Taxes and Other Charges.*** The Successor Agency covenants that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Project Area, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest and redemption premium (if any) on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing requires the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

***Compliance with the Redevelopment Law; Maintenance of Tax Revenues.*** The Successor Agency covenants that it will comply with all applicable requirements of the Health and Safety Code. In the event that the applicable property tax revenues provisions of the Redevelopment Law or Dissolution Act are determined by a court in a final non-appealable judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Health and Safety Code to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State of California, appropriate officials of the State of California.

***Continuing Disclosure.*** The Successor Agency covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an event of default; provided, however, the Trustee, at the written request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Bonds Outstanding, shall, to the extent the Trustee is indemnified to its satisfaction from and against any liability or expense related thereto, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this section and the Continuing Disclosure Certificate.

***Tax Covenants.*** The Successor Agency covenants and agrees not to use, permit the use of, or omit to use Gross Proceeds of the Bonds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds) in a manner that if made or omitted, respectively, could cause interest on the Bonds to fail to be excluded pursuant to section 103 of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Successor Agency receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion from gross income of interest on any Bond, the Successor Agency shall comply with each of the specific covenants in the Indenture. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE- Tax Covenants" herein.

### **Statutory Pass-Through Payments**

Sections 33607.5, 33607.7 and 33676 of the Redevelopment Law require that a portion of the tax increment revenues in redevelopment project areas be distributed to the taxing agencies whose territory is located within a project area to alleviate the financial burden or detriment caused by the redevelopment project ("Statutory Pass-Through Payments"). The major Statutory Pass-Through Payment, in terms of dollars payable, is the requirement to pass through about 20% percent of revenues for the Project Area, or \$198,259 for Fiscal Year 2016-17. All Statutory Pass-Through Payments are senior to the Successor Agency's obligation to pay debt service on the Bonds.

## SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT

### Former Agency

The City Council of the City activated the Former Agency in 1986 with the adoption of an Ordinance pursuant to the Redevelopment Law. Under that ordinance the City Council declared itself to be the governing body of the Former Agency. The City Manager served as the Former Agency's Executive Director, and many other staff members of the City also functioned as staff members of the Former Agency. However, the Former Agency was a separate public body from the City.

### Establishment of Successor Agency

On June 29, 2011, AB x1 26 was enacted as Chapter 5, Statutes of 2011 , together with a companion bill, AB x1 27. AB x1 26 provided for the dissolution of all redevelopment agencies, but also permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, California Redevelopment Association, et al., v. Matosantos, et al. , 53 Cal. 4th 231 (Cal. 2011), challenging the constitutionality of AB x1 26 and AB x1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB x1 26, invalidated AB x1 27, and held that AB x1 26 may be severed from AB x1 27 and enforced independently. As a result of AB x1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Predecessor Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. The Department of Finance conducted a review of the Successor Agency's documentation and issued its Finding of Completion on May 24, 2013.

The City Council elected to serve as Successor Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The City Council elected to become the Successor Agency for the Former Agency. The Successor Agency is governed by a five-member governing board whose members are the same as the City Council. The City Manager serves as the Executive Director of the Successor Agency, the City Attorney serves as Successor Agency General Counsel and the City Finance Director serves the same function and Treasurer for the Successor Agency.

### Members, Officers and Staff

The members of the Successor Agency Board of Directors (the "Board") and the expiration dates of their terms are as follows:

<u>Name and Office</u>	<u>Expiration of Term</u>
Marc Spillman, Chairman	December 2016
Stacey Mattina, Vice-Chairman	December 2018
Kenneth Parlet, Member	December 2016
Martin Scheel, Member	December 2016
Mireya Turner, Member	December 2018

## **Agency Powers and Duties**

All powers of the Successor Agency are vested in the Board. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act.

Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. The State has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and oversight board meetings open to the public in a similar manner as City Council meetings.

Previously, Section 33675 of the Redevelopment Law required the Former Agency to file not later than the first day of October of each year with the County Auditor-Controller a statement of indebtedness certified by the chief fiscal officer of the Former Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plans). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Former Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Former Agency could not exceed the amounts shown on the Former Agency's statement of indebtedness. The Dissolution Act eliminated this requirement and provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and commencing from such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules," herein.

## **THE PROJECT AREA**

### **The Redevelopment Plan**

The Lakeport Redevelopment Project was formally established with the adoption by the City Council of a redevelopment plan for the Redevelopment Project (the "Redevelopment Plan") by Ordinance No. 799 (99), adopted on June 7, 1999. The Redevelopment Plan has not been amended.

The goal of the redevelopment plan was to enhance the vitality of the downtown area. In order to achieve the goals for improving this area, City Council adopted downtown design policies emphasize a public/private program to promote this area as the economic and cultural center of the community. The plans called for a friendly and safe environment which is inviting to pedestrians, with special lighting, new landscaping, street furniture, and pedestrian paths. City policy also calls for strengthening the relationship of downtown to the Clear Lake waterfront by protecting scenic views, improving access to the lake, and providing additional public amenities.

### **The Project Area**

The Project Area includes approximately 612 acres and covers all of downtown and land to the west, north, and south. The Project Area contains much of the oldest developed land area within the City,

including the downtown commercial core, lakefront motels, mobile home parks, Main Street commercial areas north and south of downtown, and the office and residential areas to the west.

Table 1 represents the breakdown of land use in the Project Area by the number of parcels and by assessed value for fiscal year 2016-17. Unsecured values are not reflected as having a number of parcels since these tax bills are connected with secured parcels that are already accounted for in other categories.

**TABLE 1  
LAKEPORT REDEVELOPMENT PROJECT AREA**

<b>LAND USE SUMMARY (Fiscal Year 2016-17)</b>			
<b><u>Category</u></b>	<b><u>No. Parcels</u></b>	<b><u>Assessed Value</u></b>	<b><u>% of Total</u></b>
Residential	805	\$109,504,381	52.82%
Commercial	200	78,113,173	37.68%
Industrial	4	1,058,424	0.51%
Institutional	12	390,863	0.19%
Recreational	1	0	0.00%
Vacant Land	<u>114</u>	<u>5,066,977</u>	<u>2.44%</u>
<b>Subtotal:</b>	<b>1,136</b>	<b>\$194,133,818</b>	<b>93.64%</b>
Cross Reference <sup>(1)</sup>		917,632	0.44%
Unsecured		<u>12,276,201</u>	<u>5.92%</u>
<b>Subtotal:</b>		<b><u>\$13,193,833</u></b>	<b><u>6.36%</u></b>
<b>Totals:</b>	<b>1,136</b>	<b>\$207,327,651</b>	<b>100.00%</b>

*Source:* Fiscal Consultant, with information from the Lake County 2016-17 Secured Property Tax Roll.

(1) Cross Reference category refers to tax bills for mobiles homes and leaseholds that are associated with secured parcels that are already accounted for in other categories.

### **Top Ten Taxable Property Owners in the Project Area**

Within the Project Area, the aggregate total taxable value for the ten largest taxpayers totaled \$27,543,473. This amount is 28.75% of the \$95,809,967 incremental value for the Project Area. The top taxpayer in the Project Area is Brunos Property Management LLC which controls a single secured parcel with a value of \$5.6 million. This taxpayer's property accounts for 5.83% of the Project Area incremental value and consists of local grocery store and retail center. Shorelines Mini Storage LLC, which controls two (2) secured parcels with a combined value of \$3,846,500 is the second largest taxpayer in the Project Area. Shoreline Mini Storage LLC owns properties containing the Shoreline Self Storage facility. The value of this taxpayer's parcels is 4.01% of the Project Area total incremental value.

The following Table 2 illustrates the percentage of incremental value for the top ten taxpayers in the Project Area and their relative importance to the incremental value of the Project Area.

**TABLE 2  
LAKEPORT REDEVELOPMENT PROJECT AREA**

**TOP TEN TAXABLE PROPERTY OWNERS  
(Fiscal Year 2016-17)**

	Secured			Unsecured			Total			Property Uses
	Assessed Value	Parcels	% of Project Secured Value	Assessed Value	Parcels	% of Project Unsecured Value	Assessed Value	% of Project Taxable Value	% of Project Inc. Value	
1. Brunos Property Management LLC	\$5,581,269	1	2.86%	\$0	0	0.00%	\$5,581,269	2.69%	5.83%	Grocery Store/Shopping Center
2. Shoreline Mini Storage LLC	\$3,846,500	2	1.97%	\$0	0	0.00%	\$3,846,500	1.86%	4.01%	Mini storage facility
3. Meridian Investments	\$0	0	0.00%	\$3,179,017	1	25.90%	\$3,179,017	1.53%	3.32%	Unsecured Property at 818 Lakeport Blvd.
4. Jackson Avenue Properties LLC	\$2,712,850	2	1.39%	\$0	0	0.00%	\$2,712,850	1.31%	2.83%	Clearlake Marina Mobile Home Park
5. Savings Bank Building Corp.	\$2,292,503	1	1.18%	\$276,860	1	2.26%	\$2,569,363	1.24%	2.68%	Savings Bank of Mendocino
6. Samudra Priya Dias Trustee	\$2,116,300	3	1.08%	\$0	0	0.00%	\$2,116,300	1.02%	2.21%	Rodeway Inn & Suites/Skylark Shores Resort
7. William H. Jr. and June E. Sloan Trustees	\$2,100,274	1	1.08%	\$0	0	0.00%	\$2,100,274	1.01%	2.19%	Commercial Office Building
8. Tri-Star Properties LP	\$1,900,000	1	0.97%	\$0	0	0.00%	\$1,900,000	0.92%	1.98%	Commercial Retail Center
9. Kelly L. Butcher Trustee	\$1,776,782	3	0.91%	\$0	0	0.00%	\$1,776,782	0.86%	1.85%	Commercial & Office Buildings
10. Shoreline Center Limited	\$1,761,118	4	0.90%	\$0	0	0.00%	\$1,761,118	0.85%	1.84%	Shoreline Shopping Center
Totals:	\$24,087,596	18		\$3,455,877	2		\$27,543,473			
Total Assessed Values:	\$195,051,450		12.35%	\$12,276,201		28.15%	\$207,327,651	13.28%		
Incremental Assessed Value:	\$93,281,624		25.82%	\$2,528,343		136.69%	\$95,809,967		28.75%	

Source: Fiscal Consultant, with information from the Lake County 2016-17 Secured Property Tax Roll.

## Historical Assessed Valuation and Tax Revenues

The following table provides a summary of the historical taxable valuation and resulting tax revenues in the Project Area for the years shown. This summary of historical assessed valuations and tax receipts is not intended to aid in the prediction of future Tax Revenues.

**TABLE 3  
LAKEPORT REDEVELOPMENT PROJECT AREA**

<b>HISTORICAL ASSESSED VALUATION AND TAX REVENUES</b>											
	<b>Base Year 1996-97</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b><u>Secured (2)</u></b>											
Land	107,430,861	66,780,279	68,255,471	69,573,833	69,470,553	69,272,578	71,020,773	69,196,928	69,090,775	69,660,250	70,989,118
Improvements	0	130,019,207	133,739,073	138,492,092	136,576,913	133,482,053	131,372,424	129,998,081	129,912,741	131,902,828	135,921,221
Personal Property	0	2,304,717	2,141,540	2,127,006	1,970,519	2,030,344	1,964,700	2,249,946	2,502,835	2,449,351	2,094,824
Exemptions	(5,661,035)	(8,720,643)	(12,330,573)	(16,171,481)	(13,992,600)	(12,384,622)	(12,687,272)	(13,443,885)	(13,220,792)	(13,654,027)	(13,953,713)
<b>Total Secured</b>	<b>101,769,826</b>	<b>190,383,560</b>	<b>191,805,511</b>	<b>194,021,450</b>	<b>194,025,385</b>	<b>192,400,353</b>	<b>191,670,625</b>	<b>188,001,070</b>	<b>188,285,559</b>	<b>190,358,402</b>	<b>195,051,450</b>
<b><u>Unsecured</u></b>											
Land	0	2,307,594	1,011,688	307,774	284,420	269,077	266,233	259,462	250,864	239,216	229,934
Improvements	0	5,565,451	5,237,204	5,197,512	5,087,509	5,114,844	5,030,344	4,854,897	5,406,167	5,254,118	5,298,458
Personal Property	9,747,858	7,398,488	7,597,046	7,010,886	6,406,209	6,143,729	6,105,021	6,501,899	6,746,259	6,556,332	6,750,749
Exemptions	0	(735,260)	(331,447)	(272,454)	(7,050)	(6,210)	(5,470)	(4,770)	(5,190)	(4,480)	(2,940)
<b>Total Unsecured</b>	<b>9,747,858</b>	<b>14,536,273</b>	<b>13,514,491</b>	<b>12,243,718</b>	<b>11,771,088</b>	<b>11,521,440</b>	<b>11,396,128</b>	<b>11,611,488</b>	<b>12,398,100</b>	<b>12,045,186</b>	<b>12,276,201</b>
<b>GRAND TOTAL</b>	<b>111,517,684</b>	<b>204,919,833</b>	<b>205,320,002</b>	<b>206,265,168</b>	<b>205,796,473</b>	<b>203,921,793</b>	<b>203,066,753</b>	<b>199,612,558</b>	<b>200,683,659</b>	<b>202,403,588</b>	<b>207,327,651</b>
Annual Incremental Value		93,402,149	93,802,318	94,747,484	94,278,789	92,404,109	91,549,069	88,094,874	89,165,975	90,885,904	95,809,967
Change in Value from Prior Year			400,169	945,166	(468,695)	(1,874,680)	(855,040)	(3,454,195)	1,071,101	1,719,929	4,924,063
% Change in Total Value			0.20%	0.46%	-0.23%	-0.91%	-0.42%	-1.70%	0.54%	0.86%	2.43%

Source: Fiscal Consultant, with information from the Lake County 2016-17 Secured Property Tax Roll.

## Projected Tax Revenues for the Project Area

The following Table 4 provides a summary of the projected taxable valuation and resulting projected tax revenues in the Project Area for the fiscal years shown.

**TABLE 4  
LAKEPORT REDEVELOPMENT PROJECT AREA**

<b>PROJECTION OF INCREMENTAL VALUE AND PLEDGED TAX REVENUES</b>											
<b>(In Thousands)</b>											
<b>Taxable Values (1)</b>		<b><u>2016-17</u></b>	<b><u>2017-18</u></b>	<b><u>2018-19</u></b>	<b><u>2019-20</u></b>	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>	<b><u>2023-24</u></b>	<b><u>2024-25</u></b>	<b><u>2025-26</u></b>
Real Property (2)		198,485	202,455	206,504	210,634	214,847	219,143	223,526	227,997	232,557	237,208
Personal Property (3)		<u>8,843</u>									
<b>Total Projected Value</b>		<b>207,328</b>	<b>211,297</b>	<b>215,346</b>	<b>219,477</b>	<b>223,689</b>	<b>227,986</b>	<b>232,369</b>	<b>236,840</b>	<b>241,399</b>	<b>246,051</b>
<b>Taxable Value over Base</b>	<b>111517.684</b>	<b>95,810</b>	<b>99,780</b>	<b>103,829</b>	<b>107,959</b>	<b>112,172</b>	<b>116,468</b>	<b>120,851</b>	<b>125,322</b>	<b>129,882</b>	<b>134,533</b>
Gross Tax Increment Revenue (4)		958	998	1,038	1,080	1,122	1,165	1,209	1,253	1,299	1,345
Unitary Tax Revenue		<u>24</u>									
<b>Gross Tax Revenues</b>		<b>982</b>	<b>1,022</b>	<b>1,063</b>	<b>1,104</b>	<b>1,146</b>	<b>1,189</b>	<b>1,233</b>	<b>1,277</b>	<b>1,323</b>	<b>1,370</b>
<b>LESS:</b>											
SB 2557 Admin. Fee (5)		(19)	(19)	(20)	(21)	(22)	(22)	(23)	(24)	(25)	(26)
<b>Statutory Tax Sharing:</b>											
All Taxing Entities Statutory Payments Tier 1 (6)		(196)	(204)	(213)	(221)	(229)	(238)	(247)	(255)	(265)	(274)
All Taxing Entities Statutory Payments Tier 2 (6)		(2)	(8)	(15)	(22)	(29)	(36)	(44)	(51)	(59)	(67)
All Taxing Entities Statutory Payments Tier 3 (6)		<u>0</u>									
<b>Tax Revenues</b>		<b><u>766</u></b>	<b><u>790</u></b>	<b><u>815</u></b>	<b><u>840</u></b>	<b><u>866</u></b>	<b><u>892</u></b>	<b><u>919</u></b>	<b><u>947</u></b>	<b><u>975</u></b>	<b><u>1,003</u></b>

Source: Fiscal Consultant.

- (1) Taxable values as reported by Lake County
- (2) Real property consists of land and improvements. Values are adjusted for inflation at 2.0% for 2017-18 and at 2% annually thereafter.
- (3) Personal property is held constant at 2016-17 level.
- (4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of \$1.00 per \$100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
- (5) Lake County Administrative fee is estimated at 1.88% of Gross Revenue.
- (6) All Taxing Entities receive their shares of 25% of total tax increment revenue net of Housing Set-Aside. In addition, after year 10, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of Housing Set-Aside. After year 30, Taxing Entities also receive 14% of tax revenue on incremental value above the year 30 value net of Housing Set-Aside.

## Tax Assessment Appeals

*Proposition 8 Appeals.* Most of the appeals that might be filed in the Project Area would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor under Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. The reassessment formula was approved by the California Court of Appeal, Fourth District, in the case of *County of Orange et al. v Bezaire*, petition for review to the California Supreme Court denied. Reductions made under this code section may be initiated by the county assessor. No such proposition 8 reduction was announced for roll year 2015-16.

*Project Area Proposition 8 Appeals.* In connection with its delivery of the Fiscal Consultant Report (a copy of which is attached to this Official Statement as Appendix A), the Fiscal Consultant researched the status of outstanding assessment appeals filed in the Project Area. Based on information obtained from the Lake County for the period from January 1, 2011 through September 1, 2016, the Fiscal Consultant reports that there is currently only one (1) appeal pending in the Project Area representing real property with a total assessed valuation of \$625,000 (see Fiscal Consultant Report). Based on the property owner's opinion of value in the amount of \$525,000, which could potentially result in a valuation reduction in the Project Area of approximately \$100,000, which could then result in a reduction to Tax Revenues of approximately \$ \_\_\_\_.

The projections of Tax Revenues prepared by the Fiscal Consultant and set forth in the section of this Official Statement entitled "COVERAGE ANALYSIS" do not take into account reductions in assessed value related to pending appeals.

See the discussion under the heading "RISK FACTORS – Reduction in Taxable Value" and "– Effect of Assessment Appeals," as well as "APPENDIX A – FISCAL CONSULTANT'S REPORT" for additional information regarding assessment appeals and reductions in taxable assessment valuation.

*Base Year Appeals.* A second type of assessment appeal is called a Base Year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

### **Statutory Pass-Through Payments**

The Project Area was adopted after January 1, 1994 and is therefore subject to the Redevelopment Law as it was amended by passage of AB 1290. As amended, the Redevelopment Law required that for project areas adopted or for territory added to an existing project area after January 1, 1994, a prescribed portion of the agency's tax increment revenue must be shared with all taxing entities within the project area.

This defined tax-sharing amount has three tiers. The first tier begins with the first year that the project area receives tax increment revenue and continues for the life of the project area. This first tier tax-sharing amount is 25% of the agency's gross tax increment revenue net of the housing set-aside.

The second tier begins in the eleventh year after the agency first receives tax increment revenue. This second tier is 21% of the tax increment revenue, net of the housing tax revenues, that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year ten.

The third tier begins in the 31st year after the agency first receives tax increment revenue. This third tier is 14% of the tax increment revenue, net of the housing tax revenues that is derived from the growth in assessed value that is in excess of the assessed value of the project area in the 30th year. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the project area.

See "APPENDIX A – APPENDIX A – FISCAL CONSULTANT REPORT – Statutory Pass Through Payments" for a discussion regarding the formula pursuant to which AB 1290 Payments are calculated.

Any payments made by the Successor Agency to satisfy the Statutory Pass-Through Payments are senior to the Tax Revenues available to pay debt service on the Bonds. See "COVERAGE ANALYSIS – Estimated Debt Service Coverage" herein.

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## COVERAGE ANALYSIS

## Estimated Debt Service Coverage

The following Table 6 sets forth the estimated Tax Revenues as set forth in Appendix A, together with the estimated debt service coverage for the Bonds, assuming no growth.

**TABLE 6**  
**LAKEPORT REDEVELOPMENT PROJECT AREA**

<b>ESTIMATED TAX REVENUES AND DEBT SERVICE COVERAGE RATIO</b>										
<b>(Assuming No Growth)</b>										
	<b>Gross Tax</b>	<b>County Admin.</b>	<b>Statutory Tax Sharing Payments</b>			<b>Tax</b>	<b>2004 Series B</b>	<b>2016 Bonds</b>	<b>Total</b>	<b>Total Debt</b>
	<b>Revenue</b>	<b>Charges</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Revenues</b>	<b>Debt Service</b>	<b>Debt Service(1)</b>	<b>Debt Service(1)</b>	<b>Coverage(1)</b>
1 2016-17	982,361	(18,506)	(196,472)	(1,787)	0	765,595	93,492	233,372	326,864	2.34
2 2017-18	982,361	(18,506)	(196,472)	(1,787)	0	765,595	90,544	229,425	319,969	2.39
3 2018-19	982,361	(18,506)	(196,472)	(1,787)	0	765,595	92,596	232,125	324,721	2.36
4 2019-20	982,361	(18,506)	(196,472)	(1,787)	0	765,595	94,380	293,525	387,905	1.97
5 2020-21	982,361	(18,506)	(196,472)	(1,787)	0	765,595	90,708	287,975	378,683	2.02
6 2021-22	982,361	(18,506)	(196,472)	(1,787)	0	765,595	92,035	302,425	394,460	1.94
7 2022-23	982,361	(18,506)	(196,472)	(1,787)	0	765,595	93,080	296,275	389,355	1.97
8 2023-24	982,361	(18,506)	(196,472)	(1,787)	0	765,595	93,843	300,125	393,968	1.94
9 2024-25	982,361	(18,506)	(196,472)	(1,787)	0	765,595	89,323	291,525	380,848	2.01
10 2025-26	982,361	(18,506)	(196,472)	(1,787)	0	765,595	89,803	317,925	407,728	1.88
11 2026-27	982,361	(18,506)	(196,472)	(1,787)	0	765,595		417,925	417,925	1.83
12 2027-28	982,361	(18,506)	(196,472)	(1,787)	0	765,595		420,725	420,725	1.82
13 2028-29	982,361	(18,506)	(196,472)	(1,787)	0	765,595		417,863	417,863	1.83
14 2029-30	982,361	(18,506)	(196,472)	(1,787)	0	765,595		419,425	419,425	1.83
15 2030-31	982,361	(18,506)	(196,472)	(1,787)	0	765,595		415,763	415,763	1.84
16 2031-32	982,361	(18,506)	(196,472)	(1,787)	0	765,595		416,500	416,500	1.84
17 2032-33	982,361	(18,506)	(196,472)	(1,787)	0	765,595		266,500	266,500	2.87
	<b>16,700,131</b>	<b>(314,609)</b>	<b>(3,340,026)</b>	<b>(30,373)</b>	<b>0</b>	<b>13,015,123</b>	<b>919,802</b>	<b>5,559,397</b>	<b>6,479,199</b>	

Source: Fiscal Consultant, based on information from the Underwriter.

(1) Preliminary, subject to change.

## RISK FACTORS

*Purchase of the Bonds will constitute an investment subject to certain risks, including the risk of nonpayment of principal and interest. Before purchasing any of the Bonds, prospective investors should carefully consider, among other things, the risk factors described below.*

*The following is not meant to be an exhaustive listing of all risks associated with the purchase of the Bonds. Moreover, the order of presentation of the risk factors does not necessarily reflect the order of their importance.*

### **Reduction in Taxable Value**

Tax Revenues allocated to the RPTTF are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency's control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds.

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Constitutional Amendments Affecting Tax Revenues," Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Tax Revenues securing the Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the RPTTF, described herein under the heading "RISK FACTORS," the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the RPTTF and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the source of repayment and security of the Bonds.

### **Limited Powers and Resources**

The Successor Agency was created pursuant to the Dissolution Act to wind down the affairs of the Former Agency. The Successor Agency's powers are limited to those granted under the Dissolution Act. The Successor Agency does not have the power to levy property taxes nor does it have the power to participate in redevelopment activities, except as provided in the Dissolution Act. Many actions by the Successor Agency are subject to the review or approval of the oversight board and the State Department of Finance, and, in some cases, the State Controller.

Prior to the Dissolution Act, former redevelopment agencies had the ability to retain funds on hand, accumulated from prior years that were available for use to cover short-term cash flow deficits. In

the event of a delay in the receipt of tax increment in any given year, the former redevelopment agency had the option to use such accumulated funds to make payments on bonds when due. Under the Dissolution Act, the Successor Agency, just like each successor agency formed under the Dissolution Act, is required to obtain prior approval from its oversight board, and the State Department of Finance, in order to pay an enforceable obligation from a source of funds that is different than the one identified on the Recognized Obligation Payment Schedule. Except for the Tax Revenues, the Successor Agency has no alternative resources available to make payments on enforceable obligations if there is a delay with respect to scheduled RPTTF disbursements or if the amount from RPTTF disbursements is not sufficient for the required payment of the enforceable obligations

### **Risks to Real Estate Market**

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Project Area. The general economy of the Project Area will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Project Area.

### **Reduction in Inflationary Rate**

As described in greater detail below, Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2 percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2 percent. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2 percent limitation several times but in Fiscal Year 2010-11 the inflationary value adjustment was negative for the first time at -0.237%. In Fiscal Year 2011-12, the inflationary value adjustment was 0.753%, which also is below the 2 percent limitation. For Fiscal Year 2013-14, the inflationary value adjustment is 2 percent, which is the maximum permissible increase under Article XIII A. For Fiscal Year 2014-15, the inflationary value adjustment is 0.454%. For Fiscal Year 2015-16, the inflationary value adjustment will be 1.998%. The Successor Agency is unable to predict if any adjustments to the full cash value of real property within the Project Area, whether an increase or a reduction, will be realized in the future. The Fiscal Consultant's Report attached as Appendix A assumes an inflationary value adjustment of 2 percent.

### **Development Risks**

The general economy of the Project Area will be subject to all of the risks generally associated with real estate development. Projected development within the Project Area may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental

policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected. If such events lead to a decline in assessed values they could cause a reduction in Tax Revenues. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the Tax Revenues received by the Successor Agency from the Project Area. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Area could delay or impair the receipt of Tax Revenues by the Successor Agency.

### **Concentration of Ownership**

The top ten largest property taxpayers in the Project Area account for \_\_\_% of the total local secured assessed value for Fiscal Year 2015-16. Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Tax Revenues could result. Secured property taxes for the ten largest assessees in the Project Area are current.

### **Levy and Collection of Taxes**

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Successor Agency to repay the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds in the event the County elected to terminate the Teeter Plan. Any reduction in Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Successor Agency's ability to pay the principal of and interest on the Bonds.

### **Recognized Obligation Payment Schedule**

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations listed in the Recognized Obligation Payment Schedule may be paid by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. By February 1st of each year, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." If the Successor Agency was to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

In the event a successor agency fails to submit to the DOF an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to

determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the DOF.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the County Auditor-Controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act and no later than each January 2 and June 1, to each local Successor Agency and school entity, to the extent applicable, amounts required for pass-through payments each such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts; (ii) second, on each January 2 and June 1, to the Successor Agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule; (iii) third, on each January 2 and June 1, to the Successor Agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any monies remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Successor Agency does not submit an Oversight-Board approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the DOF does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. However, the Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Fund, in Recognized Obligation Payment Schedules to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund as required under the Indenture. See, however, "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules" for a description of the Successor Agency's covenant regarding the submittal of the Recognized Obligation Payment Schedule.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event that the Successor Agency does not timely submit a Recognized Obligation Payment Schedule by the deadline specified in the Dissolution Act. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller no later than each February 1, commencing February 1, 2016 with respect to each subsequent fiscal year. If the Successor Agency does not submit an Oversight Board approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the DOF. Additionally, the Successor Agency's administrative cost

allowance is reduced by 25% for any fiscal year for which the Successor Agency does not submit an Oversight Board approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Successor Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Successor Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds.

### **Future Implementation of Dissolution Act**

Numerous lawsuits have been filed pertaining to the State Department of Finance's implementation of various provisions of the Dissolution Act. A lawsuit (the "Syncora Lawsuit") was filed by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") on August 12, 2012, with the Superior Court of California in the County of Sacramento, *Case No. 34-2012-80001215*. Syncora is the municipal bond insurer for a number of bond insurance policies for outstanding bonds issued by former California redevelopment agencies. Syncora alleges that the Dissolution Act, and specifically the "Redistribution Provisions" (including California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleges that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation. The Syncora Lawsuit was brought as a petition for writ of mandate and complaint for declaratory relief, inverse condemnation, and injunctive relief. On May 29, 2013, the Court entered a ruling. The Court (1) denied Syncora any form of relief requested in the Complaint and Petition on its impairment of contracts claims, on the ground that those claims were premature, as no evidence was submitted by Syncora that any redevelopment agency bonds it insures are in default or that any redevelopment agency bonds are in default at all; and (2) held that Syncora's takings claims are not necessarily premature, that an evidentiary hearing should be conducted to address such claims, and that the parties should file status reports with the Court addressing certain issues in connection with such evidentiary hearing. On August 16, 2013, the parties filed with the Court a proposed stipulated judgment which dismisses Syncora's impairment of contract claims and takings claims without prejudice on grounds of prematurity. The stipulated judgment, as proposed by the parties, was entered on October 3, 2013.

The Successor Agency cannot predict the outcome of any pending or future lawsuit with respect to the interpretation, the implementation or the validity of any provision of the Dissolution Act, including the provisions under which the Bonds are issued. The Successor Agency believes that the federal and State Constitutions clauses regarding contract impairments and takings provide protection to the bondholders of the Bonds in the event of any lawsuit concerning provisions affecting the validity and payment on bonds issued under the Dissolution Act. However, the outcome of any such lawsuit is beyond the Successor Agency's control.

### **Bankruptcy and Foreclosure**

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal

instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

### **Bond Insurance Risk Factors**

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any Owner of the Bonds shall have a claim under the applicable Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policies do not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Bonds by the Successor Agency that is recovered by the Successor Agency from the bond owner as a voidable preference under applicable bankruptcy law is covered by each Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Successor Agency unless Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable bond documents. If the Insurer is unable to make payment of principal and interest as such payments become due under the Policies, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. If the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Insurer and the Policies, which includes further instructions for obtaining current financial information concerning the Insurer.

### **Effect of Assessment Appeals**

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective project area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues under the Indenture.

The Successor Agency has in the past experienced reductions in its Tax Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Project Area and summary information regarding pending and resolved assessment appeals for the Successor Agency, see "THE PROJECT AREA – Assessment Appeals" and APPENDIX A – FISCAL CONSULTANT REPORT – Assessment Appeals."

### **Estimated Revenues**

In estimating that Tax Revenues will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the Bonds would be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of and interest on the Bonds.

### **Assumptions and Projections**

To estimate the Tax Revenues available to pay debt service on the Bonds, the Fiscal Consultant has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than such assumptions, the Tax Revenues available to pay debt service on the Bonds may be less than those projected. No assurance can be made that the aggregate coverage projections with respect to the Bonds will be met.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Successor Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

### **Limitations on Remedies**

The enforceability of the rights and remedies of the Holders of the Bonds and the Trustee and the obligations incurred by the Successor Agency may be subject to the federal Bankruptcy Code and

applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its government bodies in the interest of serving a significant and legitimate public purpose.

### **Hazardous Substances**

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

### **Natural Disasters**

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic, topographic or climatic disaster conditions such as wildfires, earthquakes, earth movements, landslides floods and droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Area could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes. The Project Area, like most communities in California, is an area of unpredictable wildfire and seismic activity, and therefore, is subject to potentially destructive wildfires and earthquakes. The occurrence of severe seismic activity or a wildfire in the Project Area could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction in assessed values of such property. Such a reduction could result in a decrease in Tax Revenues that secure the Bonds, which in turn could impair the ability of the Successor Agency to make payments of principal of and interest on the Bonds when due.

### **Changes in the Law**

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Tax Revenues, which could have an adverse effect on the Successor Agency's ability to pay debt service on the Bonds.

### **Economic Risk**

The Successor Agency's ability to make payment on the Bonds will be partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of Tax Revenues. Furthermore, general economic declines are likely to result

in additional reductions of assessed values. In the event of decreased values, Tax Revenues may decline even if property owners make timely payment of property taxes.

### **Investment Risk**

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See APPENDIX D attached hereto for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the Successor Agency cannot predict the effects on the receipt of Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or declare bankruptcy. See also “RISK FACTORS – Bankruptcy and Foreclosure.”

### **Additional Obligations**

The potential for the issuance of Parity Debt could, in certain circumstances, increase the risks associated with the Successor Agency’s payment of debt service on the Bonds in the event of a decrease in the Successor Agency’s collection of Tax Revenues. However, Section 34177.5 of the Dissolution Act provides limited authority for successor agencies to issue bonds, and the Successor Agency’s ability to issue Parity Debt is subject to the requirements of the Dissolution Act as in effect from time to time. For additional information, see described “SECURITY FOR THE BONDS – Issuance of Parity Debt.”

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

### **Financial Statements**

The Successor Agency does not maintain separate audited financial statements, but is a separate component of the City for financial reporting. The City’s audited financial statements for the fiscal year ended June 30, 2015, are included as APPENDIX C to this Official Statement. The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statement as an appendix to this Official Statement. Accordingly, the auditor has not performed any post audit review of the financial conditions and operations of the City. The inclusion of Successor Agency’s audited financial statements is solely for convenience. The Dissolution Act expressly clarifies that the Successor Agency is a separate legal entity from the City. The assets and liabilities of the Successor Agency are not assets and liabilities of the City. As of the date of this Official Statement, the City plans to include the financial transactions of the Successor Agency as part of the City’s audited financial statements for Fiscal Year 2015-16 and subsequent years.

## **No Validation Proceeding Undertaken**

California Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a “validation proceeding,” for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, California Government Code Section 53511 authorizes a local agency to “bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: “The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive.”

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within thirty (30) days after the date on which the oversight board approves the resolution of the successor agency approving the such financing. Such challenge period with respect to the Bonds and the oversight board’s approval of the Successor Agency’s resolution approving the issuance of the Bonds has expired.

It is possible that a future lawsuit challenging the Dissolution Act or specific provisions thereof could be successful and that the mechanisms currently provided for under the Dissolution Act to provide for distribution of Tax Revenues to the Successor Agency for payment on the Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the Bonds.

## **Loss of Tax Exemption**

As discussed under the caption “TAX MATTERS,” in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Successor Agency has covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion under Section 103 of the Internal Revenue Code of 1986 (the “Tax Code”) of interest on the Bonds from the owners thereof for federal income tax purposes. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of acts or omissions of the Successor Agency in violation of the Tax Code. The Bonds are not subject to early redemption merely because an event of taxability has occurred; rather the Bonds will remain outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Indenture.

## **PROPERTY TAXATION IN CALIFORNIA**

### **Constitutional Amendments Affecting Tax Revenues**

Tax Revenues include a portion of the *ad valorem* taxes levied on real property within the Project Area. Article XIII A of the California Constitution limits the amounts of *ad valorem* tax on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value”

to mean “the County Assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment period.” Furthermore, all real property valuation may be increased to reflect the inflationary rate, as shown by the consumer price index, not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voters voting on the proposition approving such bonds, and requires a vote of two-thirds of the qualified electorate to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State legislature to change any State tax law resulting in increased tax revenues.

Article XIII B of the California Constitution limits the annual appropriations from the proceeds of taxes of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the subsequent two years.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances or indebtedness incurred for redevelopment activity shall not be deemed the receipt by such agency of proceeds of taxes within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or any appropriation subject to the limitation of, any other public body within the meaning or the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. Two California appellate court decisions have upheld the constitutionality of Section 33678, and in the one case in which a petition for review was filed in the California Supreme Court, such petition was denied.

### **Implementing Legislation**

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided that, for Fiscal Year 1978-79 only, the tax levied by each county was to be appropriated among all taxing agencies within the county in proportion to their average share of taxes levied in certain previous years.

Effective as of the 1981-82 Fiscal Year, assessors in California no longer record property values in the tax rolls at the assessed value of 25% of market values. All taxable property value is shown at full market value. In conformity with this change in procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of market value and all general tax rates reflect the \$1 per \$100 of taxable value.

Future assessed valuation growth allowed under Article XIII A (i.e., new construction, change of ownership, and 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the

growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The Successor Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above those described above, even with the approval of the affected voters.

### **Constitutional Challenges to Property Tax System**

There have been many challenges to Article XIII A of the California Constitution. The United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. The Successor Agency cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Successor Agency’s receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

### **Property Tax Collection Procedures**

In California, property that is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The payment of delinquent taxes with respect to property on the secured roll may be enforced only through the sale of the property securing the taxes to the State for the amount of taxes that are delinquent. Such property may thereafter be redeemed by payment of the delinquent taxes and penalties. Unsecured personal property taxes may be collected, in the absence of timely payment by the taxpayer, through (1) a civil action against the taxpayer; (2) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on property of the taxpayer; (3) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer; and (4) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer.

Except for property assessed by the State, the valuation of taxable property is determined as of January 1 each year, and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due February 1 and become delinquent August 31, and such taxes are levied at the prior year’s secured tax rate. The valuation of State-assessed property is determined on January 1 of each year.

The County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), which allows each entity levying property taxes in the County to draw on the amount of property taxes levied rather than the amount actually collected. Therefore, the Successor Agency’s tax increment revenues reflect actual levies rather than the total amount of taxes collected.

## **Supplemental Assessments**

A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498) provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change, and thus delayed the realization of increased property taxes from the new assessments for up to 14 months. As enacted, Chapter 498 provides increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase.

## **Tax Collection Fees**

SB 2557 enacted in 1990 (Statutes of 1990, Chapter 466), authorized county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation, SB 1559 (Statutes of 1992, Chapter 697), specifically includes redevelopment agencies among entities subject to a property tax administration charge. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the RPTTF. The projections of tax revenues take such administrative costs into account.

## **Rate of Collections**

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”) with respect to secured property taxes. Consequently, secured property tax revenues in the Project Area does not reflect actual collections because the County allocates property tax revenues to the Successor Agency as if 100% of the calculated property taxes were collected without adjustment for delinquencies or redemption payments. However, the County adjusts secured property tax revenues in the Project Areas for roll corrections, such as refunds of property taxes due to successfully appealed assessments.

The County could elect to terminate the Teeter Plan and, in such event, the amount of the levy of secured property tax revenue that could be allocated to the Successor Agency would depend upon the actual collections of the secured taxes within the Project Area. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues. The County has not adopted the Teeter Plan with respect to unsecured property taxes and therefore, unsecured property tax revenues in the Project Areas reflect actual collections on a county-wide basis and roll corrections.

## **Unitary Property Tax**

AB 454 (Statutes of 1987, Chapter 921) provides a revised method of reporting and allocating property tax revenues generated from most State-assessed unitary properties commencing with Fiscal Year 1988-89. Under AB 454, the State reports to each county auditor-controller only the county-wide unitary taxable value of each utility, without an indication of the distribution of the value among tax rate areas. AB 454 provides two formulas for auditor-controllers to use in order to determine the allocation of unitary property taxes generated by the county-wide unitary value, which are: (i) for revenue generated from the 1% tax rate, each jurisdiction is to receive up to 102% of its prior year unitary property tax increment revenue; however, if county-wide revenues generated from unitary properties are greater than

102% of prior year revenues, each jurisdiction receives a percentage share of the excess unitary revenues equal to the percentage of each jurisdiction's share of secured property taxes; (ii) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction is to receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes.

The provisions of AB 454 apply to all State-assessed property, except railroads and non-unitary properties the valuation of which will continue to be allocated to individual tax rate areas. The provisions of AB 454 do not constitute an elimination or a revision of the method of assessing utilities by the State Board of Equalization. AB 454 allows, generally, valuation growth or decline of State-assessed unitary property to be shared by all jurisdictions within a county.

### **Business Inventory and Replacement Revenue**

Prior to 1979, the State reimbursed cities, counties, special districts and redevelopment agencies that portion of taxes which would have been generated by the exempted portion of business inventory value (50%). In 1979, the California Legislature enacted AB 66 (Statutes of 1979, Chapter 1150), eliminating the assessment and taxation of business inventory property and providing for replacement revenue for local agencies, except redevelopment agencies. In 1980, the California Legislature enacted AB 1994 (Statutes of 1980, Chapter 610), providing partial replacement revenue for the loss of business inventory revenues by redevelopment agencies.

In 1990, the California Legislature amended Section 16112.7 of the California Government Code (Chapter 449, Statutes of 1990) which precludes redevelopment agencies from pledging special subvention revenues toward the payment of debt service for bonded indebtedness incurred after July 31, 1990 (the effective date of the legislation). The 1992-93 State Budget reduced the State's funding for the special subvention. As enacted under AB 222 (Chapter 188, Statutes of 1991), the Budget Act eliminated 1991-92 subvention payments for most redevelopment projects, including the Project Area. Additionally, the 1992-93 State Budget implemented further cuts in funding for the State's special subvention to redevelopment agencies. As a result, these revenues are not included in the projections of estimated tax revenues.

### **Future Initiatives**

Article XIII A and Article XIII B were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Successor Agency or the Successor Agency's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the Successor Agency.

## **CERTAIN LEGAL MATTERS**

The Weist Law Firm, Scotts Valley, California, Bond Counsel, will render an opinion with respect to the validity of the Bonds. A copy of the form of such approving opinion is attached hereto as Appendix H. Certain legal matters will be passed upon for the Successor Agency by The Weist Law Firm, Scotts Valley, California, Disclosure Counsel, and by Colantuono, Highsmith & Whatley, PC, Grass Valley, California acting as Successor Agency counsel, and for the Underwriter by its counsel, \_\_\_\_\_, \_\_\_\_\_, California. Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon the delivery of the Bonds.

## ABSENCE OF LITIGATION

At the time the Bonds are delivered, the Successor Agency counsel will provide an opinion to the effect that, to the best knowledge of such counsel, there is no litigation pending or overtly threatened against the Successor Agency in any court or other tribunal of competent jurisdiction, State or federal, which seeks to enjoin or challenges the authority of the Successor Agency to participate in the transactions contemplated by this Official Statement, the Bonds or the Indenture.

## FINANCIAL STATEMENTS

The Successor Agency's financial statements for the Fiscal Year ended June 30, 2015, included in Appendix E hereto, have been audited by JJACPA, Inc., Dublin, California ("Auditor"). The Auditor has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in the Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

## TAX MATTERS

In the opinion of The Weist Law Firm, Scotts Valley, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between

compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

### **FINANCIAL ADVISOR**

The Successor Agency has retained NHA Advisors (the "Financial Advisor") in connection with the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

### **UNDERWRITING**

The Underwriter has agreed to purchase the Bonds from the Successor Agency at the purchase price of \$ \_\_\_\_\_ (representing the \$ \_\_\_\_\_ principal amount of the Bonds [plus] [less] net

original issue [premium] [discount] of \$ \_\_\_\_\_, less Underwriter's discount of \$ \_\_\_\_\_), at the rates and yields shown on the inside cover hereof.

The initial public offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and banks acting as agents and others at prices lower than said public offering prices.

### RATINGS

The Bonds are expected to be assigned an insured rating of “\_\_\_” (\_\_\_\_\_ outlook) by Standard & Poor's Ratings Services (“S&P”) upon the issuance of the Policy by Insurer. The Bonds have also been assigned an underlying rating of “\_\_\_” by S&P. Credit ratings reflect the views of the rating agency and any explanation of the significance of the ratings should be obtained directly from the rating agency. There is no assurance that the ratings will not subsequently be revised or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the market price of the Bonds. The Successor Agency has no obligation to maintain any rating for the Bonds.

### CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the Successor Agency has undertaken for the benefit of holders of the Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than 270 days after the end of the Successor Agency's fiscal year (which is currently June 30), commencing with the report for the 2014-15 Fiscal Year (the “Annual Information”), and to provide notices of the occurrence of certain enumerated events. The Annual Information will be filed by or on behalf of the Successor Agency with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format prescribed by MSRB (currently Electronic Municipal Market Access system). Notices of enumerated events will be filed by or on behalf of the Successor Agency with the MSRB. The nature of the information to be provided in the Annual Information and the notices of certain enumerated events is set forth under the caption “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

As of the date hereof, the Successor Agency is in compliance in all material respects with its continuing disclosure undertakings for the last five years, except as described below.

Further, the City (as a related entity with shared staff but not as an obligated person under the Continuing Disclosure Certificate) has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance and execution and delivery of certain of the City's outstanding debt obligations. The City \_\_\_\_\_ . In addition, the City \_\_\_\_\_ in connection with the City's outstanding debt obligations.

Each of the \_\_\_\_\_ were subsequently filed. Accordingly, the City believes it is currently in compliance with its existing continuing disclosure undertakings.

The City has retained NHA Advisors to provide continuing disclosure services to ensure compliance with the continuing disclosure undertakings of the City and its related entities, including the Successor Agency, in the future.

**MISCELLANEOUS**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from, and summaries and explanations of, the Indenture and other documents and statutes contained herein do not purport to be complete, and reference is made to such documents, Indenture and statutes for full and complete statements of their provisions.

Unless otherwise noted, all information contained in this Official Statement pertaining to the Successor Agency, the City and the Project Area has been furnished by the Successor Agency. Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or registered owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Successor Agency.

SUCCESSOR AGENCY TO THE REDEVELOPMENT  
AGENCY OF THE CITY OF LAKEPORT

By \_\_\_\_\_  
Executive Director

**APPENDIX A**  
**FISCAL CONSULTANT'S REPORT**

**APPENDIX B**

**GENERAL INFORMATION REGARDING THE CITY**

*The following information concerning the City of Lakeport and the County of Lake is presented as general background data. The Bonds are not an obligation of the City, the County, the State or any of its political subdivisions, and none of the City, the County, the State nor any of its political subdivisions is liable therefor.*

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF LAKEPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust (the “Indenture”) authorizing the Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

#### Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and Parity Debt in such Bond Year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds are redeemed from mandatory sinking account payments as scheduled (b) the principal amount of the Outstanding Serial Bonds and Parity Debt payable by their terms in such Bond Year, and (c) the principal amount of the Outstanding Term Bonds scheduled to be paid or redeemed from mandatory sinking account payments in such Fiscal Year.

“Bond” or “Bonds” means the Bonds and, if the context requires, any additional Parity Debt issued pursuant to a Supplemental Indenture pursuant to the Indenture.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Bond Proceeds Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Bond Year” means, any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on September 1, 2017.

“Business Day” means a day of the year on which banks in San Francisco, California, or the city where the Principal Corporate Trust Office is located are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

“Closing Date” means, with respect to the Bonds, the date on which the Bonds are delivered by the Trustee to the original purchaser thereof.

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

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate executed by the Successor Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to City and Successor Agency administrative staff costs, printing expenses, bond insurance and surety bond premiums, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the account by that name established and held by the Trustee pursuant to the Indenture.

“County” means the County of Lake, a county duly organized and existing under the Constitution and laws of the State.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Defeasance Obligations” means (i) cash, (ii) Federal Securities and (iii) Permitted Investments listed under subsection (b) of the definition thereof excluding Permitted Investments listed under (b) (iv) and (b) (vi).

“Dissolution Act” means Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code.

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

“Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

“Former Agency” means the Redevelopment Agency of the City of Lakeport, a public body corporate and politic duly organized and existing under the Law and dissolved in accordance with the Dissolution Act.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom:

- (a) is in fact independent and not under domination of the Successor Agency;

(b) does not have any substantial interest, direct or indirect, with the Successor Agency; and

(c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Successor Agency and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; (c) does not have any substantial interest, direct or indirect, with the Successor Agency; and (d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

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

“Insurer” means Build America Mutual Assurance Company, or any successor thereto or assignee thereof.

“Interest Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Interest Payment Date” means March 1 and September 1 of each year, commencing March 1, 2017, so long as any of the Bonds remain Outstanding under the Indenture.

“Law” or “Redevelopment Law” means the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code, together with the Dissolution Act, and the acts amendatory thereof and supplemental thereto.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year, including payments on any Parity Debt, as certified in writing by the Successor Agency to the Trustee.

“Notice of Insufficiency” means the report described in Health and Safety Code Section 34183(b) of the Dissolution Act.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant to the Indenture.

“Oversight Board” means the Oversight Board of the Redevelopment Agency of the City of Lakeport duly constituted from time to time pursuant to Section 34179 of the California Health and Safety Code.

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

“Parity Debt” means any bonds payable from Tax Revenues on a parity with the Bonds as authorized by the provisions of the Indenture.

“Parity Debt Instrument” means a Supplemental Indenture authorizing the issuance of any Parity Debt entered into pursuant to the Indenture.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Federal Securities;

(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): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(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): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated system wide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) 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”, “AAAm”, or “AAm”, including funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, including affiliates of the Trustee, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee on behalf of the Bond Owners must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers' acceptances of any bank (including those of the Trustee, its parent and its affiliates) the short-term obligations of which are rated on the date of purchase "A-1" or better by S&P and "P-1" by Moody's.

(h) investment agreements, including guaranteed investment contracts, which are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, which are rated in one of the two highest rating categories by S&P or which are collateralized so as to be rated in one of the two highest rating categories by S&P;

(i) commercial paper rated, at the time of purchase, "A-1" or better by S&P;

(j) bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies;

(k) money market funds, 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 "A-1" or "A" or better by S&P;

(l) repurchase agreements for thirty (30) days or less (more than thirty (30) days which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection Corporation and which are rated "A" or better by S&P, or (B) a bank rated "A" or better by S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral; (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of

the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds;

(m) pre-refunded municipal bonds rated “AAA” by S&P; and

(n) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to deposit and withdraw from such investment directly in its own name.

“Project Area” means the project area described in the Redevelopment Plan.

“Principal Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Principal Corporate Trust Office” means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Successor Agency. Except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota or such other office or agency of the Trustee at which at any particular time, its corporate trust agency or operations shall be conducted.

“Project Area” means the project area described in the Redevelopment Plan.

“Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company of “A” or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture.

“Recognized Obligation Payment Schedule” means the schedule by that name prepared before each fiscal period in accordance with the requirements of Section 34177(l) of the California Health and Safety Code.

“Redemption Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Redevelopment Obligation Retirement Fund” means the fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the California Health and Safety Code.

“Redevelopment Plan” means the Amended and Restated Redevelopment Plan for the Lakeport Redevelopment Project, approved by Ordinance No. 07-05 enacted by the City Council of the City on June 11, 2007, together with all amendments thereof duly authorized under the Redevelopment Law.

“Redevelopment Property Tax Trust Fund” means the fund established pursuant to Section 34170.5(b) of the California Health and Safety Code and administered by the Lake County Auditor–Controller.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to the Indenture).

“Reserve Policy” means the Municipal Bond Debt Service Reserve Account Policy issued by Insurer guaranteeing payments to be applied to the payment of principal and interest on the Bonds as provided in such policy and related agreement.

“Reserve Requirement” means, with respect to the Bonds and any Parity Debt issued as Bonds pursuant to a Supplemental Indenture, the lesser of (i) 125% of the average Annual Debt Service with respect to the Bonds and such Parity Debt, as applicable or (ii) Maximum Annual Debt Service with respect to the Bonds and such Parity Debt, as applicable; provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt in the form of Bonds pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt issued in the form of Bonds, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture.

“S&P” means Standard & Poor’s Ratings Services and its successors.

“Semiannual Period” means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

“Serial Bonds” means all Bonds other than Term Bonds.

“Sinking Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“State” means the State of California.

“Subordinate Debt” means any loan, advances or indebtedness issued or incurred by the Successor Agency, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, including revenue bonds and other debts and obligations scheduled for payment pursuant to Section 34183(a)(2) of the Law; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Bonds.

“Successor Agency” means the Redevelopment Agency of the City of Lakeport, a public entity duly organized and existing under the Law.

“Supplemental Indenture” means any resolution, agreement or other instrument that has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Revenues” means all taxes that were eligible for allocation to the Former Agency with respect to the Project Areas and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the Redevelopment Property Tax Trust Fund for transfer to the Successor Agency for deposit into the Redevelopment Obligation Retirement Fund, excluding all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless such payments are subordinated to payments on the Bonds or any additional Bonds or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act.

“Term Bonds” means, collectively, (i) the Bonds maturing on September 1, 20\_\_, (ii) the Bonds maturing on September 1, 20\_\_ and (iii) any Parity Debt issued pursuant to a Supplemental Indenture and payable from amounts in the Sinking Account established pursuant to the Indenture.

“Trustee” means \_\_\_\_\_, National Association, as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of the Indenture.

“Written Request of the Successor Agency” or “Written Certificate of the Successor Agency” means a request or certificate, in writing signed by the Chair, the Executive Director, or the Treasurer, or the Economic Development Director/Financial Services Manager of the City on behalf of the Successor Agency, or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

### **Pledge of Tax Revenues**

The Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds and all Parity Debt shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account established by the Indenture. The Bonds shall be also equally secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the Law on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

### **Establishment of Funds and Accounts; Flow of Funds**

Costs of Issuance Fund. A separate fund to be known as the “Costs of Issuance Fund”, shall be established pursuant to the Indenture, which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency. On the date which is three

months following the Closing Date, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account of the Debt Service Fund, and the Trustee shall close the Costs of Issuance Fund.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues. The Successor Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Law which the Successor Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding.

The Successor Agency shall deposit all of the Tax Revenues received with respect to any Semiannual Period into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. All Tax Revenues received by the Successor Agency in excess of the amount required to pay debt service on the Bonds and any Parity Debt, and except as may be provided to the contrary in any of the Indenture or Parity Debt Instrument, shall be released from the pledge and lien hereunder and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Debt Service Fund; Transfer of Amounts to Trustee. A separate trust fund to be known as the Debt Service Fund, shall be established pursuant to the Indenture, which shall be held by the Trustee under the Indenture in trust. The Successor Agency will transfer moneys on deposit in the Redevelopment Obligation Retirement Fund that have been deposited therein for the payment of debt service on the Bonds or for the replenishment of the Reserve Account within 10 days of the receipt thereof to the Trustee for deposit in the Debt Service Fund. The Trustee will transfer amounts on deposit in the Debt Service Fund in the following amounts, at the following times and in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority:

(a) Interest Account. On or before the fourth (4th) Business Day preceding each Interest Payment Date, the Trustee will withdraw from the Debt Service Fund and deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and any Parity Debt on such Interest Payment Date. No such deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and any Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and any Parity Debt as it shall become due and payable.

(b) Principal Account. On or before the fourth (4th) Business Day preceding each September 1 on which the principal of the Bonds becomes due and payable, and at maturity, the Trustee shall withdraw from the Debt Service Fund and deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Bonds. No such deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Bonds and any Parity Debt. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for

the purpose of paying the principal of the Bonds and any Parity Debt as it shall become due and payable.

(c) Sinking Account. No later than the fourth (4th) Business Day preceding each September 1 on which any Bond becomes subject to mandatory redemption, the Trustee shall withdraw from the Debt Service Fund and deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such September 1. No such deposit need be made to the Sinking Account if the amount contained therein is at least equal to the Sinking Account payments to become due on the next September 1 on all of the Outstanding Bonds and any Parity Debt. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption or purchase pursuant to the Indenture.

(d) Reserve Account. In the Debt Service Fund a separate account known as the "Reserve Account" will be established by the Indenture, solely as security for payments payable by the Successor Agency pursuant to the Indenture and pursuant to any other Parity Debt Instrument, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds and any Parity Debt.

In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement (including the payment of all amounts due and payable to Insurer in connection with the Reserve Policy) on deposit in the Reserve Account.

The amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement at all times prior to the payment of the Bonds and any Parity Debt in full. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement.

The Reserve Requirement for the Bonds will be satisfied by the Reserve Policy by the Insurer on the Closing Date with respect to the Bonds. The Successor Agency will have no obligation to replace the Reserve Policy, to fund the Reserve Account with cash or to take any other action with respect to the Reserve Policy if, at any time that the Bonds are Outstanding, the ratings assigned to the Reserve Insurer are lowered or withdrawn or amounts are not available under the Reserve Policy other than in connection with a draw on the Reserve Policy.

All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers pursuant any Parity Debt Instrument and under the Indenture to the Interest Account, the Principal Account and the Sinking Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder or under any Parity Debt Instrument, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before two (2) Business Days preceding each March 1 and September 1 by the Trustee and deposited in the

Interest Account or be applied pro rata in accordance with any applicable provision of a Parity Debt Instrument. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or shall be applied pro rata as required by any Parity Debt Instrument, as applicable.

The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds or any Parity Debt the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Law. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this paragraph (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first legally available Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture shall be pro-rata with respect to each such instrument.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

(e) Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to the Indenture, other than mandatory Sinking Account redemption of Term Bonds, the Trustee shall withdraw from the Debt Service Fund any amount transferred by the Successor Agency pursuant to the Indenture for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date pursuant to the Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the date set for such redemption, other

than mandatory Sinking Account redemption of Term Bonds. Interest due on Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account.

### **Investment of Funds**

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Written Request of the Successor Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (d) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. Moneys in the Redevelopment Obligation Retirement Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made pursuant to the Indenture.

### **Other Covenants of the Successor Agency**

Limitation on Additional Indebtedness. The Successor Agency covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only as provided in the Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior or on parity to the pledge and lien herein created for the benefit of the Bonds; provided, that the Successor Agency may issue and sell refunding bonds as Parity Debt payable from Tax Revenues on a parity with Outstanding Bonds to refund a portion of the Outstanding Bonds; provided further that, with respect to any such refunding (i) annual debt service on such Parity Debt, as applicable, is lower than annual debt service on the obligations being refunded during every year the refunded obligations would otherwise be outstanding and (ii) the final maturity of any such Parity Debt does not exceed the final maturity of the obligations being refunded. Nothing herein shall prevent the Successor Agency from issuing and selling Subordinate Debt. Nothing in the Indenture prevents the Successor Agency from issuing and selling Subordinate Debt.

Extension of Payment. The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Payment of Claims. The Successor Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Books and Accounts; Financial Statements. The Successor Agency shall at all times keep, or cause to be kept, proper and current books and accounts in which accurate entries are made of the financial transactions and records of the Successor Agency. Within one hundred eighty (180) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City. The Successor Agency shall furnish a copy of such financial statements to any Owner upon reasonable request of such Owner and at the expense of such Owner. The Trustee shall have no duty to review such audits.

Payments of Taxes and Other Charges. The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Areas, or upon the revenues therefrom when the same shall become due. Nothing contained in the Indenture requires the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Areas or any part thereof.

Compliance With Redevelopment Law; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Law. Pursuant to Section 34177 of the Law, the Successor Agency shall take all actions required under the Law to include in the Recognized Obligation Payment Schedule for each Semiannual Period (i) debt service on the Bonds, (ii) any amount required to replenish the Reserve Account and (iii) any amount due and payable to Insurer in connection with the Insurance Policy and/or the Reserve Policy, so as to enable the Lake County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1, as applicable, amounts required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds coming due in the applicable Semiannual Period.

In order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds on a timely basis, not later than February 1 of each year, commencing February 1, 2016, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the Lake County Auditor-Controller that shall include (i) all amounts necessary to pay debt service on all Outstanding Bonds on December 1 and June 1 of the next succeeding Bond Year, to be paid to the Successor Agency from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on June 1, and January 2 of the following calendar year, (ii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture (including any amounts due and payable with respect to any Qualified Reserve Account Credit Instrument) and (iii) any amount due and payable to Insurer in connection with the Insurance Policy and the Reserve Policy. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule the amounts to be held by the Successor Agency as a reserve until the six-month period corresponding to the next Redevelopment Property Tax Trust fund distribution date that are required to provide for the payment of principal of and interest on the Bonds.

In addition, the Successor Agency covenants that it shall, on or before December 1 of each year, file a Notice of Insufficiency with the Lake County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming January 2 is insufficient to fully fund all required amounts payable from the Redevelopment Obligation Retirement Fund during the next succeeding Semiannual Period. The Successor Agency covenants that on or before May 1 of each year, it shall file a Notice of Insufficiency with the Lake County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming July 1 is insufficient to fully fund all required amounts payable from the Redevelopment Obligation Retirement Fund during the next succeeding Semiannual Period.

Dissolution Act Invalid; Maintenance of Tax Revenues. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Law or the equivalent to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State, appropriate officials of the State.

Tax Covenants Relating to the Bonds. The Successor Agency shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds, would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

Continuing Disclosure. The Successor Agency covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be an Event of Default thereunder. However, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations with respect to continuing disclosure.

### **Amendment of Indenture**

The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding with the consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the

interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium, (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond or, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners.

The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption and without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers in the Indenture reserved to or conferred upon the Successor Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or

(c) to amend any provision of the Indenture relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or

(d) to amend the Recognized Obligation Debt Service Payment Schedule set forth in Exhibit B to the Indenture to take into account the redemption of any Bond prior to its maturity; or

(e) to provide for the issuance of Parity Debt pursuant to a Supplemental Indenture, as such issuance is authorized pursuant to the Indenture.

## **Events of Default and Remedies**

Events of Default. The following events shall constitute Events of Default under the Indenture:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal of or interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds or any Parity Debt Instrument contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of 30 days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 30 day period, such failure will not constitute an event of default if corrective

action is instituted by the Successor Agency within such 30 day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time; or

(c) If the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

Remedies. Upon the occurrence and during the continuance of any Event of Default, the Trustee may, or, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) the Trustee shall, subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

The foregoing is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to the Owners of all Bonds then Outstanding, and the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment extends to or affects any subsequent default, or impairs or exhausts any right or power consequent thereon.

Application of Funds Upon Acceleration. If an Event of Default has occurred and is continuing, all Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration and all sums thereafter received by the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. If the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Owners' Right to Sue. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding, have made written request upon the Trustee to exercise its powers under the Indenture granted or to institute such action, suit or proceeding in its own name; (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or omitted to comply with such request for a period of sixty (60) days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.

### **Defeasance of Bonds**

The Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable; or

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay all or a portion of Outstanding Bonds, including all principal and interest; or

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit of the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or a portion thereof (including all principal and interest) at or before maturity; or

(iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the Successor Agency under the Indenture with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds thereunder, (c) the obligations of the Successor Agency under the Indenture, and (d) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to the Indenture shall be paid over to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund.

So long as the Insurance Policy is in effect, the investments, if any, in a defeasance escrow for the Bonds are required to be limited to (i) cash or (ii) non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America; provided that other Defeasance Obligations may be used if Insurer approves of such Defeasance Obligations in writing.

### **Certain Insurer Provisions**

The prior written consent of the Insurer is required for all amendments and supplements to the Indenture, with the exceptions noted below.

a) *Consent of the Insurer.* Any amendments or supplements to the Indenture shall require the prior written consent of the Insurer with the exception of amendments or supplements: (i) to cure

any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or (ii) to grant or confer upon the holders of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Bonds, or (iii) to add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Indenture other conditions, limitations and restrictions thereafter to be observed, or (iv) to add to the covenants and agreements of the Successor Agency in the Indenture other covenants and agreements thereafter to be observed by the Successor Agency or to surrender any right or power therein reserved to or conferred upon the Successor Agency, or (v) to issue additional bonds in compliance with the terms of t

b) *Consent of the Insurer in Addition to Bondholder Consent.* Any amendment, supplement, modification to the Indenture that requires the consent of holders of the Bonds or adversely affects the rights or interests of the Insurer shall be subject to the prior written consent of the Insurer.

c) *Notice To and Consent of the Insurer in the Event of Insolvency.* To the extent the Successor Agency enters into any reorganization or liquidation plan with respect to the Successor Agency, it must be acceptable to the Insurer. In the event of any reorganization or liquidation of the Successor Agency the Insurer shall have the right to file a claim, object to and vote on behalf of all holders of the Bonds absent a continuing failure by the Insurer to make a payment under the Policy. The Successor Agency shall provide the Insurer with immediate written notice of any insolvency event that causes the Successor Agency to be unable to pay its obligations as and when they become due. In the event of a receivership or out-of-court restructuring, the Insurer shall have the right to negotiate and speak on behalf of and bind the bondholders and any agreements reached must be acceptable to the Insurer.

d) *Consent of the Insurer Upon Default.* Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, monetary or nonmonetary, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the holders of the Bonds under any Security Document. No monetary or nonmonetary default or event of default may be waived without the Insurer's written consent.

e) *The Insurer as Owner.* Upon the occurrence and continuance of a default or an event of default, the Insurer shall be deemed to be the sole and exclusive owner of the outstanding Bonds for all purposes under the Indenture, including, without limitation, for purpose of approvals, consents, exercising remedies and approving agreements relating to the Bonds.

f) *Consent of the Insurer for acceleration.* the Insurer's prior written consent is required as a condition precedent to and in all instances of acceleration.

g) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of the Insurer.

## APPENDIX E

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”), dated as of October \_\_, 2016, is executed and delivered by the Redevelopment Agency of the City of Lakeport (the “Agency”) in connection with the issuance of the \$ \_\_\_\_\_ Series 2016 Tax Allocation Refunding Bonds (Lakeport Redevelopment Project) (the “Bonds”). The Bonds are being issued pursuant to provisions of an Indenture of Trust, dated as of October 1, 2016 (the “Indenture”), by and between the Agency and \_\_\_\_\_, N.A. (the “Trustee”). The Agency and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Agency’s fiscal year (currently March 31 based on the Agency’s fiscal year end of June 30).

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean each of the Mayor, the City Manager or the Finance Director, on behalf of the Agency, or any of their designees, or such other officer or employee as the Agency shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean NHA Advisors, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Agency.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“*Official Statement*” means the final official statement executed by the Agency in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Hilltop Securities Inc., the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” means the State of California.

### Section 3. Provision of Annual Reports.

The Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2017 with respect to the report covering the 2015-16 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate.

Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with the first sentence of this subsection (b). The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Agency and shall have no duty or obligation to review such Annual Report.

If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

The Dissemination Agent shall, to the extent information is known to it, file a report with the Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The Agency’s Annual Report shall contain or include by reference the following:

The Agency’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to

time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. An update of the tabular information relating to the Agency and the Project Area of the kind presented in the Official Statement entitled:

TABLE 1 – Lakeport Redevelopment Project Area; Land Use by Secured Assessed Value.

TABLE 2 – Lakeport Redevelopment Project Area; Largest Local Property Taxpayers.

TABLE 3 – Lakeport Redevelopment Project Area; Historical Assessed Valuation.

Information regarding assessment appeals by largest taxpayers listed in updates to Table 2 and the estimated loss on appeal.

Debt service coverage on the Bonds for the most recently completed fiscal year in substantially the form of Table 5 of the Official Statement. No projected coverage needs to be presented.

A listing of the amount of each distribution from the Lake County Auditor-Controller of property tax revenues from the Redevelopment Property Tax Trust Fund received by the Agency for its enforceable obligations for the most recent Fiscal Year, as reasonably available 15 business days prior to the due date of each Annual Report.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which are available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission.

#### Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on any reserve fund for the Bonds reflecting financial difficulties;

4. unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties;
5. substitution of any credit or liquidity providers, or their failure to perform; adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
6. modifications to the rights of owners of the Bonds, if material;
7. Bond calls, if material, and tender offers for the Bonds;
8. defeasances;
9. any release, substitution, or sale of property securing repayment of the Bonds, if material;
10. rating changes;
11. any bankruptcy, insolvency, receivership, or similar event of the Agency [this Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency];
12. the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
13. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(2), (a)(7), (a)(8), (a)(10), (a)(13), or (a)(14) above, the Agency shall as soon as possible determine if

such event would be material under applicable federal securities laws. If the Agency determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the Agency shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(c) Upon and after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(2), (a)(7), (a)(8), (a)(10), (a)(13), or (a)(14) above), the Agency shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(d) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with MSRB, with a copy to the Trustee and the Participating Underwriter, not in excess of ten (10) business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (a)(9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be NHA Advisors. The Dissemination Agent may resign by providing thirty days' written notice to the Agency. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Agency in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency and the Dissemination Agent may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Agency) provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Certificate may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the

amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Disclosure Certificate shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 11. Default. In the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Indenture pertaining to the Trustee is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Bond Owners, or any other party. The Dissemination Agent shall not have any liability to the



EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: Successor Agency to the  
Redevelopment Agency of the City of Lakeport

Name of Bond Issue: Series 2016 Tax Allocation Refunding Bonds  
(Lakeport Redevelopment Project)

Date of Issuance: October \_\_, 2016

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of October \_\_, 2016, with respect to the Bonds. [The Agency anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

\_\_\_\_\_  
as Dissemination Agent  
on behalf of the Agency

cc: Successor Agency

## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the

identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

**APPENDIX G**

**STATE DEPARTMENT OF FINANCE APPROVAL LETTER**

## APPENDIX H

### FORM OF BOND COUNSEL OPINION

October \_\_, 2016

Successor Agency to the Redevelopment Agency of the City of Lakeport  
225 Park Street  
Lakeport, CA 95453

*OPINION:*     \$\_\_\_\_\_ Successor Agency to the Redevelopment Agency of the City of Lakeport  
Series 2016 Tax Allocation Refunding Bonds (Lakeport Redevelopment Project)

Members of the Successor Agency:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Redevelopment Agency of the City of Lakeport (the “Successor Agency”), of \$\_\_\_\_\_ Successor Agency to the Redevelopment Agency of the City of Lakeport, Series 2016 Tax Allocation Refunding Bonds (Lakeport Redevelopment Project), Bank Qualified (the “Bonds”), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the “Law”), Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (the “Dissolution Act”), and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Refunding Law”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of October 1, 2016 (the “Indenture”), by and between the Successor Agency and \_\_\_\_\_, National Association, as trustee (the “Trustee”). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture, and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is validly existing as a public entity, with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Bonds.
2. The Indenture has been duly approved by the Successor Agency, and constitutes a valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms.
3. Pursuant to the Law, the Dissolution Act and the Refunding Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Law, the Dissolution Act and the Refunding Law, except to the extent described in the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Successor Agency, and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Bonds are “qualified tax-exempt obligations” within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”) such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution’s interest expense allocable to interest payable on the Bonds. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted, and may also be subject to the exercise of judicial discretion in appropriate cases. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

**APPENDIX I**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



# CITY OF LAKEPORT

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

## STAFF REPORT

**RE:** Preliminary Intention to Proceed with the Refinancing of Outstanding Series 1993 Limited Obligation Improvement Bonds and Appointing Financial Consultants

**MEETING DATE:** 10/18/2016

**SUBMITTED BY:** Ginny Feth-Michel, Interim Finance Director

**PURPOSE OF REPORT:**  Information only  Discussion  Action Item

### WHAT IS BEING ASKED OF THE CITY COUNCIL:

Review staff's recommendation and approve the refunding of certain City of Lakeport, Municipal Sewer District bonds, and adopt Resolution No. \_\_\_\_ (2016), "Preliminary Intention to Proceed with the Refinancing of Outstanding Series 1993 Limited Obligation Improvement Bonds and Appointing Financial Consultants in Connection Therewith."

### BACKGROUND/DISCUSSION:

The City's Municipal Sewer District No. 1, issued Series 1993 Limited Obligation Improvement Bonds, South Assessment District- 91-1, on April 22, 1993 in the aggregate amount of \$5, 196,270 (the "Prior Bonds").

The Prior Bonds are scheduled to mature on September 2, 2032, and bear interest at a rate of 5%. The City makes semi-annual payments each March 2nd and September 2nd, with the total principal and interest payments averaging approximately \$301,000 each year to maturity.

The Prior Bonds may now be prepaid and refunded (i.e., replaced with another bond issue) with no penalty on any date, upon 30 days' notice to USDA (i.e., the present bondholder).

### Review and Analysis

The City can accomplish the prepayment and refunding of the Prior Bonds by issuing new Series 2016 Refunding Bonds (the "2016 Bonds") to take the place of the Prior Bonds (this process is hereafter referred to as a "Refunding"). The term of 2016 Bonds would match (or be less than) the term of the respective Prior Bonds.

Based upon present market conditions (and similar transactions that have recently closed) it appears that the Prior Bonds may be refunded at lower interest rates (approximately 3.25%) and that the Refunding will result in a total cash flow savings (after all costs are factored in and accounted for) to the City of Lakeport Municipal Sewer District #1 of approximately \$540,000, which equates to approximately \$33,750 per year over the remaining 16 year remaining life of the issue. In addition, if successful, the Refunding could result in lower assessments for property holders within the South Assessment District. Using present value calculations the Refunding produces a \$272,000 Net Present Value (NPV) savings. Based upon a proposed 2016 Bonds par value of \$2,752,889, this represents a 9.8% NPV savings. Net present value is a measure of savings that takes into consideration the time

value of money. Here the projected NPV savings are more than triple the Government Finance Officers Association's "best practices" threshold recommendation of 3%.

Attached is a draft preliminary numerical analysis for estimated details (Draft Refunding Analysis, attached as Attachment 2) as to the Refunding calculations.

In order to move forward with the Refunding it is necessary to procure the services of legal and financial experts to complete the financing, and staff is recommending NHA Advisors to serve as Financial Advisors, The Weist Law Firm to serve as Bond Counsel, Hilltop Securities Inc. to serve as Underwriter and Willdan Financial Services to serve as Reassessment Consultant. The subject Resolution also provides that the City Manager is authorized to select a Trustee (which is a necessary consultant if the 2016 Bonds are issued on a publically offered basis) at a later date once proposals are received and reviewed.

If the City Council desires to move forward with the Refunding and correspondingly adopts the subject Resolution, staff, with the assistance of Financial Advisor, Bond Counsel and Underwriter, will finish the process of documenting the transaction, and the matter will be brought back to the City Council for consideration at one of its upcoming regularly scheduled City Council Meetings (or possibly a special meeting, if necessary).

**HIGHLIGHTS OF OPPORTUNITY:**

- Produces approximately \$33,750 per year in cash-flow relief over 16 years
- The term of the debt is not extended
- The principal amount of the debt could be less than the existing principal amount
- Savings are net of all costs

**OPTIONS:**

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

**FISCAL IMPACT:**

None       \$540,000 cash flow Budgeted Item?    Yes    No

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

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

**SUGGESTED MOTIONS:**

Move to approve the proposed Resolution of Preliminary Intention to Proceed with the Refinancing of Outstanding Series 1993 Limited Obligation Improvement Bonds and Appointing Financial Consultants in Connection Therewith.

- Attachments:**
1. Resolution
  2. Draft Refunding Analysis
  3. Consulting Agreements

**RESOLUTION NO. \_\_\_\_ (2016)**

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT  
APPROVING THE FORM OF PRELIMINARY OFFICIAL  
STATEMENT IN CONNECTION OF REFUNDING OF CERTAIN  
AGENCY BONDED DEBT, ESTABLISHING CERTAIN RELATED  
POLICIES AND PROCEDURES, AND APPROVING CERTAIN OTHER  
MATTERS AND OFFICIAL ACTIONS RELATED THERETO**

**WHEREAS**, the Redevelopment Agency of the City of Lakeport (the “Former Agency”) was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the “Law”); and

**WHEREAS**, a redevelopment plan for the redevelopment project area designated the “Lakeport Redevelopment Project” in the City of Lakeport, California (the “Redevelopment Project”) was adopted in compliance with all requirements of the Law; and

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, and the City of Lakeport (the “City”) has become the successor entity to the Former Agency (the “Successor Agency”); and

**WHEREAS**, prior to dissolution of the Former Agency, the Former Agency caused the issuance of the following tax allocation bonds prior to its dissolution:

(a) (i) the Lakeport Redevelopment Project, 2004 Tax Allocation Bonds, Series A, issued in the aggregate principal amount of \$1,070,000 (the “2004 Series A Bonds”), and (ii) the Lakeport Redevelopment Project, 2004 Tax Allocation Bonds, Series B, issued in the aggregate principal amount of \$1,170,000 (the “2004 Series B Bonds”), pursuant to a Bond Issuance and Sale Agreement, dated as of December 1, 2004, by and among the Association of Bay Area Governments, the Former Agency and Union Bank of California, N.A., as trustee; and

(b) the Lakeport Redevelopment Project, 2008 Tax Allocation Bonds, issued in the aggregate principal amount of \$3,425,000 (the “2008 Bonds”), pursuant to the Indenture of Trust, dated as of May 1, 2008, by and between the Former Agency and Union Bank of California, N.A., as trustee; and

**WHEREAS**, Assembly Bill X1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 (“AB 1484” and, collectively, as further amended, the “Dissolution Act”), resulted in the dissolution of the Former Agency as of February 1, 2012, and the vesting in the Successor Agency of all of the authority, rights, powers, duties and obligations of the Former Agency; and

**WHEREAS**, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”); and

**WHEREAS**, the Successor Agency has determined that the Savings Parameter can be achieved and it is necessary and advisable to refund the 2004 Series A Bonds and the 2008 Bonds (collectively, the “Prior Bonds”) for savings through the issuance pursuant to the Law, the Dissolution Act and the Refunding Law of its Successor Agency to the Redevelopment Agency of the City of Lakeport, Series 2016 Tax Allocation Refunding Bonds (Lakeport Redevelopment Project) (the “Refunding Bonds”) to provide funds to refund the outstanding Prior Bonds; and

**WHEREAS**, the Successor Agency previously adopted Resolution No. 2585 (2016) on July 5, 2016 (the “Prior Successor Agency Resolution”), approving the issuance of the Refunding Bonds; and

**WHEREAS**, pursuant to Sections 34177.5(f) and 34180 of the Law, the issuance of the Refunding Bonds are subject to the prior approval of the Oversight Board and the California State Department of Finance (the “DOF”); and

**WHEREAS**, the Oversight Board adopted Resolution No. OB-017 (2016) on July 11, 2016 (the “Oversight Board Resolution”), approving the issuance of the Refunding Bonds; and

**WHEREAS**, the DOF issued its letter dated September 16, 2016, indicating the DOF’s approval of the Oversight Board Resolution; and

**WHEREAS**, the Successor Agency, with the assistance of its disclosure counsel, The Weist Law Firm, has prepared a draft of the Official Statement for the Refunding Bonds (the “Official Statement”), which contains, among other things, information regarding the Refunding Bonds, the Former Agency and the Successor Agency, the preliminary form of which is on file with the City Clerk, as the secretary (the “Secretary”) of the Successor Agency; and

**WHEREAS**, the Successor Agency, with the aid of its staff, has reviewed the Official Statement and wishes at this time to approve the Official Statement’s use and distribution as in the public interests of the Successor Agency and applicable taxing entities; and

**WHEREAS**, both internal Revenue Service (the “IRS”) and the Securities and Exchange Commission (the “SEC”) recommend that issuers of municipal bonds adopt policies and procedures to govern compliance and implement training with respect to their initial post-issuance tax compliance and continuing disclosure undertakings; and

**WHEREAS**, there has been presented to this meeting proposed Continuing Disclosure Policy and Procedures (the “Continuing Disclosure Policy and Procedures”); and

**WHEREAS**, there has been presented to this meeting proposed Post Issuance Tax Compliance Policy and Procedures (the “Tax Compliance Policy and Procedures”);

**NOW, THEREFORE, BE IT RESOLVED** by the Successor Agency to the Redevelopment Agency of the City of Lakeport, as follows:

**Section 1. Finding as to Recitals.** The above recitals are true and correct and are a substantive part of this Resolution.

**Section 2. Affirmation of Issuance of the Bonds.** The approval of issuance of the Refunding Bonds pursuant to the Prior Successor Agency Resolution is hereby affirmed.

**Section 3. Authorized Representatives.** The Chair, Vice Chair, Executive Director, Treasurer, and any other person authorized by the Executive Director to act on behalf of the Successor Agency shall each be an “Authorized Representative” of the Successor Agency for the purposes of structuring and providing for the issuance of the Refunding Bonds and the execution of the Official Statement, the Continuing Disclosure Policy and Procedures and the Tax Compliance Policy and Procedures presented at this meeting, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the Successor Agency, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the issuance of the Refunding Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions approved in this Resolution.

**Section 4. Approval of Preliminary Official Statement.** The Successor Agency hereby approves the preliminary Official Statement in substantially the form on file with the Secretary of the Successor Agency. Distribution of the preliminary Official Statement by the Successor Agency and the Underwriter is hereby approved, and, prior to the distribution of the preliminary Official Statement, each Authorized Representative, acting alone, are authorized and directed, on behalf of the Successor Agency, to deem the preliminary Official Statement “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Representative executing the same, and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Refunding Bonds, and each Authorized Representative, acting alone, is authorized and directed to execute and deliver the final Official Statement for and on behalf of the Successor Agency, to deliver to the Underwriter a certificate with respect to the information set forth therein and to deliver to the Underwriter a continuing disclosure undertaking substantially in the form appended to the final Official Statement.

**Section 5. Continuing Disclosure Policy and Procedures.** The form of the Continuing Disclosure Policy and Procedures attached hereto as Exhibit A are hereby approved, and any Authorized Representative, on behalf of the Successor Agency, is hereby authorized and directed to make such changes thereto as are necessary in order to conform the same to actual or recommended Successor Agency practices, to correct typographical or grammatical errors, to cure ambiguities and inconsistencies, and to conform to applicable law as advised by bond counsel or

the general counsel to the Successor Agency, and to execute the final form of the Continuing Disclosure Policy and Procedures on behalf of the Successor Agency, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such additions and changes.

**Section 6. Post-Issuance Tax Compliance Policy and Procedures.** The form of the Tax Compliance Policy and Procedures attached hereto as Exhibit B are hereby approved, and any Authorized Representative, on behalf of the Successor Agency, is hereby authorized and directed to make such changes thereto as are necessary in order to conform the same to actual or recommended Successor Agency practices, to correct typographical or grammatical errors, to cure ambiguities and inconsistencies, and to conform to applicable law as advised by bond counsel or the general counsel to the Successor Agency, and to execute the final form of the Tax Compliance Policy and Procedures on behalf of the Successor Agency, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such additions and changes.

**Section 7. Official Actions.** The Authorized Representatives and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in consummating the issuance, sale and delivery of the Refunding Bonds and the refunding of the Prior Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

**Section 8. Effective Date.** This Resolution shall take effect from and after the date of approval and adoption thereof.

\* \* \* \* \*

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the Successor Agency of the Lakeport Redevelopment Agency of the City of Lakeport, held this 18th day of October, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

APPROVED:

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Secretary of the Successor Agency  
to the Redevelopment Agency of the  
City of Lakeport

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Chair of the Successor Agency  
to the Redevelopment Agency of the  
City of Lakeport

**SECRETARY'S CERTIFICATE**

I hereby certify that the foregoing is a true and correct copy of **Resolution \_\_ (2016)**, passed and adopted at a regular meeting of the Board of Directors of the Successor Agency to the Redevelopment Agency of the City of Lakeport, Lake County, California, held on the 18th day of October, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

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Secretary of the Successor Agency  
to the Redevelopment Agency of the  
City of Lakeport

**EXHIBIT A**

**CONTINUING DISCLOSURE POLICY AND PROCEDURES**

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT**

**DATED: October 1, 2016**

**Background**

Pursuant to Securities and Exchange Commission (“SEC”) Rule 15c2-12 (the “Rule”), issuers of obligations are required under most circumstances to provide financial and operating information on an annual basis with the Municipal Securities Rulemaking Board (“MSRB”) using the Electronic Municipal Market Access system (EMMA). The Successor Agency to the Redevelopment Agency of the City of Lakeport (the “Agency”) has issued obligations which are covered by the Rule (the “Obligations”) and must comply with any required filings in a timely manner. These Policies and Procedures are intended to assure that all filings required under the Rule are made timely and completely and meet all requirements of the Rule. The Agency has covenanted or will covenant to comply with the Rule through the execution and delivery of continuing disclosure agreements or certificates (each, a “Continuing Disclosure Undertaking”) applicable to each issue of Obligations.

The Rule requires that an underwriter, prior to purchasing or selling an issue of obligations in connection with a covered offering, determine that the issuer and any other “Obligated Person” (as defined in the Rule) for whom financial or operating data is presented in the official statement has undertaken in writing to provide the following information to the MSRB using EMMA and to the appropriate state information depository (“SID”), if any:

- By a specified date, annual financial and operating information for each Obligated Person for whom financial information or operating data is presented in the official statement (an “Annual Information Filing”);
- By a specified date, if available, audited annual financial statements for each Obligated Person (“Audited Financial Statements”) and, if not available by the date required, unaudited financial statements with Audited Financial Statements;
- In a timely manner within 10 business days of occurrence, notice of the occurrence of one or more of the listed events described in the Rule (a “Rule 15c2-12 Event Notice”); and
- In a timely manner, notice of a failure of any Obligated Person required to make the Annual Information Filing and/or file the Audited Financial Statements on or before the date(s) specified in the Continuing Disclosure Undertaking (“Notice of Failure”).

**Responsible Party: Maintenance of List and Files**

The Responsible Party for the Agency shall be the Executive Director and any alternate or assistant as the Executive Director shall assign. The Responsible Party shall maintain a current list for each fiscal year identifying each issue of Obligations during such fiscal year setting forth the name, original principal amount, date of issuance and CUSIP numbers for each such issue, the dates by which the Annual Information Filings and the Audited Financial Statements are required to be submitted to the MSRB using EMMA and the current contact information for the dissemination agent (if any) with respect to such Continuing

Disclosure Undertaking; such list is to be accompanied by copies of the related Continuing Disclosure Undertakings.

### **Annual Information Filing Requirements**

The Responsible Party shall be knowledgeable and familiar with the provisions of each Continuing Disclosure Undertaking as to the type, format and content of the financial and operating information to be included in each Annual Information Filing to be made thereunder and the timing requirements for the filing thereof. The submission dates for the Continuing Disclosure Undertakings vary.

### **Audited Financial Statements**

Audited Annual Financial Statements of the Agency are also required to be filed no later than the submission dates established under each Continuing Disclosure Undertaking. The Responsible Party shall be knowledgeable and familiar with the specific timing requirements for the filing of Audited Financial Statements and, if not available by the date(s) required, the provisions regarding the filing of unaudited financial statements under the terms of each Continuing Disclosure Undertaking.

### **Notices of Failures to File**

The Responsible Party shall be knowledgeable and familiar with the specific requirements for the filing of a Notice of Failure to make Annual Information Filings and/or to file Audited Financial Statements by the date(s) required under the terms of each Continuing Disclosure Undertaking.

### **Preparation**

Approximately 90 days before the submission date for required filings established under each Continuing Disclosure Undertaking, the Responsible Party shall initiate the process of preparing the financial and operating information required to be submitted thereunder. The Responsible Party shall assemble the information available at that time and determine the scope of additional information to be required and also contact the auditors to establish a schedule for completion and submission for the Audited Financial Statements.

Not less than 30 days before the submission date, the Responsible Party shall prepare a draft submission of required financial and operating information, highlighting any information still unavailable.

On or before the submission date established under each Continuing Disclosure Undertaking, the Responsible Party shall make the Annual Information Filing together with the Audited Financial Statements. If the Audited Financial Statements are not then available, unaudited financial information shall be filed with the MSRB using EMMA and the Audited Financial Statements shall be filed within 10 business days of their receipt and acceptance.

The Responsible Party shall set calendar reminders in the Finance Department's recordkeeping systems.

### **Listed Events**

The Rule also requires filing of a Rule 15c2-12 Event Notice upon the occurrence of certain listed events described in the Continuing Disclosure Undertakings. The Responsible Party shall provide a Rule 15c2-12 Event Notice to the MSRB using EMMA within 10 business days of occurrence of any such listed event.

The listed events most likely to occur relate to bond redemptions or defeasances of outstanding issues and rating changes.

**Familiarity with EMMA Submission Process**

The Responsible Party shall register with EMMA and review the on-line process of filing with EMMA located at [www.emma.msrb.org](http://www.emma.msrb.org) in order to submit the required information. The MSRB market Information Department can also be contacted at (703) 797-6668. A tutorial is available at the website and a practice submission is available as well.

The Responsible Party also shall enroll the Agency in EMMA's reminder system to ensure timely performance of their responsibilities and obligations.

**Training Efforts**

To ensure adequate resources to comply with the Rule, the Responsible Party shall develop a training process aimed at providing additional assistance in preparing required information. A training review process shall be conducted at least annually and shall encompass a review of the EMMA submission process and an understanding of the timing requirements necessary for full compliance.

**Coordination Effort**

The Responsible Party shall coordinate the preparation and submission of the required information with the Department's continuing disclosure consultant and corporate trustees and paying agents to ensure full compliance with the requirements of the Rule and the Continuing Disclosure Undertakings.

**Records Retention**

The Responsible Party shall maintain records with respect to the filings with the MSRB using EMMA, including, but not limited to, EMMA posting receipts showing the dates and nature or contents of all filings for each issue of Obligations outstanding during each fiscal year.

**EXHIBIT B**

**POST-ISSUANCE TAX COMPLIANCE POLICY AND PROCEDURES**

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKEPORT**

**DATED: October 1, 2016**

**I. PURPOSE**

Use of tax-exempt bond proceeds must comply with Federal tax rules pertaining to the expenditure of proceeds, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The policy of the Successor Agency to the Redevelopment Agency of the City of Lakeport (the "Agency") for monitoring compliance of its bond issues with these rules is as follows:

The Agency will comply with the following procedures:

**II. PROCEDURES**

**1. Expenditure of Proceeds**

The Executive Director of the Agency shall have the responsibility for allocating bond proceeds to particular investments, expenditures, and assets. The Executive Director of the Agency may delegate this responsibility, but shall retain the primary responsibility for insuring that the following procedures are followed.

- a) **Proceeds of a bond issue must be identified.** The Executive Director shall refer to the Tax Certificate and to bond counsel (The Weist Law Firm) for help in identifying the amount of the proceeds of the bonds and for identification of funds holding bond proceeds.
- b) **Investments of bond proceeds must be tracked.** The Executive Director shall ensure that all investments of bond proceeds are recorded, including identification of the investment, the purchase price of the investment, the date of the investment, the date of any receipts from the investment, and the date of repayment or sale of the investment. Earnings from investments of bond proceeds will be treated as additional bond proceeds and similarly tracked.
- c) **Proceeds must be tracked until they are allocated to expenditures.** Proceeds may be allocated to a capital expenditure by direct tracing or by another other reasonable method (such as treating an expenditure made from another source as having been made from bond proceeds if that source is reimbursed from bond proceeds).
  - i. If the Agency uses direct tracing of bond proceeds, the Executive Director shall establish the form and procedure for preparation and review of requisitions of bond proceeds. Requisitions must identify the financed property in conformity with the Tax Certificate, including certifications as to the character and average economic life of the bond-financed property.
  - ii. If the Agency uses bond proceeds to reimburse costs that were paid prior to the issuance of the bonds, the Executive Director shall document the use of bond proceeds to make such

reimbursements and will only allow such reimbursements to the extent permitted in the Tax Certificate.

- iii. If the Agency uses any other method for allocating bond proceeds to expenditures, the Executive Director shall prepare at least annually until all proceeds have been spent a written allocation of bond proceeds to expenditures, including the dates and amounts of such expenditures. The Executive Director shall only allocate bond proceeds to expenditures if there is a reasonably concurrent actual outlay of cash by the Agency to a third party.
  - iv. The Executive Director shall prepare a written “final allocation” of bond proceeds to expenditures no later than the earlier of 18 months after the in-service date of the financed property and the fifth anniversary date of the issue of the bonds, which written record shall be filed in the office of the Finance Director. If not all bond proceeds are allocated to expenditures by that date, allocations thereafter may only be made using a tracing method.
- d) The Executive Director shall compare the allocation of proceeds to expenditures of proceeds to the tax certificate expectation to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. In the event that those expectations are not met, the Executive Director shall consult with bond counsel to determine whether further action is necessary. Similarly, the Executive Director shall compare to the allocation of proceeds to expenditures to the timetables set forth for the arbitrage rebate exceptions described in the tax certificate.
- e) As proceeds are allocated to expenditures for capital assets, the Executive Director shall prepare and maintain a schedule of all capital assets treated as financed with the bonds, which written record shall be filed in the office of Finance Director. The Executive Director shall maintain a separate schedule for each bond issue. If only a portion of a capital asset is treated as financed with a particular bond issue, the Executive Director shall consult with bond counsel as to how to document the particular allocation.

## **2. Use of Bond-Financed Property**

The Executive Director of the Agency shall have the responsibility of periodically reviewing the continued ownership and use of all assets financed by the bond issue. The Executive Director of the Agency may delegate this responsibility, but shall retain the primary responsibility for insuring that the following procedures are followed.

- a) At least annually, the Executive Director shall conduct a review of the assets financed with the proceeds of the bonds in accordance with the schedule prepared under 1(e) above.
  - i. The Executive Director shall contact the appropriate officers or employees of the Agency to determine whether the assets continue to be owned by the Agency. Ownership of bond financed facilities by entities other than governmental entities can give rise to tax issues.
  - ii. The Executive Director shall contact the appropriate officers or employees of the Agency to determine whether the assets are used only by the Agency or by some other entities. Use of assets by any entities other than another governmental entity can give rise to tax issues. Use may arise through ownership, lease, management contract, sponsored research, purchase of

output, or other arrangements that give rise to priority rights in bond-financed assets. Use as a member of the general public (such as through short-term rentals or use under a rate-scale arrangement) will not be treated as private use.

- b) If the Executive Director learns of sale of assets or private use of bond financed assets, he or she shall consult with bond counsel concerning appropriate remedies, including remedial action or voluntary compliance agreements with the IRS.
- c) Ideally, the Executive Director will try to learn in advance of any proposed sale, lease, or other use by a private entity of bond financed assets and will consult with bond counsel concerning appropriate remedial action or other action.

### **3. Investments**

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Executive Director.

- a) Guaranteed investment contracts (“GIC”) will be purchased only using the three-bid “safe harbor” of applicable Treasury regulations, in compliance with fee limitations on GIC brokers in the regulations. Any exceptions to this rule must be discussed with the bond counsel.
- b) Other investments will be purchased only in market transactions.
- c) Calculations of rebate liability will be performed as necessary by outside consultants.
- d) Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the Agency.
- e) The Executive Director shall identify date for first rebate payment at time of issuance, in conjunction with bond counsel, and enter that date in the records for the issue.

### **4. Records**

Management and retention of records related to tax exempt bond issues will be supervised by the Executive Director.

- a) The Executive Director shall retain records relating to investment, expenditures, and use of bond financed facilities for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.
  - i. Retainable records pertaining to bond issuance include transcript of documents executed in connection with the issuance of the bonds and any amendments, and copies of rebate calculations and records of payments including Forms 8038-T.
  - ii. Retainable records pertaining to expenditures of bond proceeds include requisitions, trustee statements and final allocation of proceeds.

- iii. Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.
- iv. Retainable records pertaining to investments include GIC documents under the Treasury regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.
- v. Retainable records pertaining to any credit enhancement of the bonds during the entire term of the bonds, including bond insurance contracts, letters of credit and standby purchase agreements.
- vi. Retainable records pertaining to interest rate swaps, interest rate caps and other hedging contracts, including any ISDA agreements, fairness opinions, termination agreements and records of termination payments.

### **III. COMPLIANCE UNDER TAX CERTIFICATE**

The Executive Director shall also periodically, and at least annually, review and monitor comply with all provisions of the related Tax Certificate so long as the bonds are outstanding and will consult with bond counsel to take timely remedial actions under section 1.141-12 of the Treasury Regulations (or other remedial actions authorized by the Commissioner of the IRS under Section 1.141-12(h) of the Regulations) to prevent from being considered “deliberate actions” any actions of the Agency which cause the conditions of the private business tests or the private loan financing test to be met resulting in private activity bonds.

#### **TRAINING**

The Executive Director and any persons to who the Executive Director specifically delegates any of the duties in these procedures will consult with bond or tax counsel at the time a new issue of bonds is issued to determine what further training may be needed to comply with these procedures. In addition, the Executive Director shall also periodically, and at least annually, consult with bond or tax counsel to determine whether additional training is needed.

#### **OVERALL RESPONSIBILITY**

Overall administration and coordination of this policy is the responsibility of the Executive Director of the Agency.

**\$2,752,889**

City of Lakeport

2017 Assessment District Refinancing

(Municipal Sewer District No. 1, South A.D. 91-1)

**Sources & Uses**

Dated 09/02/2016 | Delivered 09/02/2016

**SOURCES OF FUNDS**

Par Amount of Bonds	\$2,752,889.46
Transfers from Prior Issue DSR Funds	705,453.00

<b>TOTAL SOURCES</b>	<b>\$3,458,342.46</b>
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**USES OF FUNDS**

Costs of Issuance	132,500.00
Deposit to Debt Service Reserve Fund (DSRF)	55,842.46
Deposit to Current Refunding Fund	3,270,000.00

<b>TOTAL USES</b>	<b>\$3,458,342.46</b>
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**\$2,752,889**

City of Lakeport  
 2017 Assessment District Refinancing  
 (Municipal Sewer District No. 1, South A.D. 91-1)

**Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+i</b>
09/02/2016	-	-	-	-
09/02/2017	133,900.91	3.250%	89,468.90	223,369.81
09/02/2018	138,252.69	3.250%	85,117.12	223,369.81
09/02/2019	142,745.90	3.250%	80,623.92	223,369.82
09/02/2020	147,385.14	3.250%	75,984.68	223,369.82
09/02/2021	152,175.16	3.250%	71,194.66	223,369.82
09/02/2022	157,120.85	3.250%	66,248.96	223,369.81
09/02/2023	162,227.28	3.250%	61,142.54	223,369.82
09/02/2024	167,499.66	3.250%	55,870.14	223,369.80
09/02/2025	172,943.40	3.250%	50,426.42	223,369.82
09/02/2026	178,564.06	3.250%	44,805.76	223,369.82
09/02/2027	184,367.39	3.250%	39,002.42	223,369.81
09/02/2028	190,359.34	3.250%	33,010.48	223,369.82
09/02/2029	196,546.01	3.250%	26,823.80	223,369.81
09/02/2030	202,933.76	3.250%	20,436.06	223,369.82
09/02/2031	209,529.11	3.250%	13,840.70	223,369.81
09/02/2032	216,338.80	3.250%	7,031.02	223,369.82
<b>Total</b>	<b>\$2,752,889.46</b>	<b>-</b>	<b>\$821,027.58</b>	<b>\$3,573,917.04</b>

**Yield Statistics**

Bond Year Dollars	\$25,262.39
Average Life	9.177 Years
Average Coupon	3.2500001%
Net Interest Cost (NIC)	3.2500001%
True Interest Cost (TIC)	3.2500001%
Bond Yield for Arbitrage Purposes	3.2500001%
All Inclusive Cost (AIC)	3.9035017%

**IRS Form 8038**

Net Interest Cost	3.2500001%
Weighted Average Maturity	9.177 Years

**\$2,752,889**

City of Lakeport  
 2017 Assessment District Refinancing  
 (Municipal Sewer District No. 1, South A.D. 91-1)

**Gross Debt Service Comparison**

Date	Principal	Coupon	Interest	New D/S	OLD D/S	Savings
09/02/2016	-	-	-	-	-	-
09/02/2017	133,900.91	3.250%	89,468.90	223,369.81	303,500.00	80,130.19
09/02/2018	138,252.69	3.250%	85,117.12	223,369.81	301,500.00	78,130.19
09/02/2019	142,745.90	3.250%	80,623.92	223,369.82	304,250.00	80,880.18
09/02/2020	147,385.14	3.250%	75,984.68	223,369.82	301,500.00	78,130.18
09/02/2021	152,175.16	3.250%	71,194.66	223,369.82	303,500.00	80,130.18
09/02/2022	157,120.85	3.250%	66,248.96	223,369.81	305,000.00	81,630.19
09/02/2023	162,227.28	3.250%	61,142.54	223,369.82	301,000.00	77,630.18
09/02/2024	167,499.66	3.250%	55,870.14	223,369.80	301,750.00	78,380.20
09/02/2025	172,943.40	3.250%	50,426.42	223,369.82	302,000.00	78,630.18
09/02/2026	178,564.06	3.250%	44,805.76	223,369.82	301,750.00	78,380.18
09/02/2027	184,367.39	3.250%	39,002.42	223,369.81	301,000.00	77,630.19
09/02/2028	190,359.34	3.250%	33,010.48	223,369.82	299,750.00	76,380.18
09/02/2029	196,546.01	3.250%	26,823.80	223,369.81	298,000.00	74,630.19
09/02/2030	202,933.76	3.250%	20,436.06	223,369.82	300,750.00	77,380.18
09/02/2031	209,529.11	3.250%	13,840.70	223,369.81	297,750.00	74,380.19
09/02/2032	216,338.80	3.250%	7,031.02	223,369.82	299,250.00	75,880.18
<b>Total</b>	<b>\$2,752,889.46</b>	<b>-</b>	<b>\$821,027.58</b>	<b>\$3,573,917.04</b>	<b>\$4,822,250.00</b>	<b>\$1,248,332.96</b>

**PV Analysis Summary (Gross to Gross)**

Gross PV Debt Service Savings	921,786.00
Transfers from Prior Issue DSR Fund	(705,453.00)
Amount deposited into new DSR Fund	55,842.46
<b>Net Present Value Benefit</b>	<b>\$272,175.46</b>
Net PV Benefit / \$3,270,000 Refunded Principal	8.323%
Net PV Benefit / \$2,752,889 Refunding Principal	9.887%

**Refunding Bond Information**

Refunding Dated Date	9/02/2016
Refunding Delivery Date	9/02/2016

**\$3,270,000**

City of Lakeport

Municipal Sewer District No. 1, South A.D. 91-1

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	D/S To Call	Principal	Coupon	Interest	Refunded D/S
09/02/2016	3,270,000.00	3,270,000.00	-	-	-	-
03/02/2017	-	-	-	-	81,750.00	81,750.00
09/02/2017	-	-	140,000.00	5.000%	81,750.00	221,750.00
03/02/2018	-	-	-	-	78,250.00	78,250.00
09/02/2018	-	-	145,000.00	5.000%	78,250.00	223,250.00
03/02/2019	-	-	-	-	74,625.00	74,625.00
09/02/2019	-	-	155,000.00	5.000%	74,625.00	229,625.00
03/02/2020	-	-	-	-	70,750.00	70,750.00
09/02/2020	-	-	160,000.00	5.000%	70,750.00	230,750.00
03/02/2021	-	-	-	-	66,750.00	66,750.00
09/02/2021	-	-	170,000.00	5.000%	66,750.00	236,750.00
03/02/2022	-	-	-	-	62,500.00	62,500.00
09/02/2022	-	-	180,000.00	5.000%	62,500.00	242,500.00
03/02/2023	-	-	-	-	58,000.00	58,000.00
09/02/2023	-	-	185,000.00	5.000%	58,000.00	243,000.00
03/02/2024	-	-	-	-	53,375.00	53,375.00
09/02/2024	-	-	195,000.00	5.000%	53,375.00	248,375.00
03/02/2025	-	-	-	-	48,500.00	48,500.00
09/02/2025	-	-	205,000.00	5.000%	48,500.00	253,500.00
03/02/2026	-	-	-	-	43,375.00	43,375.00
09/02/2026	-	-	215,000.00	5.000%	43,375.00	258,375.00
03/02/2027	-	-	-	-	38,000.00	38,000.00
09/02/2027	-	-	225,000.00	5.000%	38,000.00	263,000.00
03/02/2028	-	-	-	-	32,375.00	32,375.00
09/02/2028	-	-	235,000.00	5.000%	32,375.00	267,375.00
03/02/2029	-	-	-	-	26,500.00	26,500.00
09/02/2029	-	-	245,000.00	5.000%	26,500.00	271,500.00
03/02/2030	-	-	-	-	20,375.00	20,375.00
09/02/2030	-	-	260,000.00	5.000%	20,375.00	280,375.00
03/02/2031	-	-	-	-	13,875.00	13,875.00
09/02/2031	-	-	270,000.00	5.000%	13,875.00	283,875.00
03/02/2032	-	-	-	-	7,125.00	7,125.00
09/02/2032	-	-	285,000.00	5.000%	7,125.00	292,125.00
<b>Total</b>	<b>\$3,270,000.00</b>	<b>\$3,270,000.00</b>	<b>\$3,270,000.00</b>	<b>-</b>	<b>\$1,552,250.00</b>	<b>\$4,822,250.00</b>

**Yield Statistics**

Average Life	9.494 Years
Weighted Average Maturity (Par Basis)	9.494 Years
Average Coupon	5.0000000%

**Refunding Bond Information**

Refunding Dated Date	9/02/2016
Refunding Delivery Date	9/02/2016

**AGREEMENT FOR BOND COUNSEL SERVICES**

**THIS AGREEMENT** is made and entered into this \_\_th day of October, 2016 by and between the City of Lakeport (the “City”), whose address is 225 Park Street, Lakeport, CA 95453, and The Weist Law Firm (the “Bond Counsel”), whose address is 108 Whispering Pines Drive, Suite 235, Scotts Valley, CA 95066.

**WITNESSETH:**

**WHEREAS**, the City desires to arrange for the procurement of low interest rate municipal bonds in order to provide cost effective financing for the refunding (the “Refunding”) of its outstanding Municipal Sewer District No. 1, Series 1993 Limited Obligation Improvement Bonds, South Assessment District- 91-1, originally issued on April 21, 1993 in the aggregate amount of \$5,196,270, maturing September 2, 2032 (the “Prior Bonds”); and

**WHEREAS**, the City desires to retain Bond Counsel to do the necessary consulting, legal and analytical work hereinafter outlined, upon the terms and conditions hereinafter set forth, to structure, issue and deliver Series 2016 Limited Obligation Improvement Refunding Bonds (the “Refunding Bonds”) as necessary to accomplish the Refunding of the Prior Bonds; and

**WHEREAS**, Bond Counsel is specifically trained and experienced in the conduct of Refunding proceedings for accomplishing the issuance of the Refunding Bonds, and hereby represents that it is ready, willing and able to perform said work; and

**NOW, THEREFORE**, in consideration of the covenants and premises herein contained and other good and valuable consideration, the parties hereto agree as follows:

**Section 1. Scope of Services.**

**Bond Counsel Services:** Bond Counsel shall provide the following legal services in connection with the preparation of the resolutions, documents and certifications necessary for the sale and delivery of the Refunding Bonds. Such services shall include the following:

1. Consulting with representatives of the City, including the City Manager, and the City’s financing and accounting staff, engineers, reassessment consultants, financial advisors, and others, with respect to the timing, terms and legal structure of the proposed issuance of Refunding Bonds.
2. Preparing all resolutions, ordinances, notices, affidavits, Depository Trust Company agreements, indentures, escrow agreements, fiscal agent agreements, and other legal documents customarily prepared by Bond Counsel, as required for the issuance of Refunding Bonds (the “Principle Documents”).
3. Reviewing documents prepared City staff, reassessment consultant, financial advisor, or consulting engineers, including the property valuations, the reassessment documents, the purchase contract(s) to be derived therefrom, and the continuing disclosure undertaking or undertakings.

4. Preparing documentation with respect to any bond provisions, parity debt provisions and reserve fund policy provided or required in connection with the Refunding Bonds, if any.
5. Reviewing the various financing structures that may be available to the City for the securing of the Refunding Bonds. Our analysis will examine the range of capital borrowing methods available to the City.
6. Assisting in the preparation of a plan for the Refunding and the issuance of Refunding Bonds.
7. Attending such meetings or hearings of the City Council, and working group meetings or conference calls as the City may request, and as Bond Counsel deems prudent and necessary.
8. Advising as to the prudence of seeking a rating and/or bond insurance, if applicable.
9. Preparing all final closing papers to be executed by the City required to effect delivery of the Refunding Bonds, and coordinating the closing of the Refunding Bonds.
10. Rendering Bond Counsel's customary final legal opinion on the validity of the Refunding Bonds and the exemption from gross income for federal income tax purposes and from California personal income tax of interest thereon.
11. Preparing the required reports to the California Debt and Investment Advisory Commission (pursuant to section 8855 et seq. of the Government Code) respecting the sale of the Refunding Bonds and Form 8038-G to the Internal Revenue Service (pursuant to Section 149 of the Internal Revenue Code of 1986).
12. Preparing of a complete transcript of the proceedings, containing originally signed copies of all resolutions, ordinances, legal agreements, disclosure statements, certificates and notices. Copies shall be provided to the City and each member of the financing team.

**Disclosure Counsel Services:** If the Refunding Bonds are issued on a publically offered basis, Bond Counsel shall provide the following legal services as the City's Disclosure Counsel in connection with the preparation of the Official Statement for the Refunding Bonds, and related sales documents to be used in connection with the Refunding. Such services shall include the following:

1. Conferring and consulting with City staff and officers in order to perform the due diligence required to produce the Official Statement (both preliminary and final).
2. Conferring and consulting with underwriters, attorneys, financial advisors, engineer's, title officers, trustees or fiscal or paying agents, feasibility consultants and all other professionals or participants in the issuance of the Refunding Bonds, in order to perform the due diligence required to produce the Official Statement (both preliminary and final).
3. Reviewing agreements, certificates, resolutions, orders, notices, and affidavits produced in said proceedings and such other reports, documents and correspondence of legal nature as may be necessary in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

4. Preparing or assisting in the preparation of the bond purchase contract relating to the Refunding Bonds.

5. Preparing or assisting in the preparation of a continuing disclosure certificate to assist the underwriter with compliance with the provisions of Securities and Exchange Commission Rule 15c2-12.

6. Providing an opinion indicating compliance with (i) Section 17(a) of the Securities Act of 1933, (ii) Section 10b-5 of the Securities Exchange Act of 1934, and (iii) Rule 15c2-12 of the Securities Exchange Act of 1934.

**Excluded Services** Bond Counsel's services are limited to those specifically set forth above. Bond Counsel's services do not include representation of the City or any other party to the transaction in any litigation or other legal or administrative proceeding involving the Refunding Bonds or any other matter.

Bond Counsel's services also do not include legal services relating to the Refunding, including but not limited to compliance with the California Environmental Quality Act, the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Hazardous Material Transportation Act, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the Porter-Cologne Water Quality Control Act, the Safe Drinking Water and Toxic Enforcement Act of 1986, the Hazardous Substance Account Act, the Hazardous Waste Control Act, or any determinations pertaining to completion and readiness for acceptance.

Bond Counsel's services also do not include any responsibility for compliance with state blue sky, environmental, land use, real estate or similar laws or for title to or perfection of security interests in real or personal property, including the acquisition of interests in real property, whether through gift, negotiation or the exercise of the power of eminent domain.

Bond Counsel's services also do not include any responsibility the negotiation or preparation of joint powers agreements with other agencies. Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant.

Also, Bond Counsel's services will not extend past the date of issuance of the Refunding Bonds and will not, for example, include services related to on-going administration, annexation, rebate compliance or continuing disclosure or otherwise related to the Refunding Bonds, proceeds of the Refunding Bonds or a refunding after issuance of the Refunding Bonds.

Bond Counsel may be willing to perform such excluded services on such terms as might be mutually agreed to at the time of need. The performance by Bond Counsel of services excluded by the above paragraph, if required by the City, shall be under separate written agreement.

## **Section 2. Compensation.**

(a) Legal Fees for Bond Counsel Services. For all Refunding Bonds issued by the City, Bond Counsel shall be paid a flat fee of \$45,000.

(b) Disclosure Counsel Services. If, and only if, the Refunding Bonds are issued on a publically offered basis, for all Refunding Bonds issued by the City, Disclosure Counsel shall be paid a flat fee of \$35,500.

(c) Out-of-Pocket Expenses. In addition to the legal fees, Bond Counsel shall be reimbursed its normal and customary out-of-pocket expenses, including travel (which includes an out of office fee of \$650 for each day of travel) and customary mileage rates; parking charges and bridge tolls as incurred, photocopies at forty-five cents per page, transcript preparation and distribution; telephone and facsimile charges as incurred, and postage and express delivery charges as incurred for each series of Refunding Bonds issued.

### **Section 3. Termination of Agreement and Legal Services.**

This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the City, shall, at the option of the City, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event the Refunding is abandoned or otherwise terminated without the issuance of Refunding Bonds, Bond Counsel shall nevertheless be entitled to receive compensation from the City in accordance with the percentage of work completed at the time of abandonment or termination, as the case may be, compared to a successfully completed transaction (meaning issuance of the Refunding Bonds), with it being understood and agreed that the drafting of Principal Documents (for Bond Counsel services), and the drafting of the Official Statement (for Disclosure Counsel services) signifies 80% completion. This continuing right to receive full compensation shall survive the term of this Agreement. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon final issuance of the Refunding Bonds. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the Refunding Bonds or the City.

### **Section 4. Insurance.**

Bond Counsel specifically represents that it maintains errors and omissions insurance applicable to the Bond Counsel services to be rendered under this Agreement.

### **Section 5. Nature of Engagement.**

The City acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the Refunding Bonds financing or the Refunding or that may be involved with or adverse to the City in this or some other matter.

Bond Counsel agrees not to represent any such entity in connection with the Refunding Bonds financing, during the term of this Agreement, without the consent of the City.

Given the special, limited role of Bond Counsel described above, the City acknowledges that no conflict of interest exists or would exist, and waives any conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this Agreement or any such other attorney-client relationship that Bond Counsel may have had, have or enter into, and the City specifically consents to any and all such relationships.

**Section 6. Standards of Professional Conduct.**

Bond Counsel and every employee thereof shall provide their services, advice and any reports in full compliance with all applicable law and professional standards. Bond Counsel represents that it is specially trained, experienced, expert and competent to perform the services required under this Agreement, and that each individual providing legal services is a member in good standing of the State Bar and is licensed to practice in California.

Bond Counsel certifies that it will not accept representation in any matters, including litigation, under this Agreement if it or any employee thereof has any personal or financial interest therein.

Bond Counsel certifies that it accepts this retention because it has the time, energy, skills and ability necessary to perform the duties required in an efficient, trustworthy, professional and businesslike manner. It is understood that the services under this Agreement must be provided immediately, and that they are time-critical. Bond Counsel is engaged by City for its unique qualifications and skills.

Bond Counsel shall not subcontract, delegate or assign the services to be provided under this Agreement, in whole or in part, to any other person or entity not employed in Bond Counsel's firm without consent of City. Bond Counsel agrees that it will comply with all ethical duties, will maintain the integrity of the Bond Counsel-client relationship, and will take all steps available to preserve all applicable legal privileges, confidences, and records from disclosure; however, it is hereby understood and agreed that Refunding Bonds offerings are public in nature, and the City hereby waives its right to confidential communications, and protecting of records from disclosure.

**Section 7. No Guarantee of Outcome.**

City hereby acknowledges and agrees that this is a best efforts undertaking, and that no guarantee of success or outcome has been, or can be, made by Bond Counsel.

**Section 8. Arbitration.**

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by binding arbitration in San Francisco, California. Such arbitration shall be conducted in accordance with the then prevailing commercial arbitration rules of JAMS/Endispute ("JAMS"), with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each party to the arbitration will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to the JAMS' rules and regulations) of the proceedings has been given to such party. Each party shall bear its own attorneys fees and expenses.

The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided however, that nothing in this Section shall be construed as precluding the bringing an action for injunctive relief or other equitable relief. The arbitrator shall not have the right to award punitive damages or speculative damages to either party and shall not have the power to amend this Agreement. The arbitrator shall be required to follow applicable law. IF FOR ANY REASON THIS ARBITRATION CLAUSE BECOMES NOT APPLICABLE, THEN EACH PARTY submits to the ongoing jurisdiction of the state of California and/or the United States District Court for THE ENFORCEMENT HEREOF.

**Section 9. Entire Agreement.**

This Agreement contains the entire understanding between Bond Counsel and City. All previous proposals, offers and communications relative to the Refunding and this Agreement, whether oral or written, are hereby superseded except to the extent that they have been incorporated into this Agreement.

No future waiver of or exception to any of the terms, conditions, and provisions of this Agreement shall be considered valid unless specifically agreed to in writing by both Bond Counsel and City. No oral agreement or implied covenant shall be held to vary the provisions of this Agreement. This Agreement shall bind and inure to the benefit of the parties to this Agreement and any subsequent successors or assigns as may be permitted pursuant to the provisions of this Agreement.

**Section 10. Modification.**

Both City and Bond Counsel understand that it may be desirable or necessary during the execution of this Agreement for Bond Counsel or City to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with City and all changes and their cost shall be memorialized in a written amendment to this original Agreement prior to the performance of the additional work.

Until a written change order is so executed, City shall not be responsible to pay any charges Bond Counsel may incur in performing such additional services, and correspondingly Bond Counsel shall not be required to perform any such additional services.

**Section 11. Severability.**

All sections and subsections of this Agreement are severable, and the unenforceability or invalidity of any of the sections or subsections of this Agreement shall not affect the validity or enforceability of the remaining sections or subsections of this Agreement, but such remaining sections or subsections shall be interpreted and construed in such a manner as to carry out fully the intention of the parties.

Therefore, if any part, term, or provision of this Agreement shall be held illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, the validity of the remaining portions or provisions shall not be effected by such holding and shall nevertheless continue in full force without being impaired or invalidated in any way.

**Section 12. Waiver.**

The waiver by either party of a default or breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent default or breach of the same or of a different provision of that party. No waiver or modification of this Agreement or of any covenant condition, or limitation contained in this Agreement shall be valid unless in writing and duly executed by the party or parties to be charged therewith.

**Section 13. Counterparts.**

This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

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

**CITY OF LAKEPORT**

By: \_\_\_\_\_  
Margaret Silveira, City Manager

**THE WEIST LAW FIRM**

By: \_\_\_\_\_  
Cameron A. Weist, Esq.



October 13, 2016

Margaret Silveira  
City Manager  
City of Lakeport  
225 Park Street  
Lakeport, CA 95453

Re: Underwriter/Placement Agent Engagement Letter for the Refinancing of Outstanding Series 1993 Limited Obligation Improvement Bonds

Dear Margaret:

On behalf of Hilltop Securities Inc. (“we” or “HilltopSecurities”), we wish to thank you for the opportunity to serve as underwriter or placement agent for the planned financing (the “Securities”), in connection with the Refunding Limited Obligation Improvement Bonds, Series 2016. This letter will confirm the terms of our engagement; however, it is anticipated that this letter will be replaced and superseded by a bond purchase agreement to be entered into by the parties (the “Purchase Agreement”) if and when the Securities are priced following the successful completion of the public offering process. If it is determined that a private placement results in the lowest overall financing costs, then this agreement will be replaced and superseded with a Placement Agent Agreement.

1. Services to be Provided by HilltopSecurities. The City of Lakeport (the “Issuer”) hereby engages HilltopSecurities to serve as the sole managing underwriter or placement agent of the proposed offering and issuance of the Securities, and in such capacity HilltopSecurities agrees to provide customary underwriting/placement services, including but not limited to:

- a. Review and evaluate of the proposed terms of the offering and the Securities
- b. Coordinate with the Issuer (if applicable) for the offering of the Securities
- c. Develop a marketing plan/bid specifics for the offering, including identification of potential investors
- d. Assist in the preparation of offering documents
- e. Assist in obtaining rating(s) for the Securities (if applicable)
- f. Contact potential investors, provide them with offering-related information, respond to their inquiries and, if requested, coordinate due diligence sessions

- g. Consult with Bond Counsel and other service providers about the offering and the terms of the Securities
- h. Relay information regarding the offering process to the Issuer
- i. Negotiate the pricing, including the interest rate, and other terms of the Securities
- j. Obtain CUSIP number(s) for the Securities and arrange for their DTC book-entry eligibility (if applicable)
- k. Plan and arrange for the closing and settlement of the issuance and the delivery of securities
- l. Such other usual and customary underwriting services as may be requested

As an underwriter, HilltopSecurities will not be required to purchase the Securities except pursuant to the terms of the Purchase Agreement, which will not be signed until successful completion of the pre-sale offering period. This letter does not obligate HilltopSecurities to purchase any of the Securities. Any commitment to purchase Securities is subject to future credit, legal and business approvals by HilltopSecurities.

2. No Advisory or Fiduciary Role. Issuer acknowledges and agrees that: (i) the primary role of HilltopSecurities, as an underwriter, is to purchase Securities for resale to investors in an arm's length commercial transaction between Issuer (and Borrower under a conduit issue), and HilltopSecurities and that HilltopSecurities has financial and other interests that may differ from those of the Issuer; (ii) HilltopSecurities is not acting as a municipal advisor, financial advisor, or fiduciary to Issuer or the Issuer and has not assumed any advisory or fiduciary responsibility to Issuer or the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether HilltopSecurities has provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligation HilltopSecurities has to Issuer or the Issuer with respect to the transaction contemplated hereby expressly are set forth in this agreement; and (iv) Issuer and the Issuer has consulted or will consult its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. Under the role of placement agent, Hilltop will arrange for the placement of Securities to investors in an arm's length commercial transaction between Issuer (and Borrower under a conduit issue), and the purchaser of such Securities.

3. Fees and Expenses. HilltopSecurities' underwriting fee/spread will not exceed 1.25% of the principal amount of the Securities issued. The underwriting fee/spread will represent the difference between the price that HilltopSecurities pays for the Securities and the public offering price stated on the cover of the final offering document. If the issue is privately placed, the fee will not exceed \$20,000.00. The Issuer and/or Borrower will be responsible for paying all other costs of issuance, including without limitation,

bond counsel, underwriter’s counsel, rating agency, and all other expenses incident to the performance of the Issuer’s obligations under the proposed offering. Issuer further acknowledges it is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission (effective July 1, 2014) and the underwriter exclusion from the definition of “municipal advisor” for a firm serving as an underwriter or placement agent for a particular issuance of municipal securities. Issuer expects that HilltopSecurities will provide advice on the structure, timing, terms, and other matters concerning the Securities.

4. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering or placement of the Securities. Notwithstanding the forgoing, either party may terminate HilltopSecurities’ engagement at any time upon at least 30 days’ prior written notice to the other party.

5. Miscellaneous. This letter shall be governed and construed in accordance with the laws of the State of California. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party. This Agreement may be executed in counterparts.

If there is any aspect of this Agreement that you believe requires further clarification, please do not hesitate to contact us. If the foregoing is consistent with your understanding of our engagement, please sign and return the enclosed copy of this letter.

Again, we thank you for the opportunity to assist you with your proposed financing and the confidence you have placed in us.

Very truly yours,  
Hilltop Securities Inc.

By: \_\_\_\_\_

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

This Letter and Agreement is hereby accepted for and on behalf of the City of Lakeport, California on this \_\_\_\_ day of October, 2016.

By: \_\_\_\_\_

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



October 05, 2016

Ms. Ginny Feth-Michel  
Finance Director  
City of Lakeport  
255 Park Street  
Lakeport, California 95453

**Re: *Second Addendum for the Reassessment and Refunding of the Municipal Sewer District (South AD91-1) for the City of Lakeport***

Dear Ms. Feth-Michel:

Pursuant to your request, attached is the second addendum to the original agreement dated June 28, 2011, for the reassessment and refunding of the Municipal Sewer District with Willdan Financial Services. If acceptable, please obtain the appropriate City signature, and forward to us for final execution. A copy will be returned to you for the City's records.

We look forward to continuing to serve the City of Lakeport, and working with you and your staff. If you have any questions regarding this addendum, please contact me at your earliest convenience at (800) 755-6864. I may also be reached via email at [ZJones@willdan.com](mailto:ZJones@willdan.com).

Respectfully,

WILLDAN FINANCIAL SERVICES

A handwritten signature in blue ink that reads 'Zaskia Ruiz-Jones'.

Zaskia Ruiz-Jones, Project Manager  
District Administration Services

## SECOND ADDENDUM TO AGREEMENT

### EXHIBIT A — SCOPE OF SERVICES

#### Reassessment / Refunding Administration

To assist the City of Lakeport with the refunding/reassessment of its Municipal Sewer District, Willdan will perform the following scope of services:

1. Prepare a district debt service schedule, whereby the unpaid principal and interest on bonds to be refunded (and total amounts, thereof) shall be set forth.
2. Prepare a Reassessment Report including:
  - The total estimated principal amount for the reassessment and refunding bonds;
  - The maximum interest rate thereon;
  - An estimate of reassessment costs; and
  - An estimate of refunding bonds' issuance costs (as defined by subdivision [a] of Section 9600).
3. Prepare, pursuant to Section 8682, the auditor's record for each parcel in the refunding district. Auditor's record will identify principal, interest, and total installment schedule for all unpaid assessments.
4. Prepare an estimated reassessment amount for each parcel. Amount will be identified by corresponding reassessment diagram number.
5. Prepare a table listing names and addresses of property owners, as denoted in County records.
6. Prepare a statement describing the method of reassessment applied in calculating each parcel's new reassessment.
7. Prepare the reassessment diagram, and record with the County.
8. Prepare Official Statement data tables, including value-to-lien analyses; top owners; development statuses; and other similar-type reports, as requested by the financing team.

The City of Lakeport acknowledges that Willdan shall be relying upon the accuracy and validity of the information provided by the City or their designees, and that Willdan shall not be liable for any inaccuracies contained therein.

**SECOND ADDENDUM TO AGREEMENT****EXHIBIT B — FEES FOR SERVICES****Reassessment / Refunding Administration**

The fee table below is the basis of this addendum.

<b>Service Description</b>	<b>Fee</b>
Reassessment Report and Tables	\$ 9,000
<b>Total</b>	<b>\$ 9,000</b>

**Reimbursable Expenses**

Willdan will be reimbursed for out-of-pocket expenses. Examples of reimbursable expenses include, but are not limited to:

- Postage,
- Travel expenses,
- Mileage (current federal prevailing rate),
- Maps,
- Electronic data provided from the county and/or other applicable resources, and
- Copying (currently 6¢ per copy).

Any additional expense for reports or outside services will be billed to the City. Charges for meeting and consulting with the counsel, the City, or other parties regarding services not listed in the scope of work above will be at our then-current hourly rates (see “Additional Services” section).

In the event that a third party requests any documents, Willdan may charge such third party for providing said documents, in accordance with Willdan’s applicable rate schedule.

**SECOND ADDENDUM TO AGREEMENT**

**EXHIBIT B — FEES FOR SERVICES**

**Additional Services**

**Hourly Rates**

Additional services may be authorized by the City and will be billed at our then-current hourly consulting rates. Our current hourly rates are:

Title	Hourly Rate
Group Manager	\$ 210
Principal Engineer / Principal Consultant	200
Senior Project Manager	165
Project Manager	145
Senior Project Analyst	130
Senior Analyst	120
Analyst	100
Analyst Assistant	75
Property Owner Services Representative	55
Support Staff	50

The agreement between Willdan Financial Services and the **City of Lakeport**, dated June 28, 2011, (hereinafter, the "Agreement") is amended as follows:

- A. Section entitled, "Scope of Services," is amended to include Reassessment and Refunding Assessment District services for the aforestated district(s).
- B. Section entitled, "Fees for Services," of the same aforementioned Agreement is amended to include the aforestated fees.

All other terms, fees, and conditions contained in the Agreement shall remain in full force and effect. Executed this day of October 15, 2015.

**WILLDAN FINANCIAL SERVICES**

**CITY OF LAKEPORT**

By: \_\_\_\_\_

By: \_\_\_\_\_

Mark J. Risco

Name (print): \_\_\_\_\_

President and CEO

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



# CITY OF LAKEPORT

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

<b>STAFF REPORT</b>	
<b>RE:</b> Grant funding/Business and neighborhood liaison officer	<b>MEETING DATE:</b> 10/18/2016
<b>SUBMITTED BY:</b> Chief Rasmussen	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

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

The City Council is being asked to consider accepting a Community Oriented Policing Grant which has been approved by the United States Department of Justice Office of Community Oriented Policing.

### BACKGROUND:

In May of 2016, the Police Department received notice from the Department of Justice that the COPS Office is once again seeking grant applications for police officer positions. The police department applied for and received the grant effective October 3, 2016.

As part of the grant guidelines, the COPS Office provides for approximately 75% of the funding or up to a maximum of \$125,000 over the grant period of three years and requires a local funding match of 25% over the three year period. In addition, the City is required to maintain the officer's full salary and benefits for an additional fourth year without federal assistance. It is estimated that the City's share over the four year period would be approximately \$235,000.00.

### DISCUSSION:

Since 2012, the department has attempted to secure “New Hire” grant positions directed at School Resource Officers as the need to fill the position, combined with the schools desire to have an officer on campus, outweighed the need for a police officer on the street. This year however; police administration believes there is a definite need to address public safety throughout the City as there have been significant increases in crime, homeless population and demands by the business district to find solutions to the growing problems. Management believes one strategy to combat this problem is creating a business and neighborhood-watch liaison officer who can be available to assist, educate and develop plans for businesses owners and community members in hopes of reducing crime and continuing a positive relationship with the police department and the City.

In 2016, City Council approved a temporary 12th Officer position for a one year period which will expire in June of 2017. Management believes that by applying for a “Rehire” position through the COPS Office grant, we can utilize the aforementioned strategy to secure funding for the 12th Officer position once the position has expired in June 2017. This position, if funded by the grant, would relieve the city of approximately \$125,000 of the Officers salary and benefits for a four (4) year period.

### OPTIONS:

- Approve City's local share of funding.
- Reject grant

**FISCAL IMPACT:**

None     \$235,000.00     **Account Number:** 10 2010 910    **Comments:** Fiscal Impact reflects estimated City's costs over four year period.

**SUGGESTED MOTIONS:**

Move to accept COPS Hiring Award grant and authorize the Police Chief to sign grant award.

**Attachments:**        1. Award Letter



U.S. DEPARTMENT OF JUSTICE  
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES  
145 N Street, NE, Washington, D.C. 20530

**COPS**

October 3, 2016

Chief of Police Brad Rasmussen

Lakeport, City of

916 North Forbes Street

Lakeport, CA 95453

**Re: COPS Hiring Program Award #2016UMWX0131**

**ORI#: CA01701**

Dear Chief of Police Rasmussen:

Congratulations! On behalf of Attorney General Loretta E. Lynch, I am pleased to inform you that the Office of Community Oriented Policing Services (COPS Office) has approved your agency for 1 officer positions under the 2016 COPS Hiring Program (CHP). The estimated amount of federal funds to be awarded to your jurisdiction over the three-year award period is \$125,000. Your local cash match will be \$113,911. Your agency may use CHP award funding to hire new officers or rehire officers who have been laid off or are scheduled to be laid off on a specific future date, as a result of local budget reductions, on or after the official award start date. Please note that any changes to the awarded hiring categories require an official review and approval by the COPS Office.

To officially accept and begin your CHP award, your agency must access the COPS Office website at [www.cops.usdoj.gov](http://www.cops.usdoj.gov) and select the Account Access link in the upper-right corner to log in, review, and electronically sign the Award Document (including Award Terms and Conditions) and any special conditions as applicable. If your agency was awarded funding for School Resource Officers (SRO), a Memorandum of Understanding (MOU) must be signed by the law enforcement executive and designated representative for the school/school district and submitted to the COPS Office for review. More details about the process and deadline for MOU submission will be provided in a subsequent document. In addition, COPS Office-funded SROs are required to complete a National Association of School Resource Officers (NASRO) Basic School Resource Officer Course no later than nine months after the date shown on the this letter. More details about the mandatory training will be provided in a subsequent document. These documents, along with your Award Document and official Award Congratulatory Letter, will be placed in your online account on or around October 1, 2016.

## ATTACHMENT 1

To electronically sign your Award Document, the appropriate Account Roles with E-Signature and User Permissions must be established and assigned in the COPS Office Agency Portal. The Agency Portal Instruction Manual, currently available on the COPS Office website at <http://cops.usdoj.gov/pdf/UserGuide.pdf>, has been enhanced to include a Quick Step Guide. This guide will provide your agency with all of the information needed to successfully establish Account Roles and assign User Permissions in preparation to sign the Award Document, as well as manage many aspects of your CHP award online. Please review and follow these steps carefully as this is the only method for signing your Award Document.

The CHP award start date is September 1, 2016. Therefore, your agency can be reimbursed for allowable and approved expenditures made on or after this date. Please be advised that some of your requested items may not have been approved by the COPS Office during the budget review process. When you receive your award package, please carefully review your Financial Clearance Memorandum (FCM) to determine your approved budget, as award funds may only be used for approved items. The FCM will specify the final award amount and will identify any disallowed costs. We strongly encourage you to immediately visit CHP web page at <http://cops.usdoj.gov/Default.asp?Item=2367> and access a supplemental online award package that contains a variety of important and helpful documents that will assist you with the implementation of your award, including the 2016 CHP Award Owner's Manual, which specifies the programmatic and financial terms, conditions, and requirements of your award. Please print out a copy of your application and maintain it with your award file records.

As a reminder, all positions awarded under CHP (or an equal number of veteran officers) must initiate or enhance community policing in accordance with the community policing strategy described within Section 6 of your application. If, for any reason, your agency finds that your community policing strategies have significantly changed from those outlined in your application (e.g., because you received fewer officers than originally requested and thus must alter the scope of your community policing strategies), please revise the strategy accordingly and submit it to the COPS Office for review and approval.

As part of 2016 CHP, your agency will be required to submit quarterly Federal Financial Reports (SF-425) as well as quarterly program progress reports. CHP award recipients should be prepared to track and report CHP funding separately from other funding sources (including other COPS Office and federal awards) to ensure accurate financial and programmatic reporting on a timely basis. Your agency should ensure that you have financial internal controls in place to monitor the use of CHP funding and ensure that its use is consistent with the award terms and conditions.

Also, please remember that CHP award recipients must retain all sworn officer positions funded under the 2016 CHP award for a minimum of 12 months following the 36-month federal funding period. The retained CHP-funded position(s) should be added to your law enforcement budget with state and/or local funds, over and above the number of locally-funded positions that would have existed in the absence of the award. In your 2016 CHP application, your agency was required to affirm that it plans to retain the additional officer positions funded following the expiration of the award, and to identify the planned sources of retention funding. If, during the life of the award, you have questions regarding the retention requirement or your retention funding sources, please contact the COPS Office for assistance.

ATTACHMENT 1

We look forward to working with your agency in a productive partnership to further your community policing efforts. If you have any questions about your award, please do not hesitate to call your Grant Program Specialist through the COPS Office Response Center at 800-421-6770.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Davis", enclosed within a thin black rectangular border.

Ronald L. Davis

Director



# CITY OF LAKEPORT

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

<b>STAFF REPORT</b>	
<b>RE:</b> Appointment to the Abandoned Vehicle Service Authority Commission	<b>MEETING DATE:</b> 10/18/2016
<b>SUBMITTED BY:</b> Kelly Buendia, City Clerk	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

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

The Mayor is being asked to appoint a Council member to the Abandoned Vehicle Service Authority Commission.

**BACKGROUND:**

The Abandoned Vehicle Service Authority Commission consists of elected and key staff members from the County, Lakeport and Clearlake. This committee was originally formed through a Joint Powers Agreement in 1991 to administer the distribution of collected funds from a \$1 DMV fee assessed on each registered vehicle in the County to assist in the funding of the Abandoned Vehicle Abatement Program for each jurisdiction.

This Commission last met in August 2011. At that time both City’s took action to provide the County with necessary resolutions to allow the abandoned service fee collected by the DMV to continue through 2022. Around 2012 the County suspended the use of monies from the Abandoned Vehicle Fee and stopped the distribution of collected monies to the two cities based on an opinion by legal counsel that fees collected through this program were not consistent with the recently approved Prop 26 citizen’s ballot initiative in 2010.

Proposition 26 requires a two-thirds supermajority vote in the California State Legislature to pass many fees, levies, charges and tax revenue allocations that under the state's previous rules could be enacted by a simple majority vote. In the meantime the DMV fee has continued to be collected and recently the DMV has advised the County that the Abandoned Vehicle Fee remains a valid fee per the exceptions outlined in Proposition 26.

**DISCUSSION:**

The County has recently informed the City that it intends to re-activate the use of this collected fee and re-assemble the Abandoned Vehicle Service Authority Commission.

In the past, this Commission typically met only one time per year in the spring to discuss the Abandoned Vehicle program. Presumably, the Commission will meet more frequently in the current “re-establishment” phase. The County Code Enforcement Division has proposed that the City appoint a member and alternate to sit on this Commission as active members.

Council Member Parlet was appointed to the Commission in 2013 and 2014. The Mayor did not appoint a member in 2015 or 2016, due to the suspension of the Commission.

**OPTIONS:**

The Mayor can appoint one Commission Member and one alternate.

The Mayor can decline to appoint a member to serve on this Commission.

**FISCAL IMPACT:**

None     \$                       Account Number:

**Comments:**

**SUGGESTED MOTIONS:**

No motion is necessary for Mayoral appointments.

**Attachments:**