

**ACTION MINUTES
BOARD OF PUBLIC UTILITIES COMMISSIONERS
CITY OF TULARE**

September 3, 2020

A regular meeting of the Board of Public Utilities of the City of Tulare was held on Thursday, September 3, 2020 at 4:00 p.m. in the Tulare Public Library & Council Chamber, 491 North "M" Street.

BPU PRESENT: Chris Harrell, Thomas Griesbach, Ray Fonseca, Howard Stroman, Renee Soto

STAFF PRESENT: Rob Hunt, Mario Zamora, Darlene Thompson, Trisha Whitfield, Michael Miller, Nick Bartsch, Jim Funk, Andrew Bettencourt, Art Avila, Jason Bowling, Tim Doyle, Melissa Hermann

I. CALL TO ORDER REGULAR MEETING

President Harrell called the regular meeting to order at 4:01 p.m.

II. PLEDGE OF ALLEGIANCE AND INVOCATION

Board Member Soto led the Pledge of Allegiance and an invocation was given by Board Member Fonseca.

III. CITIZEN COMMENTS

President Harrell requested those who wish to speak on matters not on the agenda within the jurisdiction of the Board, or to address or request a matter be pulled from the Consent Calendar to do so at this time. He further stated comments related to General Business matters would be heard at the time that matter is addressed on the agenda.

There were no citizen comments.

IV. COMMUNICATIONS

There were no items for this section of the agenda.

V. CONSENT CALENDAR

It was moved by Board Member Soto, seconded by Vice President Stroman, and unanimously carried to approve the items on the Consent Calendar as presented.

- (1) Approve minutes of the August 20, 2020 regular meeting.**
- (2) Receive the investment report for July 2020.**

VI. GENERAL BUSINESS

- (1) Award two consecutive one-year contract extensions to Kenneth D. Schmidt and Associates of Fresno, CA in the amount of \$29,250 per well for hydrogeologist consulting and construction support services. Authorize the City Manager or designee to approve contract change orders in an amount not to exceed 10% (\$2,925.00 per well) of the contract award amount.** Project Manager Jim Funk provided a report for the Board's review and consideration. Questions posed by the Board were responded to by Mr. Funk and Water and Wastewater Collections Utility Manager Tim Doyle. It was moved by Board Member Fonseca, seconded by Board Member Griesbach, and unanimously carried to approve the item as presented.
- (2) Declare that the City of Tulare is in Stage 2 of the revised Water Conservation Ordinance 2020-07 in the City's Code of Ordinances.** Management Analyst Andrew Bettencourt provided a report for the Board's review and consideration. It was moved by Vice President Stroman, seconded by Board Member Soto, and unanimously carried to approve the item as presented.
- (3) Authorize staff to declare as surplus the equipment, tanks, and various salvageable items to be removed as part of the well abandonment project (Project WT0052).** Project Manager Jim Funk provided a report for the Board's review and consideration. Questions posed by the Board were responded to by Mr. Funk, Finance Director Darlene Thompson, City Manager Rob Hunt, and Water and Wastewater Collections Utility Manager Tim Doyle. It was moved by President Harrell, seconded by Board Member Griesbach, and unanimously carried to approve the item as presented.
- (4) Disqualify and reject the low bid of \$1,631,670.00 for construction of TCP mitigation measures at Well #35 and Well #44 (Project No. WT0046) by Steve Dovali Construction Inc. of Fresno, CA on the basis of the bid being non-responsive and award to the following:**
 - a. Award and authorize the City Manager or designee to sign a contract with W. M. Lyles Co., of Fresno, CA in an amount not to exceed \$1,647,700.00 for construction of TCP mitigation measures at Well #35 and Well #44 (Project No. WT0046) and authorize the City Manager or designee to approve contract change orders in the amount not to exceed 10% (\$164,770.00) of the contract amount.**

Or, alternatively consider the following actions:

 - b. Award and authorize the City Manager or designee to sign a contract with Steve Dovali Construction Inc. of Fresno, CA in an amount not to exceed \$1,631,670.00 for construction of TCP mitigation measures at Well #35 and Well #44 (Project No. WT0046) and authorize the City Manager or designee to approve contract change orders in the amount not to exceed 10% (\$163,167.00) of the contract amount; or**

c. Reject all bids and instruct staff to re-advertise for bids the TCP Mitigation Project, Group 3 Well #35 and Well #44.

Project Manager Jim Funk provided a report for the Board's review and consideration. Gregory Norys, counsel representing Steve Dovali Construction Inc., provided additional information referencing a letter distributed to the Board. Questions posed by the Board were responded to by Mr. Funk and Water and Wastewater Collections Utility Manager Tim Doyle. Tim Dovali and Steve Dovali of Steve Dovali Construction Inc. provided information and provided responses to questions from the Board. Additional clarification was provided by City Engineer Michael Miller. Following lengthy discussion, it was moved by President Harrell, seconded by Board Member Griesbach, and carried 4 to 1 (Board Member Soto abstained) to award and authorize the City Manager or designee to sign a contract with W. M. Lyles Co., of Fresno, CA in an amount not to exceed \$1,647,700.00 for construction of TCP mitigation measures at Well #35 and Well #44 (Project No. WT0046) and authorize the City Manager or designee to approve contract change orders in the amount not to exceed 10% (\$164,770.00) of the contract amount.

- (5) Award and authorize the City Manager to sign a three-year contract with Routeware, Inc., in the amount of \$616,800.16 subject to minor conforming changes acceptable to the City Manager and City Attorney to provide a route and work order management system for the Solid Waste Division; authorize the City Manager or designee to approve contract change orders in an amount not to exceed \$54,000; and approve the proposed project budget and funding appropriations.** Management Analyst Andrew Bettencourt provided a report for the Board's review and consideration. Questions posed by the Board were responded to by Mr. Bettencourt, Public Works Director Trisha Whitfield, and IT Manager Jason Bowling. It was moved by President Harrell, seconded by Vice President Stroman, and unanimously carried to approve the item as presented.

VII. ITEMS OF INTEREST

Items of interest were discussed amongst the Board and staff.

VIII. ADJOURNMENT OF REGULAR MEETING

President Harrell adjourned the regular meeting at 6:06 p.m.

President of the Board of Public Utilities
Commissioners of the City of Tulare

ATTEST:

Secretary of the Board of
Public Utilities Commissioners

**CITY OF TULARE
SUMMARY TREASURER'S REPORT
SUMMARY OF ALL INVESTMENTS
AUGUST 31, 2020**

AGENDA ITEM: Consent 2

<u>TYPE OF INVESTMENT</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>CURRENT YIELD</u>	<u>BOOK VALUE % OF TOTAL</u>
UNRESTRICTED INVESTMENTS - SEE PAGE 2	144,239,947	144,545,643	0.811%	84.06%
RESTRICTED INVESTMENTS - SEE PAGE 4	<u>27,348,597</u>	<u>27,348,597</u>	N/A	<u>15.94%</u>
TOTAL INVESTMENTS	<u><u>171,588,544</u></u>	<u><u>171,894,240</u></u>	N/A	<u><u>100.00%</u></u>

Note: The City's financial statments will report market values, not book values, at June 30 each year.

I certify that this report reflects all City investments and complies with the investment policy of the City of Tulare as approved by City Council. Furthermore, I certify that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditures for the next six months.

Presented to the City Council on September 14, 2020.

Presented to the Board of Public Utility Commissioners on September 14, 2020.

Respectfully submitted, Darlene J. Thompson, CPA, Finance Director/Treasurer



9-14-2020
Date

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
SUMMARY OF UNRESTRICTED INVESTMENTS
AUGUST 31, 2020

TYPE OF INVESTMENT	ISSUER OF INVESTMENT	DATES:		INTEREST RATES:		BOOK VALUE MARKET VALUE	UNREALIZED	ESTIMATED	BOOK
		ACQUISITION	MATURITY	STATED	CURRENT YIELD		GAIN/(LOSS):	EARNINGS:	VALUE
							THIS MONTH	ANNUAL	% OF
							LAST MONTH	THIS MONTH	U/I~
Petty Cash	N/A	N/A	N/A	N/A	N/A	11,800	N/A	N/A	0.01%
		N/A	None			11,800	N/A	N/A	
Checking Account - City	Wells Fargo Bank	N/A	N/A	N/A	N/A	1,332,339	N/A	N/A	0.92%
		On Demand	None			1,332,339	N/A	N/A	
						Balance per bank is \$1,864,638			
Local Agency Investment Fund (LAIF)	State of California	Various	N/A	N/A	N/A	48,500,000	238,271	380,240	33.62%
		On Demand	0.784%		*	48,738,271	169,491	31,687	
Sub-Total			N/A	N/A		49,844,139	238,271	380,240	34.56%
			0.759%			50,082,410	169,491	31,687	
Fixed Income Investments	Various (See page 4-7)		N/A	N/A		Per BNY WTC 94,395,808	67,425	791,839	65.44%
Investments in Safekeeping With BNY Western Trust Company			0.840%			94,463,233	114,971	65,987	
TOTAL UNRESTRICTED INVESTMENTS			N/A	N/A		144,239,947	305,696	1,172,079	100.00%
			0.811%			144,545,643	284,462	97,673	

* LAIF market values are based on the most currently available amortized cost information - June, 2020:

1.004912795

~ U/I = Unrestricted Investments

CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
SUMMARY OF RESTRICTED INVESTMENTS
AUGUST 31, 2020

TYPE OF INVESTMENT	ISSUER OF INVESTMENT	ACQUISITION DATE	MATURITY DATE	STATED INTEREST RATE	PAR VALUE	BOOK VALUE	MARKET VALUE	BALANCES AS-OF DATE	
Bond Funds (All are Managed by U.S. Bank Trust Except LAIF):									
2018 Lease Revenue and Refunding Bonds (Account No. 244938000)									
First American Govt Fd	U.S. Bank Trust	Various	On Demand	Various	N/A	1,701,600	1,701,600	08-31-20	
				Reserve Fund		<u>1,701,600</u>	<u>1,701,600</u>		
2012 Sewer Revenue Refunding Bonds (Account No. 162033000)									
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	235,496	235,496	08-31-20	
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	923,380	923,380	08-31-20	
				Reserve Fund		<u>1,158,876</u>	<u>1,158,876</u>		
2013 Sewer Revenue Refunding Bonds (Account No. 203701000)									
First American Govt Fd	U.S. Bank Trust	Various	On Demand	Various	N/A	95,119	95,119	08-31-20	
Guarantee Invest. Cont.	Bayerische Landesbank	08-01-13	11-15-22	2.310%	N/A	2,745,126	2,745,126	08-31-20	
						<u>2,840,245</u>	<u>2,840,245</u>		
2015 Sewer Revenue Refunding Bonds (Account No. 2615940000)									
First American Govt Fd	U.S. Bank Trust	Various	On Demand	Various	N/A	13	13	08-31-20	
Investment Repurchase GIC	Bayerische Landesbank	11-15-15	11-15-25	1.960%	N/A	6,670,067	6,670,067	08-31-20	
				Reserve Fund		<u>6,670,080</u>	<u>6,670,080</u>		
2016 Sewer Revenue Refunding Bonds (Account No. 260)									
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	837	837	08-31-20	
						<u>837</u>	<u>837</u>		
2020 Water Revenue Bonds (Account No. XXX)									
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	14,918,020	14,918,020	08-31-20	
						<u>14,918,020</u>	<u>14,918,020</u>		
2017 Successor Agency Tax Allocation Bonds - Series A & B (Account No. 24534600)									
U S Bk Mmkt	U.S. Bank Trust	Various	On Demand	Various	N/A	1	1	08-31-20	
						<u>1</u>	<u>1</u>		
TOTAL BOND FUNDS						<u>27,289,659</u>	<u>27,289,659</u>		
Restricted Insurance Deposits Managed by Fiscal Agents:									
Employee Welfare Fund	(60)	Various	N/A	N/A	Various	N/A	14,413	14,413	08-31-20
Workers' Comp. Fund	(61)	Various	N/A	N/A	Various	N/A	0	0 *	06-30-19
General Insurance Fund	(62)	Various	N/A	N/A	Various	N/A	44,525	44,525 *	06-30-19
							<u>58,938</u>	<u>58,938</u>	
						<i>* NOTE: Reported as information is made available.</i>			
						<i>* Adjusted annually</i>			
TOTAL RESTRICTED INVESTMENTS						<u>27,348,597</u>	<u>27,348,597</u>		
						<i>Book Value % of Total Investments =</i>	<i>15.94%</i>		

**CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
FIXED INCOME INVESTMENTS
AUGUST 31, 2020**

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE MARKET VALUE	UNREALIZED	ESTIMATED
		ACQUISITION	MATURITY	STATED	CURRENT YIELD			GAIN/(LOSS): THIS MONTH	EARNINGS: ANNUAL THIS MONTH
<u>U.S. GOVERNMENT AGENCY OBLIGATIONS</u>									
				**			Per BNY WTC		
Federal Farm Credit Banks		01-29-18			2.250%	1,500,000	1,497,825	15,240	33,750
	3133EJAW9	01-29-21	C		2.230%		1,513,065	17,715	2,813
Federal Farm Credit Bks Funding Corp		06-23-20			0.230%	2,000,000	2,000,000	(6,820)	4,600
	3133ELN75	12-23-21	C		0.230%		1,993,180	40	383
Federal Home Loan Bks		06-11-20			0.580%	2,000,000	2,000,000	20	11,600
	3130AJPJ2	12-11-23	C		0.580%		2,000,020	140	967
Federal National Mortgage Assn		06-22-20			0.520%	5,000,000	5,000,000	3,050	26,000
	3136G4XE8	12-22-23	C		0.520%		5,003,050	4,400	2,167
Federal Home Ln Mtg Corp		06-03-20			0.500%	2,000,000	2,000,000	180	10,000
	3134GV4F2	12-29-23	C		0.500%		2,000,180	400	833
Federal Farm Credit Bks Funding Corp		03-25-20			0.590%	2,500,000	2,500,000	(3,825)	14,750
	3133ELP57	03-25-24	C		0.590%		2,496,175	175	1,229
Federal Farm Credit Bks Funding Corp		06-17-20			0.580%	2,000,000	2,000,000	2,180	11,600
	3133ELJ47	06-17-24	C		0.580%		2,002,180	3,920	967
Federal Farm Credit Bks Funding Corp		06-17-20			0.680%	2,000,000	2,000,000	1,200	13,600
	3133ELL85	06-17-24	C		0.680%		2,001,200	2,080	1,133
Federal Farm Credit Bks Funding Corp		06-15-20			0.730%	3,000,000	2,997,750	2,250	21,900
	3133ELE83	12-03-24	C		0.730%		3,000,000	2,370	1,825
Federal Home Loan Banks		02-12-20			1.800%	2,000,000	2,000,000	10,940	36,000
	3130AJ4Q9	02-12-25	C		1.790%		2,010,940	13,220	3,000
Federal Farm Credit Bks Funding Corp		05-29-20			0.720%	2,000,000	2,000,000	0	14,400
	3133ELA46	02-20-25	C		0.720%		2,000,000	40	1,200
Federal National Mortgage Assn		08-25-20			0.520%	2,000,000	2,000,000	1,720	10,400
	3136G4T52	02-25-25	C		0.520%		2,001,720	0	867
Federal Farm Credit Bks Funding Corp		03-03-20			1.640%	2,500,000	2,500,000	17,900	41,000
	3133ELQE7	03-03-25	C		1.630%		2,517,900	21,200	3,417

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**CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
FIXED INCOME INVESTMENTS, CONTINUED
AUGUST 31, 2020**

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		BOOK VALUE MARKET VALUE	UNREALIZED	ESTIMATED
		ACQUISITION	MATURITY	STATED	CURRENT YIELD		GAIN/(LOSS): THIS MONTH LAST MONTH	EARNINGS: ANNUAL THIS MONTH
<u>U.S. GOVERNMENT AGENCY OBLIGATIONS, CONTINUED</u>								
				**		Per BNY WTC		
Federal Home Loan Mtg Corp		03-17-20		1.150%	1,500,000	1,500,000	210	17,250
	3134GVGB8	03-17-25	C	1.150%		1,500,210	630	1,438
Federal Home Loan Mtg Corp		03-17-20		1.000%	2,500,000	2,500,000	150	25,000
	3134GVGG7	03-17-25	C	1.000%		2,500,150	550	2,083
Federal Home Loan Mtg Corp		03-24-20		1.350%	2,000,000	2,000,000	2,340	27,000
	3134GVHH4	03-24-25	C	1.350%		2,002,340	3,220	2,250
Federal Home Loan Banks		03-25-20		1.200%	1,500,000	1,500,000	3,600	18,000
	3130AJF79	03-25-25	C	1.200%		1,503,600	4,500	1,500
Federal Farm Credit Bks Funding Corp		03-25-20		1.200%	2,000,000	2,000,000	9,340	24,000
	3133ELUK8	03-25-25	C	1.190%		2,009,340	11,120	2,000
Federal Home Loan Banks		04-02-20		1.100%	1,500,000	1,500,000	90	16,500
	3130AJDQ9	04-02-25	C	1.100%		1,500,090	285	1,375
Federal Home Loan Mtg Corp		04-28-20		1.030%	1,400,000	1,400,000	196	14,420
	3134GVNR5	04-28-25	C	1.030%		1,400,196	434	1,202
Federal Home Loan Mtg Corp		04-29-20		1.020%	1,500,000	1,500,000	315	15,300
	3134GVNQ7	04-29-25	C	1.020%		1,500,315	615	1,275
Federal Home Loan Mtg Corp		05-29-20		0.800%	2,000,000	2,000,000	400	16,000
	3134GVZU5	05-27-25	C	0.800%		2,000,400	800	1,333
Federal National Mortgage Assn		08-27-20		0.600%	2,000,000	2,000,000	80	12,000
	3136G4U50	05-27-25	C	0.600%		2,000,080	0	1,000
Federal Home Loan Mtg Corp		06-03-20		0.750%	2,000,000	2,000,000	1,940	15,000
	3134GVVX3	05-28-25	C	0.750%		2,001,940	2,840	1,250
Federal Home Loan Mtg Corp		06-09-20		0.850%	2,500,000	2,500,000	125	21,250
	3134GVJ74	06-09-25	C	0.850%		2,500,125	675	1,771
Federal Home Loan Mtg Corp		06-10-20		0.700%	2,000,000	2,000,000	1,560	14,000
	3134GVB56	06-10-25	C	0.700%		2,001,560	2,440	1,167

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CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
FIXED INCOME INVESTMENTS, CONTINUED
AUGUST 31, 2020

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE MARKET VALUE	UNREALIZED	ESTIMATED
		ACQUISITION	MATURITY	STATED	CURRENT YIELD			GAIN/(LOSS): THIS MONTH LAST MONTH	EARNINGS: ANNUAL THIS MONTH
<u>U.S. GOVERNMENT AGENCY OBLIGATIONS, CONTINUED</u>									
				**			Per BNY WTC		
Federal Home Loan Banks		06-11-20		0.860%	2,000,000	2,000,000	20	17,200	
	3130AJPD5	06-11-25	C	0.860%		2,000,020	160	1,433	
Federal Home Loan Mtg Corp		06-11-20		0.800%	2,000,000	2,000,000	1,000	16,000	
	3134GVG77	06-11-25	C	0.800%		2,001,000	1,580	1,333	
Federal Home Loan Mtg Corp		06-11-20		0.750%	2,000,000	2,000,000	880	15,000	
	3134GVL30	06-11-25	C	0.750%		2,000,880	1,720	1,250	
Federal Home Loan Mtg Corp		06-16-20		0.850%	2,000,000	2,000,000	1,100	17,000	
	3134GVL22	06-16-25	C	0.850%		2,001,100	1,700	1,417	
Federal Home Loan Banks		06-17-20		0.800%	2,000,000	2,000,000	520	16,000	
	3130AJPX1	06-17-25	C	0.800%		2,000,520	980	1,333	
Federal Home Loan Mtg Corp		06-17-20		0.810%	2,000,000	2,000,000	2,720	16,200	
	3134GVM96	06-17-25	C	0.810%		2,002,720	3,740	1,350	
Federal National Mortgage Assn		06-17-20		0.770%	2,000,000	2,000,000	540	15,400	
	3136G4WK5	06-17-25	C	0.770%		2,000,540	1,340	1,283	
Federal Home Loan Banks		06-24-20		0.750%	2,500,000	2,500,000	300	18,750	
	3130AJRE1	06-24-25		0.750%		2,500,300	800	1,563	
Federal National Mortgage Assn		06-24-20		0.800%	2,500,000	2,500,000	1,275	20,000	
	3136G4WM1	06-24-25	C	0.800%		2,501,275	2,100	1,667	
Federal Home Loan Mtg Corp		06-25-20		0.800%	2,000,000	2,000,000	80	16,000	
	3134GVU48	06-25-25	C	0.800%		2,000,080	300	1,333	
Federal Home Loan Mtg Corp		06-30-20		0.875%	3,000,000	3,000,000	90	26,250	
	3134GVK31	06-30-25	C	0.870%		3,000,090	360	2,188	
Federal Home Loan Mtg Corp		06-30-20		0.800%	3,000,000	3,000,000	600	24,000	
	3134GVR83	06-30-25	C	0.800%		3,000,600	1,260	2,000	
Federal Home Loan Mtg Corp		06-30-20		0.800%	2,000,000	2,000,000	1,140	16,000	
	3134GVT65	06-30-25	C	0.800%		2,001,140	1,860	1,333	

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CITY OF TULARE
SUMMARY TREASURER'S REPORT, CONTINUED
FIXED INCOME INVESTMENTS, CONTINUED
AUGUST 31, 2020

TYPE OF FIXED INCOME INVESTMENT	CUSIP NUMBER	DATES:		INTEREST RATES:		PAR VALUE	BOOK VALUE MARKET VALUE	UNREALIZED	ESTIMATED
		ACQUISITION	MATURITY	STATED	CURRENT YIELD			GAIN/(LOSS): THIS MONTH	EARNINGS: ANNUAL THIS MONTH
<u>U.S. GOVERNMENT AGENCY OBLIGATIONS, CONTINUED</u>									
				**			Per BNY WTC		
Federal Home Loan Banks		07-08-20			0.730%	1,500,000	1,500,000	(3,090)	10,950
	3130AJST7	07-08-25	C		0.730%		1,496,910	0	913
Federal Home Loan Mtg Corp		07-15-20			0.750%	1,500,000	1,500,000	60	11,250
	3134GV4J4	07-15-25	C		0.750%		1,500,060	375	938
Federal Home Loan Mtg Corp		07-15-20			0.770%	2,000,000	2,000,000	740	15,400
	3134GV6S2	07-15-25	C		0.770%		2,000,740	880	1,283
Federal Home Loan Mtg Corp		07-15-20			0.730%	2,000,000	2,000,000	260	14,600
	3136G4YU1	07-15-25	C		0.730%		2,000,260	1,120	1,217
Federal Home Loan Mtg Corp		07-23-20			0.700%	1,500,000	1,500,000	240	10,500
	3136G4YV9	07-23-25	C		0.700%		1,500,240	900	875
Federal National Mortgage Assn		08-26-20			0.500%	2,000,000	2,000,000	(5,420)	10,000
	3136G42E2	08-26-25	C		0.500%		1,994,580	0	833
Government National Mortgage Association II Pool		01-24-94			8.500%	N/A	233	(11)	19
	36202AHH3	09-20-22			8.390%		222	(13)	2
TOTAL FIXED INCOME INVESTMENTS					N/A	N/A	94,395,808	67,425	791,839
All are in safekeeping with BNY Western Trust Company					0.840%		94,463,233	114,971	65,987

CITY OF TULARE
TREASURER'S EXECUTIVE SUMMARY
AUGUST 31, 2020

CHANGES IN BALANCES AND YIELDS:

CATEGORY	BOOK VALUE MARKET VALUE DIFFERENCE			AVERAGE STATED YIELD		
	AUGUST	JULY	CHANGE	AUGUST	JULY	CHANGE
Total Investments	171,588,544 <u>171,894,240</u> 305,696	168,870,809 <u>169,160,766</u> 289,957	2,717,735 <u>2,733,474</u> 15,739	N/A	N/A	N/A
Unrestricted Investments	144,239,947 <u>144,545,643</u> 305,696	140,187,267 <u>140,477,224</u> 289,957	4,052,680 <u>4,068,419</u> 15,739	0.811%	0.946%	-0.135%
Restricted Investments	27,348,597 <u>27,348,597</u> 0	28,683,542 <u>28,683,542</u> 0	(1,334,945) <u>(1,334,945)</u> 0	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	48,500,000 <u>48,738,271</u> 238,271	34,500,000 <u>34,669,491</u> 169,491	14,000,000 <u>14,068,780</u> 68,780	0.784%	0.920%	-0.136%
Fixed Income Investments (Total)	94,395,808 <u>94,463,233</u> 67,425	103,895,822 <u>104,016,288</u> 120,466	(9,500,014) <u>(9,553,055)</u> (53,041)	0.840%	0.970%	-0.130%
Commerical Paper	0 <u>0</u> 0	0 <u>0</u> 0	0 <u>0</u> 0	0.000%	0.000%	0.000%

TRANSACTIONS (BOOK VALUE): *

CATEGORY	PURCHASES	SALES / CALLS
<u>Fixed Income Investments</u>		<u>Fixed Income Investments</u>
Federal National Mortgage Assn, .52%	2,000,000	Government National Mortgage Assn. Pool 14
Federal National Mortgage Assn, .60%	2,000,000	Federal Home Ln Mortgage Corp, 1.625% 2,500,000
Federal National Mortgage Assn, .50%	2,000,000	Federal Home Ln Mortgage Corp, 1.75% 2,000,000
		Federal Home Ln Mortgage Corp, 1.625% 2,000,000
		Federal Home Ln Mortgage Corp, 1.875% 2,000,000
		Federal Home Loan Banks, 1.850% 2,000,000
		Federal Home Ln Mortgage Corp, 1.70% 3,000,000
		Federal Home Ln Mortgage Corp, .90% 2,000,000
	<u>6,000,000</u>	<u>15,500,014</u>

CITY OF TULARE
INVESTMENTS BALANCE AND YIELD HISTORY FOR EIGHT MONTHS
AUGUST 31, 2020

BALANCES: CATEGORY	BOOK VALUE MARKET VALUE DIFFERENCE							
	JULY 2020	JUNE 2020	MAY 2020	APRIL 2020	MARCH 2020	FEBRUARY 2020	JANAURY 2020	DECEMBER 2019
Total Investments	168,870,809 <i>169,160,766</i> 289,957	170,861,038 <i>171,296,394</i> 435,356	165,843,005 <i>166,437,308</i> 594,303	166,642,140 <i>167,185,686</i> 543,546	160,802,823 <i>161,042,532</i> 239,709	158,825,720 <i>159,013,585</i> 187,865	159,460,643 <i>159,569,550</i> 108,907	141,352,789 <i>141,298,362</i> (54,427)
Unrestricted Investments	140,187,267 <i>140,477,224</i> 289,957	143,578,103 <i>144,013,459</i> 435,356	137,990,790 <i>138,585,093</i> 594,303	138,181,071 <i>138,724,617</i> 543,546	130,789,038 <i>131,028,747</i> 239,709	130,548,781 <i>130,736,646</i> 187,865	127,672,437 <i>127,781,344</i> 108,907	128,223,897 <i>128,169,470</i> (54,427)
Restricted Investments	28,683,542 <i>28,683,542</i> 0	27,282,935 <i>27,282,935</i> 0	27,852,215 <i>27,852,215</i> 0	28,461,069 <i>28,461,069</i> 0	30,013,785 <i>30,013,785</i> 0	28,276,939 <i>28,276,939</i> 0	31,788,206 <i>31,788,206</i> 0	13,128,892 <i>13,128,892</i> 0
Local Agency Investment Fund (LAIF)	34,500,000 <i>34,669,491</i> 169,491	44,000,000 <i>44,329,165</i> 329,165	63,000,000 <i>63,471,304</i> 471,304	51,800,000 <i>52,187,517</i> 387,517	24,500,000 <i>24,543,372</i> 43,372	42,000,000 <i>42,074,353</i> 74,353	43,000,000 <i>43,076,123</i> 76,123	36,500,000 <i>36,564,616</i> 64,616
Fixed Income Investments (Total)	103,895,822 <i>104,016,288</i> 120,466	97,395,835 <i>97,502,026</i> 106,191	64,898,098 <i>65,021,097</i> 122,999	77,398,111 <i>77,554,140</i> 156,029	90,750,624 <i>90,946,961</i> 196,337	77,748,862 <i>77,862,374</i> 113,512	73,747,374 <i>73,780,158</i> 32,784	77,247,387 <i>77,128,344</i> (119,043)
Commerical Paper	0 <i>0</i> 0	0 <i>0</i> 0	7,761,100 <i>7,761,100</i> 0	7,761,100 <i>7,761,100</i> 0	7,761,100 <i>7,761,100</i> 0	8,100,000 <i>8,100,000</i> 0	7,900,000 <i>7,900,000</i> 0	7,900,000 <i>7,900,000</i> 0

AVERAGE STATED YIELDS:

Unrestricted Investments	0.946%	1.162%	1.672%	1.858%	1.833%	2.020%	2.064%	2.030%
Restricted Investments	N/A							
Local Agency Investment Fund (LAIF)	0.920%	1.217%	1.363%	1.648%	1.787%	1.912%	1.967%	2.043%
Fixed Income Investments (Total)	0.970%	1.020%	1.530%	1.620%	1.650%	1.740%	1.790%	1.790%
Commerical Paper			6.000%	6.000%	6.000%	6.000%	6.000%	6.000%

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Finance

For Board Meeting of: October 1, 2020

Documents Attached: Ordinance Resolution Other None

AGENDA ITEM:

Accept the Financial Status Report.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

Solid Waste Fund 012

Service revenues averaged over all service types continue to be 6% higher than July, 2020. The rate increase that went into effect in July, 2020, is the reason for this increase.

Expenditures for August are 15% higher than 2019 primarily due to the increase in the franchise fees, administrative fees, vehicle replacement and landfill fees. These are annual expenses set by City policy and not controlled by department staff.

Water Fund 010

Overall, Water revenues are 13% higher than July last fiscal year. Once again, expenses are minimal due to first month of the new fiscal year and the annual expenses being charged to July.

Sewer/Wastewater Fund 015

WW service revenue is 9% higher than August, 2019. WW expenditures are lower than August, 2019 because the transfer to surface water has not been made yet.

Debt appears as a negative, but that is because the accrual of the interest and debt payments at June, 2020, were reversed into current fiscal year. It will reduce the actual payment in the current fiscal year thereby reflecting the debt payment that is attributable to the current fiscal year.

STAFF RECOMMENDATION:

Accept the Financial Status Report.

CITY ATTORNEY REVIEW/COMMENTS: Yes N/A

IS ADDITIONAL (NON-BUDGETED) FUNDING REQUIRED: Yes No N/A

FUNDING SOURCE/ACCOUNT NUMBER:
N/A

Submitted by: Darlene Thompson

Title: Finance Director

Date: September 16, 2020

City Manager Approval: RH

City of Tulare
Solid Waste Funds
Summary of Revenue/Expenditures -Budget to Actual
For The Two Months
July 1, 2020 - August 31, 2020

	Funds 012 - Solid Waste Operations											Fund 612 Capital		Solid Waste		
	Residential		Commercial		Street Sweeping		Roll-Offs		Other Revenue		Total		CIP		Total Solid Waste	
	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual Total	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual
Revenues:																
Service Revenue - Operating Funds	\$ 5,300,000	\$ 880,165	\$ 2,900,000	\$ 475,524	\$ 1,197,890	\$ 195,692	\$ 1,290,000	\$ 203,402			\$ 10,687,890	\$ 1,754,784			\$ 10,687,890	\$ 1,754,784
Recycle Sales					-	-		1,139		\$ -	-	1,139			-	1,139
Miscellaneous Revenue									314,000	18,230	314,000	18,230			314,000	18,230
Interfund Loan Repayment									124,260	-	124,260	-			124,260	-
Total Revenues	5,300,000	880,165	2,900,000	475,524	1,197,890	195,692	1,290,000	204,541	438,260	18,230	11,126,150	1,774,153	-	-	11,126,150	1,774,153
Expenditures:																
Operations																
Salaries & Benefits	2,025,140	512,148	1,105,080	239,802	390,780	87,312	334,400	79,008			3,855,400	918,271			3,855,400	918,271
Maintenance & Operations	2,894,970	290,298	1,247,240	143,909	405,110	55,321	666,350	40,080			5,213,670	529,608			5,213,670	529,608
Annual Admin, Franchise & IT Fees	344,830	333,080	195,020	195,020	24,420	24,420	58,860	58,860			623,130	611,380			623,130	611,380
Depreciation	610	540					-				610	540			610	540
Transfers to Technology CIP	6,150						-				6,150	-			6,150	-
Total Operations	5,271,700	1,136,067	2,547,340	578,731	820,310	167,053	1,059,610	177,948	-	-	9,698,960	2,059,799	-	-	9,698,960	2,059,799
Net Revenue from Operations	28,300	(255,902)	352,660	(103,207)	377,580	28,639	230,390	26,593	438,260	18,230	1,427,190	(285,646)	-	-	1,427,190	(285,646)
Other Expenditures																
Capital Outlay																
Special M & O	45,000		37,500		15,000						97,500	-	25,000		122,500	-
CIP Expenditures	165,000		66,000				42,500				273,500	-			273,500	-
Total Capital Expenditures	210,000	-	103,500	-	15,000	-	42,500	-	-	-	371,000	-	25,000	-	396,000	-
Operating Transfers In(Out)	(300,000)		(100,000)		(50,000)		(50,000)				(500,000)	-			(500,000)	-
Net Revenue/(Expenditures)	\$ (481,700)	\$ (255,902)	\$ 149,160	\$ (103,207)	\$ 312,580	\$ 28,639	\$ 137,890	\$ 26,593	\$ 438,260	\$ 18,230	\$ 556,190	\$ (285,646)	\$ (25,000)	\$ -	\$ 531,190	\$ (285,646)
Unadjusted Cash Balance at August 31, 2020																\$ 8,132,203

Expenses paid in July and August for June activities are included in the previous fiscal year's expense as the City uses a Modified Accrual Basis of accounting.

City of Tulare
Sewer/Wastewater Utility Funds
Summary of Revenue/Expenditures -Budget to Actual
For the Two Months
July 1, 2020 - August 31, 2020

	Funds 015 Sewer - Wastewater Operations											Fund 615 Capital		Fund 685 Reserves		Sewer Wastewater		
	Sewer Collection		Domestic Wastewater		Industrial Wastewater		Pretreatment		Energy		Total Sewer Wastewater Operations		CIP		Reserves		Total Funds	
	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual	Annual Budget FY 2020	Actual
Revenues:																		
Service Revenue - Operating Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,550,000	\$ 4,052,673	\$ 8,897,000	\$ 1,374,693	\$ 1,680,000	\$ 280,000	\$ 33,127,000	\$ 5,707,366
Miscellaneous Revenue											2,253,360	48,944					2,253,360	48,944
Total Revenues	-	-	-	-	-	-	-	-	-	-	24,803,360	4,101,617	8,897,000	1,374,693	1,680,000	280,000	35,380,360	5,756,310
Expenditures:																		
Operations																		
Salaries & Benefits	811,620	201,340	1,363,120	315,894	1,555,740	363,656	109,540	24,537	35,120	4,726	3,875,140	910,152					3,875,140	910,152
Maintenance & Operations	1,178,750	330,737	2,699,110	149,408	3,126,510	329,908	52,240	2,356	722,480	38,898	7,779,090	851,307	10,000				7,789,090	851,307
Annual Admin, Franchise & IT Fees	(14,570)	(14,570)	(31,300)	(31,300)	(14,570)	(14,570)	620	620	(1,400)	(1,400)	(61,220)	(61,220)					(61,220)	(61,220)
Depreciation	1,487,980	226,386	980,260	163,376	2,861,990	475,420			510,810	85,134	5,841,040	950,316					5,841,040	950,316
Transfers to Surface Water			450,000								450,000	-					450,000	-
Transfers to Technology CIP			12,290								12,290	-					12,290	-
Total Operations	3,463,780	743,893	5,473,480	597,377	7,529,670	1,154,414	162,400	27,512	1,267,010	127,358	17,896,340	2,650,555	10,000	-	-	-	17,906,340	2,650,555
Net Revenue from Operations											6,907,020	1,451,062	8,887,000	1,374,693	1,680,000	280,000	17,474,020	3,105,755
Other Expenditures																		
Capital Outlay																		
Special M & O	325,000	-	40,000		720,000	29,745					1,085,000	29,745					1,085,000	29,745
CIP Expenditures					75,000						75,000	-	6,628,010	2,436			6,703,010	2,436
Total Capital Expenditures	325,000	-	40,000	-	795,000	29,745	-	-	-	-	1,160,000	29,745	6,628,010	2,436	-	-	7,788,010	32,181
Debt Service																		
Debt Service	799,050	(74,472)	2,707,220	(157,198)	7,063,810	(567,170)			698,110	(41,577)	11,268,190	(840,416)					11,268,190	(840,416)
Total Debt Service	799,050	(74,472)	2,707,220	(157,198)	7,063,810	(567,170)	-	-	698,110	(41,577)	11,268,190	(840,416)	-	-	-	-	11,268,190	(840,416)
Total Other Expenditures	1,124,050	(74,472)	2,747,220	(157,198)	7,858,810	(537,425)	-	-	698,110	(41,577)	12,428,190	(810,672)	6,628,010	2,436	-	-	19,056,200	(808,236)
Operating Transfers In(Out)																		
Net Revenue/(Expenditures)											\$ (5,521,170)	\$ 2,261,734	\$ 2,258,990	\$ 1,372,257	\$ 1,680,000	\$ 280,000	\$ (1,582,180)	\$ 3,913,991
Unadjusted Cash Balance at August 31, 2020																		\$ 41,234,968

Expenses paid in July and August for June activities are included in the previous fiscal year's expense as the City uses a Modified Accrual Basis of accounting.

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Public Works

For Board Meeting of: October 1, 2020

Documents Attached: Ordinance Resolution Other None

AGENDA ITEM:

Receive the Public Works performance reports for August 2020.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

Public Works first reported performance dashboards for each of its divisions to the Board of Public Utilities in August 2015 with the intention of inviting additional transparency into the maintenance and operations activities of each of the divisions.

Solid Waste

Overall tonnage numbers were higher in August compared to August 2019. The total tonnage in August was 5,204.8 tons, an increase of 4.5 percent compared to August 2019 (4,978.8 tons).

One of the more notable effects that COVID-19 has inside the Public Works Department is the amount of refuse being collected on residential routes. The residential tonnage of 2,874.8 tons was 13.9 percent higher than in August 2019 (2,524.3 tons). The primary source for the increase is in green waste disposal. Green Waste accounted for 20% (1,017.8 tons) of the city's overall tonnage in August. In August 2019, Green Waste accounted for 15% (766.7 tons) of overall tonnage.

Commercial and roll-off routes collected less tonnage in August compared to a year ago. Commercial tonnage was 1,257.1 tons in August, 45.6 tons less than in August 2019 (1,302.7), a 3.5-percent decrease. Roll-off tonnage was 1,072.9 tons in August, 38.4 tons less than in August 2019 (1,111.3), a 3.5-percent decline.

Overall, the Solid Waste division's recycling rate for August improved compared to August 2019. The diversion rate for August was 33 percent (20% green waste, 11% recyclables, 2% food waste/compost). The diversion rate for August 2019 was 27 percent (15% green waste, 9% recyclables, 3% food waste/compost).

The City had a total of 3,500.8 tons of trash (to the landfill), resulting in a rate of 3.42 pounds per person per day for the month of August. The target disposal rate for the City set by the State is 6.0 pounds per person per day.

Water

Water delivery volumes are delayed by one month due to the availability of billing data. In July 2020, water delivery, or water “sold,” increased by 69.2 million gallons (+11.8%) as compared to July 2019. Potable water production increased by 33.4 million gallons (+5.2%) in July as compared to July 2019.

There was a difference of 24.5 million gallons between pumped water (678.1 million gallons) versus delivered (653.6 million gallons), which represents a system loss of 3.6 percent. Any system loss under 10% is considered acceptable. The division’s goal for system loss is to be at 5% or less.

In July, the Water Division had 24 of its 32 wells in operation.

Conservation

There was a slight increase for overall water use in July compared to July 2019. The overall gross gallons per capita was 332 gallons per person per day in July, 5.2% higher than it was in July 2019 (315).

The residential per capita in July (193 gallons per person) was 10.8% higher than it was in July 2019. This marks the third straight month that the residential per capita statistic increased by at least 10 percent.

The residential gallons per capita looks specifically at residential water use only.

There were 270 total water-waste tickets in August, a decrease of 132 tickets (-32.8%) from August 2019 (402). The main reason for the significant decline is that the water conservation officer was off for seven days during the month. There were 59 water-waste tickets that resulted in fines (non-first offenders), a decrease of 23 (-28.0%) from August 2019 (82). There were 11 water-waste tickets issued for residents who already had at least two water-waste tickets over the previous year. In August 2019, there were 17 water-waste tickets for that same group.

Sewer Collections

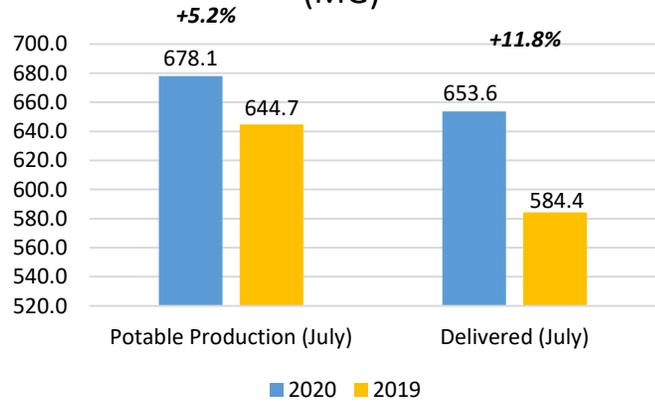
The division’s ratio between preventative and corrective maintenance continues to be outstanding – almost 12:1 in August with preventative maintenance accounting for 47% of all July man hours and 4% for corrective maintenance. Capital projects and contractor services combined for 21% of all man hours in August. In August 2019, capital projects and contractor services combined for 16% of all man hours.

In August, 10,300 feet of sewer lines were cleaned, and 14,200 feet of sewer lines were televised (preventative maintenance operation).

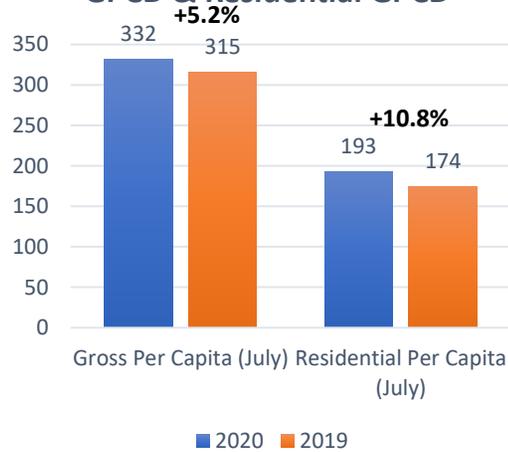
Approximately 19% of staff’s time was spent engaged in administrative tasks related to operating the division.

**City of Tulare Water Division
August 2020 Dashboard**

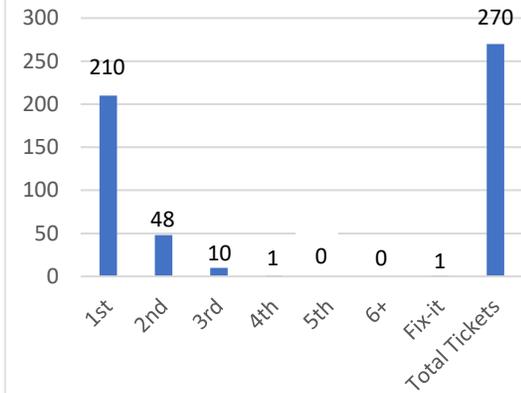
Production & Delivery Volumes (MG)



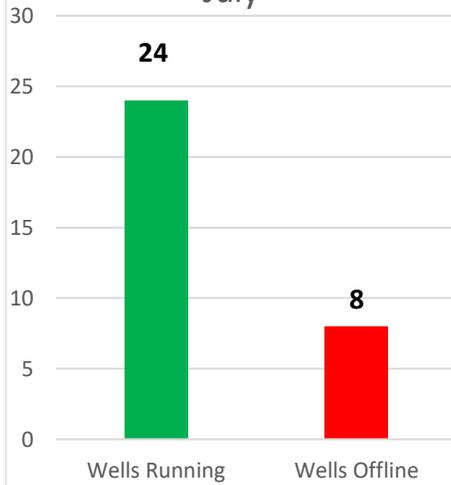
GPCD & Residential GPCD



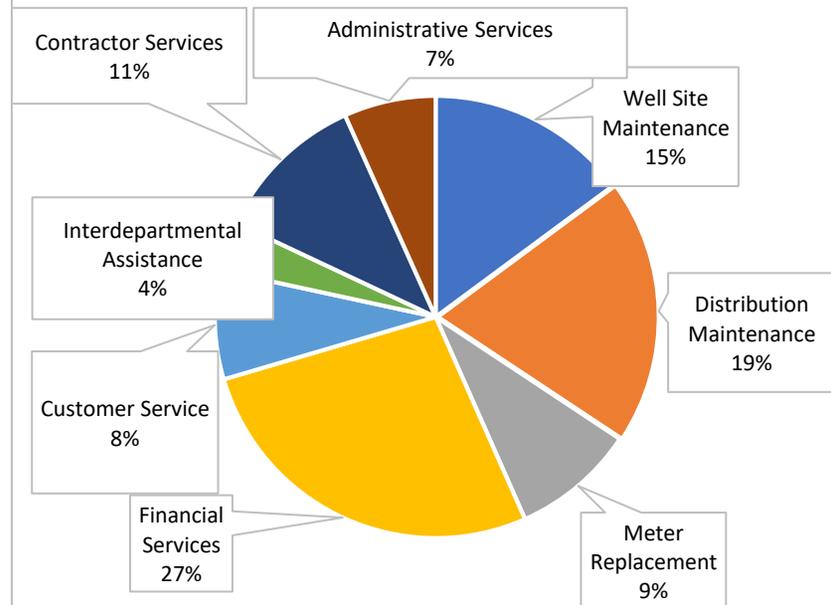
August Water Waste Tickets



Well Status Report - July

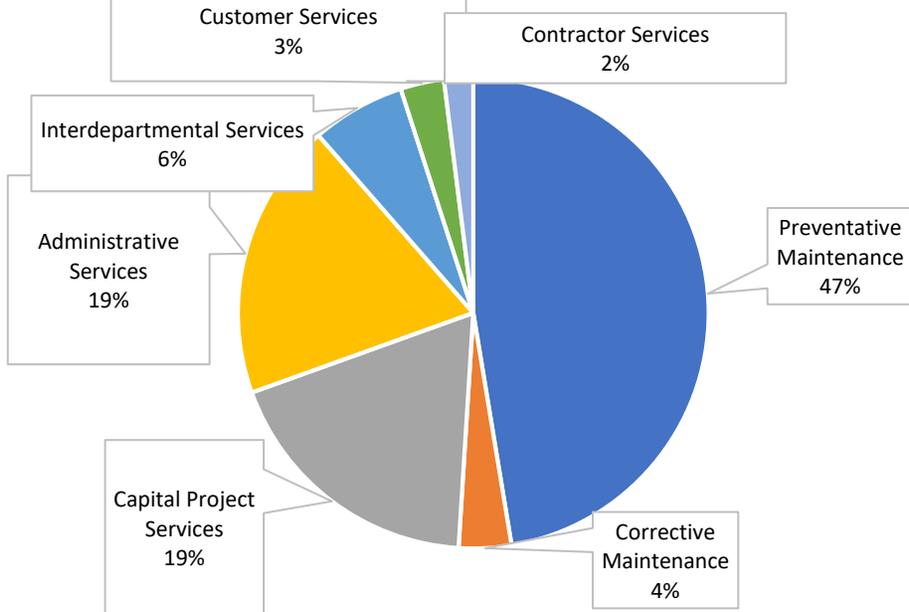


August 2020 Water Maintenance Man Hours

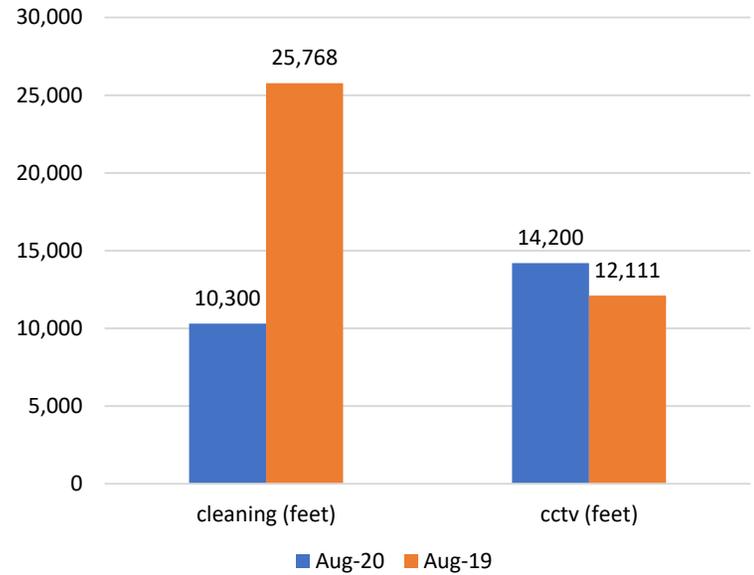


City of Tulare Sewer Collections/Solid Waste –August 2020 Dashboard

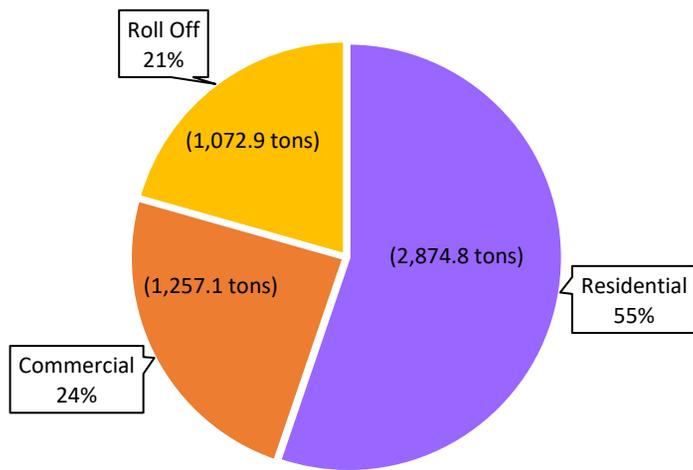
Sewer Collections Man Hour Distribution



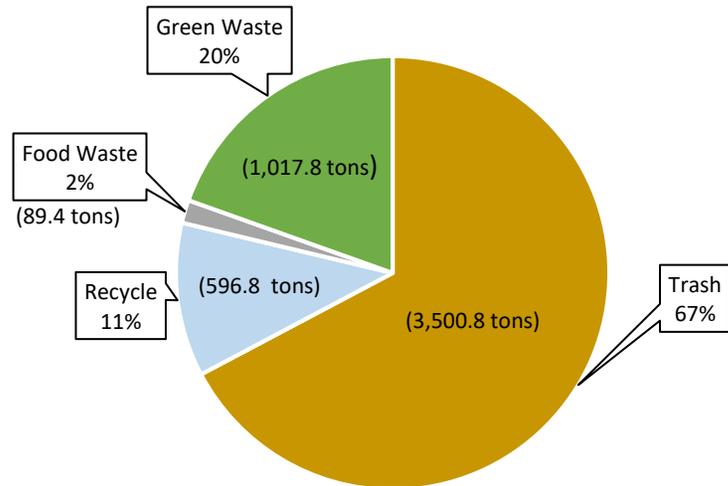
Linear Maintenance Footage



Tonnage by Division

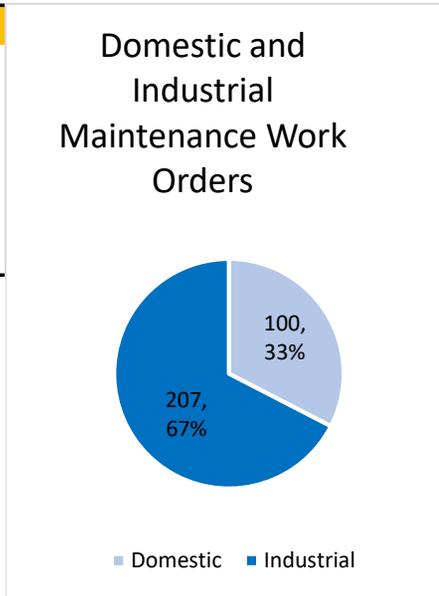


Tonnage by Type

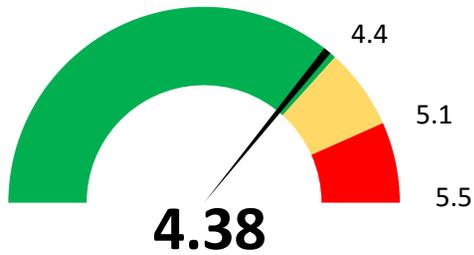


**City of Tulare WWTP Division
August 2020 Dashboard**

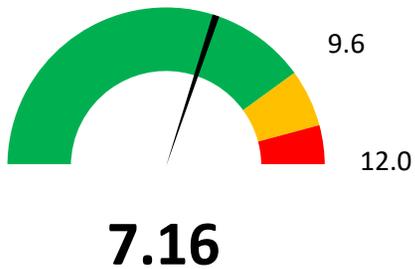
Compliance			
	BOD <40mg/l	TSS <40mg/l	Nitrogen <13mg/l
Efficiency	99.4%	97.5%	89.9%
Sample Avg (mg/l)	12.0	24.8	12.50



Domestic Influent Daily Average (MG)



Industrial Influent Daily Average (MG)



**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Engineering / Project Management

For Board Meeting of: October 1, 2020

Documents Attached: Ordinance Resolution Other None

AGENDA ITEM:

Accept as complete the contract with Anthony J. Prieto Water Well Drilling, Inc. of Selma, CA for Construction of Municipal Well at ‘J’ Street and Cartmill Avenue Project (Project No. WT0038); and Authorize the City Engineer to sign the Notice of Completion and direct the City Clerk to file the Notice of Completion with the Tulare County Recorder’s Office.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

On May 21, 2020, the Board awarded a contract to Anthony J. Prieto Water Well Drilling, Inc. of Selma, CA in the amount of \$285,670.00 for the construction of Municipal Well at ‘J’ Street and Cartmill Avenue Project. The project included construction of the production well which was drilled to 646 feet and completed to 625 feet, installation of the well casing pipe sections including a compression joint section (260 feet to 280 feet) and louvered casing (340 feet to 605 feet), well development, and pump testing.

The project was funded through the TCP Settlement Fund.

A summary of contract costs is as follows:

Original Contract Award:	\$ 285,670.00
Contract Change Order No. 1:	(\$ 130.00)
Total Construction Contract Cost:	\$ 285,540.00

Contract Change Order No. 1 is a balance of quantities change order to reflect the final constructed quantities versus the contract quantities. Due to field conditions and final analysis of the well, two of the contract items were constructed to a lesser quantity than stated in the bid/contract document while one item exceeded the bid/contract quantity. Kenneth D. Schmidt and Associates, the project’s hydrologist, directed the final design of the well and the amount of time necessary to properly clean and develop the well.

All work required of Anthony J. Prieto Water Well Drilling, Inc. under this contract has been completed in accordance with the approved plans and specifications. The contractor has also provided the required Maintenance Bond in the amount equal to 10% of the final contract amount.

**RECORDING REQUESTED BY:
CITY OF TULARE**

AND WHEN RECORDED MAIL TO:

**City Clerk
City of Tulare
411 East Kern Avenue
Tulare, CA 93274-4257**

**PURSUANT TO GOVERNMANET CODE SECTION 6103,
NO RECORDING FEE REQUIRED.**

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

- 1. The City of Tulare, a Municipal Corporation, whose address is 411 East Kern Avenue, Tulare, California, is the owner of the real property, public works, or structure hereinafter described.**
- 2. The nature of the title of the stated owner is: In fee**
- 3. On the 1st day of October, 2020, a work of improvement on real property hereinafter described was completed pursuant to a contract to which Title 15 of Part 4 of Division 3 of the Civil Code applies.**
- 4. The name of the Contractor who performed said work of improvements pursuant to such contract with the City of Tulare is Anthony J. Prieto Water Well Drilling, Inc. whose address is 891 S. Goldenstate Blvd, Selma, CA 93662. The surety on said contract is Contractors Bonding and Insurance Company.**
- 5. The real property or public works or structure is described as follows:**

Construction of Municipal Well at 'J' Street and Cartmill Avenue Project, Project No. WT0038.

Dated: _____, 2020

**CITY OF TULARE
A Municipal Corporation,**

**By: _____
Michael W. Miller, City Engineer**

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Information Technology

For Board Meeting of: October 1, 2020

Documents Attached: Ordinance Resolution Other None

AGENDA ITEM:

Authorize the City Manager to execute a work order under the on-call GIS services contract with Miller Spatial Services, LLC of Riverside, CA in the amount of \$72,916.00 for utility GIS data conversion; and Authorize the City Manager or designee to approve contract change orders in an amount not to exceed 10% (\$7,291.60) of the work order amount.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

As a part of the 2019-2024 Capital Improvement Plan (CIP) budget, Project WT0042 was approved to create Geographic Information System (GIS) mapping of the City's utility infrastructure. The intent of this project is to establish a Geographic Information Technology system that contains the best information that the City has access to in a digital format. This process will include pulling together detailed information from multiple sources (CAD drawings, existing GIS data points, as-built plan sets, aerial imagery etc.) and entering it into a standardized GIS data model.

Request for Qualifications for on-call GIS consulting services (RFQ 19-686) was issued on February 26, 2019. Eleven (11) firms submitted all the necessary information to be considered for inclusion in a list of pre-approved consultants to provide these services. The proposals were reviewed and rated in accordance with the consultant selection procedures identified in the RFQ, and the top two (2) firms were recommended for inclusion on the list of prequalified GIS consultants. On May 16, 2019, the Board of Public Utilities approved this list of two (2) consultants. Miller Spatial Services, LLC of Riverside, CA is included on the list of prequalified on-call GIS consultants and demonstrated in their proposal that they have the skills, expertise and resources available to meet the City's needs and timeframe to complete required GIS work.

Miller Spatial has proposed to perform GIS data conversion services for Water, Sewer and Storm layers for a total cost of \$72,916. It is Miller Spatial's intent to use off-shore labor to complete this project. Miller Spatial has extensive experience using this model working with other cities and public utilities to provide cost-effective digital conversion services. Included in the project is the creation of a data conversion specification that will clearly identify exactly what information is to be converted. Once the conversion specification is created, a pilot area of the city will be identified to test conversion processes to ensure desirable results. The city will then be split into delivery phases. Also included in the project is the opportunity and the



PROPOSAL

CITY OF TULARE UTILITY GIS DATA CONVERSION

SUBMITTED TO: JASON BOWLING

SUBMITTED ON: 14 SEPTEMBER, 2020

Miller Spatial Services
3499 Tenth St
Riverside, CA 92501



A. Introduction

The City of Tulare has requested a proposal for the conversion of their existing Water, Sewer, and Storm GIS data to Esri's LGIM data model. For this project, the existing GIS data will be migrated to Esri's new data model being used for the Utility Network so that the city will be ready to take advantage of the latest modeling capabilities offered by the Utility Network when ready. Note that this model can still be used with ArcGIS Desktop for editing. The City will not need to go to ArcGIS Pro until they are ready. Data Reviewer tests will be setup for each utility and will be run prior to delivery. These rules will be provided to the City so that they can be run for future updates. Miller Spatial will perform updates to the GIS model where needed using source information provided by the City.

The following tasks will be completed for each utility:

Task 1 – Project Initiation, Project Management & Setup

Source GIS data and plans such as scanned as-builts will be collected. Miller Spatial will obtain the latest basemap from the County to use as a positional source for the utility data. A Data Conversion Specification document will be created that lists the rules developed for the data conversion.

A pilot area will be designated as a first delivery and will be used to test the entire project workflow including the new data model, data migration, data conversion specifications, and QC processes. The City will be able to provide additional input to change the specification during the review of the pilot area. The pilot area is a small area about 4 -8 blocks in size. The remainder of the City will be broken out into 2 delivery phases. These phases will allow the city to start its QC review while the remaining phases are being completed. Miller Spatial will work with the City to define the delivery areas.

Task 2- Cleanup existing GIS data file as per the LGIM

The existing GIS data will be corrected for topological issues so that asset relationships are correct (ie features are snapped together and no overlapping features).

Task 3 – LGIM Migration

The existing City GIS data will be migrated to the Esri data model (LGIM or Utility Network). Fields from the existing data will be mapped to the new schema.

Task 4 – Update GIS Data from As-builts

Miller Spatial will review the as-builts for areas that need to be updated. New GIS features will be entered based on as-built information and the Data Conversion Specification document.

Task 5 – Annotation (FeatureLinked and Non-FeatureLinked)

Annotation or labels will be created for cartographic for each utilities Miller Spatial will work with the City to determine what type of annotation should be created or if labels should be used instead. Typical annotation types include diameter, material, street names, and project numbers.

Task 6- QA/QC (Manual & Data Reviewer Checks)

Miller Spatial will perform visual QC of the updated GIS data prior to delivery. Data Reviewer tests will also be created and run to perform automated QC tests. The tests will be provided to the City so that they can be run as part of the City's standard data maintenance process.

Task 7- Grid based maps for City's QA/QC

Miller Spatial will create an Atlas Book for each utility in PDF format to be used for QA/QC. The PDF will be delivered to the City with the Geodatabase. The City can use these PDFs to perform its initial round of QC and redline necessary edits.

Once the redlines are received, Miller Spatial will perform one round of edits for each utility.

Task 8 – Compilation of Atlas Book

Once the redline edits are complete, Miller Spatial will create an Atlas Book for each utility in PDF format. The PDFs will be delivered with the ArcGIS Pro project that was used to create the Atlas Book PDFs.

B. Schedule

The estimated duration to complete this project is 5 months.

C. Proposal Pricing & Estimation

The prices below are contingent upon the following assumptions:

City of Tulare Water GIS Cleanup and Migration - Estimation and Pricing		
Task	Description	Cost
Task 1	Project Initiation, Project Management & Setup	\$32,680
Task 2	Cleanup existing GIS data file as per the LGIM	
Task 3	LGIM Migration	
Task 4	Update GIS Data from as-builts	
Task 5	Annoplacement (FeatureLinked and Non FeatureLinked)	
Task 6	QA/QC (Manual & Dataviewer Checks)	
Task 7	Grid Based Maps for City’s QA/QC	
Task 8	Compilation of Water Atlas Book (Cover Sheet, Index and Legend Sheet)	
Total Cost from Task 1 thru Task 8		\$32,680.00

No. of Hours required to complete all the Task - 2535
--

Standards to be adopted for Cleanup and Migration
1. Cartographic standards to be followed for water features to avoid overlapping with each other
2. Add relevant point features like fittings etc.,
3. Layerisation as per the LGIM
4. Attribute Pipelines and water features based on the tables
5. Re-alignment of the pipelines with respect to the Updated Parcels. If Any

City of Tulare Sewer GIS Cleanup and Migration - Estimation and Pricing		
Task	Description	Cost
Task 1	Project Initiation, Project Management & Setup	\$22,232
Task 2	Cleanup existing GIS data file as per the LGIM	
Task 3	LGIM Migration	
Task 4	Update GIS Data from as-builts	
Task 5	Annoplacement (FeatureLinked and Non FeatureLinked)	
Task 6	QA/QC (Manual & Dataviewer Checks)	
Task 7	Grid Based Maps for City's QA/QC	
Task 8	Compilation of Storm Atlas Book (Cover Sheet, Index and Legend Sheet)	
Total Cost from Task 1 thru Task 8		\$22,232.00

No. of Hours required to complete all the Task - 1,854

Standards to be adopted for Cleanup and Migration
1. Cartographic standards to be followed for the sewer features to avoid overlapping with each other
2. Add relevant point features like fittings etc.,
3. Layerisation as per the LGIM
4. Attribute Pipelines and sewer features based on the tables
5. Re-alignment of the pipelines with respect to the Updated Parcels. If Any

City of Tulare Storm GIS Cleanup and Migration - Estimation and Pricing		
Task	Description	Cost
Task 1	Project Initiation, Project Management & Setup	\$18,004
Task 2	Cleanup existing GIS data file as per the LGIM	
Task 3	LGIM Migration	
Task 4	Update GIS Data from as-builts	
Task 5	Annoplacement (FeatureLinked and Non FeatureLinked)	
Task 6	QA/QC (Manual & Dataviewer Checks)	
Task 7	Grid Based Maps for City's QA/QC	
Task 8	Compilation of Storm Atlas Book (Cover Sheet, Index and Legend Sheet)	
Total Cost from Task 1 thru Task 8		\$18,004.00

No. of Hours required to complete all the Task - 1,575

Standards to be adopted for Cleanup and Migration
1. Cartographic standards to be followed for the storm features to avoid overlapping with each other
2. Add relevant point features like Inlets and Outlets etc.,
3. Layerisation as per the LGIM
4. Attribute Pipelines and storm features based on the tables
5. Re-alignment of the pipelines with respect to the Updated Parcels. If Any

Total Cost for all 3 Utilities: **\$72,916**

Assumptions:

- As-builts will be provided in a scanned format and in a 'Project' based package.
- Scanning will be completed by City if needed

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Public Works – Wastewater Division

For Board Meeting of: October 1, 2020

Documents Attached: Ordinance Resolution Other None

AGENDA ITEM:

Review and authorize the City Manager, or designee, to issue a City Purchase Order in the amount of \$79,688.10 for the purchase of a Flowserve pump for the Wastewater Treatment Plant Headworks #2.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

Headworks #2 is the influent line for the industrial waste at the Wastewater Treatment Plant (WWTP). Headworks #2 receives around 8 million gallons of waste per day and consists of four pumps that turn on and off based on flow coming into the plant.

Over two years ago, in March 2018, the headworks was operating off of three pumps (pump 1 had been out of service for over a year) and pump 3 went down, causing the headworks #2 (HW #2) to operate off of two pumps for almost six months. During that time, emergency precautions were put into place in case of high flow events and if another pump were to go down. Due to the age and condition of the existing pumps and the severity of the situation, staff ultimately ordered two new pumps as an emergency item, with a lead time of over 16 weeks for delivery. The two new pumps were installed in September 2018.

The plan at the time was to ultimately replace all four HW #2 pumps due to age and wear and tear. Over the last two fiscal years, staff has budgeted funding in the Operations and Maintenance budget to replace one additional pump per year. Last year at this same time, staff brought a similar item to the Board requesting approval to purchase an additional pump to replace one of the two older pumps still in operation in headworks #2. The existing pump was over 10 years old and had been rebuilt once already. At the time, the maintenance crew leader received two quotes to rebuild one of the existing pumps. The quotes ranged from \$52,028-\$54,416 and did not include taxes, freight, or additional parts. Pacific Water Resources, the company who provided the two pumps the previous year, had agreed to keep the same pricing as we paid the previous year for an additional pump (\$65,962.00 plus taxes and \$3500 freight). They are also the only authorized Flowserve Pump vendor for Northern California. The Board approved the sole source purchase and the pump was installed in the spring.

We are now left with the final pump that needs replacement. The pump to be replaced was installed in 2001 and rebuilt in 2006. Staff is recommending purchasing the same exact



1695 Verdi Vista Court
Reno, Nv. 89125

Cell Phone: 702-498-2970

August 25, 2020

Nathan Daughtry
City of Tulare
1875 S. West Street
Tulare, Ca. 93274

Attention: Mr. Nathan Daughtry / Maintenance Crew Leader

Reference: New Units and Parts Authorization

Dear Nathan,

Please be advised that only Pacific Water Resources, is the authorized municipal representative for Northern California. With this contract in place, only Pacific Water Resources is authorized to supply pricing for Flowserve repair parts and new units for this area.

This representative contract covers all the brand names owned by Flowserve, this includes, Worthington Pumps, Ingersoll-Dresser Pumps, Durco Pumps, Plueger Submersible Pumps, Byron Jackson Pumps, Byron Jackson Submersible Pumps, and Pacific Pumps.

Should you have any further questions concerning this arrangement, please feel free to contact the writer,

Best regards,

A handwritten signature in black ink, appearing to read "GS" followed by a stylized flourish.

Gary Sacchetti/Tulare_nd_rep_ltr_2020

West Coast Regional Manager

Cc: Alan Bonkowski - Pacific Water Resources

**PACIFIC
Water Resources**

1499 Bayshore Boulevard, Suite 201
Burlingame, California 94010-1741
(650) 259-0320 • Fax (650) 259-0322
www.pacificwaterresources.com



August 21, 2020

City of Tulare

Attn: Nathan Daughtry
NDaughtry@tulare.ca.gov

RE: Flowserve Pump
Duplicate to SN #02M00106/S001961
Our Quote #20-222

Dear Nathan,

Pacific Water Resources is pleased to quote the following equipment for your consideration:

Item #1: One (1) Flowserve Model 16MSX18AW Bare Pump.
Duplicate to Order #S001961. Serial #02M00106.

The Pump includes Pump, 100 HP Motor, Lifting Bail, Slide Bracket, and Motor Cable of 75 Feet Length.

Net Price.....	\$69,919.72
Sales Tax (8.25%).....	<u>\$5,768.38</u>
Subtotal:	\$75,688.10
Add Factory Freight, Pre-Pay and Add.....	<u>\$4,000.00</u>
TOTAL Price:	\$79,688.10

Delivery.....	16 Weeks
Terms.....	Net 30

Please Note: there was a 6% price increase from your P.O. #029336 dated August 29, 2019.

If you have any further questions, please let us know.

Best,


Alan Bonkowski

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Finance

For Board Meeting of: October 1, 2020

Documents Attached: Ordinance Resolution Other None

AGENDA ITEM:

Adopt **Resolution 2020-05** authorizing the issuance of City of Tulare Sewer Revenue Refunding Bonds, Series 2020 to refinance a) the City's outstanding 2012 Sewer Revenue Refunding Notes (the "Series 2012 Notes"), b) a portion of the outstanding Sewer Revenue Refunding Bonds, Series 2015 (the "Series 2015 Bonds"), and c) the outstanding Sewer Revenue Refunding Bonds, Series 2013 (the "Series 2013 Bonds") in order to reduce debt service and achieve savings; and Review the Preliminary Official Statement and Supplemental Indenture that will be approved by the City Council when they approve their resolution to authorize the issuance of this bond.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

The City currently has three outstanding sewer debt issues that can be fully or partially refunded to achieve savings and result in lower annual debt service, which include:

- The Series 2012 Notes have \$4,990,565 of outstanding principal through November 15, 2026 at a current interest rate of 3.29%.
- The Series 2013 Bonds have \$18,460,000 of outstanding principal through November 15, 2041 at interest rates ranging from 3.00% to 5.00%.
- The Series 2015 Bonds have a \$20,000,000 term bond with principal payments due November 15, 2036 through 2041. The interest rates the City would pay on these bonds range from 4.00% to 5.65% if held to maturity.

Analysis indicates that these outstanding debt obligations can be refunded for savings at current interest rates, which are very low compared to historical rates. Savings estimates assume the outstanding bonds would be refunded and defeased on November 15, 2020 and would be structured to generate roughly level annual debt service savings through November 14, 2041 corresponding with the final maturity of the outstanding bonds to be refunded.

Savings Estimates

- Gross Savings: \$12 million of reduced payments over the term of the refunding bonds
- Present Value Savings: \$8.5 million
- Present Value Savings %: 20% of refunded bond principal
- Annual Debt Service Reduction: \$825,000 per year

RESOLUTION 2020-05

A RESOLUTION OF THE BOARD OF PUBLIC UTILITIES COMMISSIONERS OF THE CITY OF TULARE APPROVING THE ISSUANCE OF SEWER REVENUE REFUNDING BONDS

WHEREAS, the City of Tulare desires to issue one or more series of Sewer Revenue Refunding Bonds (the "Bonds"), to refinance all or a portion of City of Tulare 2012 Sewer Revenue Refunding Notes (the "Senior 2012 Notes"), the City of Tulare Sewer Revenue Refunding Bonds, Series 2013 Bonds (the "Series 2013 Bonds,") and the City of Tulare Sewer Revenue Refunding Bonds, Series 2015 Bonds (the "Series 2015 Bonds," and together with the Senior 2012 Notes and the Series 2013 Bonds, the "Refunded Bonds"), which will result in interest expense savings; and

WHEREAS, the Council of the City of Tulare, on October 6, 2020, has for consideration Resolution No. 2020-XX, authorizing the issuance of not to exceed \$45,000,000 principal amount of Bonds (the "City Resolution"), the proceeds of which will be used to refinance all or a portion of the Refunded Bonds, pursuant to a Master Indenture dated as of December 1, 2003, by and between the City and U.S. Bank National Association, as bond trustee, and one or more Supplemental Indentures (collectively, the "Indentures"); and

WHEREAS, this Board of Public Utilities Commissioners of the City of Tulare (the "Board") has carefully considered said City Resolution and each and every provision thereof; and

WHEREAS, pursuant to Section 5852.1 of the Government Code of the State of California, the Board has received certain representations and good faith estimates from the municipal advisor; and

WHEREAS, this Board of Public Utilities Commissioners of the City of Tulare (the "Board") desires to approve the City Resolution and issuance of the Bonds by the City of Tulare; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC UTILITIES COMMISSIONERS OF THE CITY OF TULARE AS FOLLOWS:

Section 1. Approval of City Resolution. The City Resolution and each and every provision thereof, is hereby approved by the Board, and the Board hereby consents to and concurs in the adoption of said City Resolution, and consents to the issuance of one or more series of Bonds and the use of a portion of the proceeds thereof to refinance all or a portion of the Refunded Bonds for interest expense savings. The Board acknowledges that the Bonds may be sold by the City in a public or private sale.

Section 2. Actions by Board. Whenever in said City Resolution or the Indentures, any act is required by any applicable law to be done or performed by the

Board, then in each and every such case the Board hereby agrees that it will do or perform such act, and the Board hereby covenants, represents and agrees, for the direct benefit of the owners of all of the revenue bonds authorized to be issued under said City Resolution and Indentures that it will take any and all action required by it to be taken in order for the City of Tulare to comply with said City Resolution and Indentures and each and every provision thereof.

PASSED, APPROVED, AND ADOPTED this 1st day of October, 2020.

President of the Board of Public Utilities
of the City of Tulare

STATE OF CALIFORNIA)
COUNTY OF TULARE) ss
CITY OF TULARE)

I, ROB A. HUNT, City Clerk of the City of Tulare, and Secretary of the Board of Public Utilities, do hereby certify that the foregoing is the full and true **Resolution 2020-05** duly adopted by the Board of Public Utilities Commissioners of said City, and was signed by the President of said Board at a regular meeting of said Board held on the **1st day of October, 2020**, and approved by the following vote:

AYES: Commissioner(s)

NOES: Commissioner(s)

ABSENT: Commissioner(s)

ABSTAINING: Commissioner(s)

ROB A. HUNT, CITY CLERK

By: Melissa Hermann, Deputy City Clerk

EXHIBIT A

CITY OF TULARE SEWER REVENUE REFUNDING BONDS, SERIES 2020 GOOD FAITH ESTIMATES

Pursuant to Section 5852.1 of the Government Code of the State of California, the following information was obtained from Bartle Wells Associates, as the municipal advisor of the bonds defined above (the "Bonds"), for consideration prior to the authorization in the foregoing Resolution of the proposed Bonds:

1. *True Interest Cost of the Bonds.* Assuming an aggregate principal amount of an estimated \$38,500,000, plus an estimated \$1,800,000 in original issue premium, is sold to effectuate the financing with annual debt service savings and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 2.5%.

2. *Finance Charge of the Bonds.* Assuming such a principal amount of the proposed Bonds is sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the Finance Charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the issuance of the Bonds), is \$500,000 including costs of issuance, underwriter charges, bond insurance premium and reserve surety bond premium.

3. *Amount of Proceeds to be received.* Assuming such aggregate principal amount of the proposed Bonds required to effectuate the financing is sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the City for sale of the Bonds less the Finance Charge of the Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$39,800,000.

4. *Total Payment Amount.* Assuming such aggregate principal amount of the proposed Bonds are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the issuer will make to pay debt service on the Bonds plus the Finance Charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$52,200,000.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of Bonds sold will be determined by the City based on need for funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the City's control.

EIGHTH SUPPLEMENTAL INDENTURE

by and between

CITY OF TULARE

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

Dated as of [_____] 1, 2020]

Relating to the

**CITY OF TULARE
SEWER REVENUE REFUNDING BONDS**

**SERIES 2020A
(Tax-Exempt)**

**SERIES 2020B
(Federally Taxable)**

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.1. Definitions.....

ARTICLE II

ISSUANCE OF THE SERIES 2020 BONDS; CREATION OF FUNDS

Section 2.1. Authorization and Terms of Series 2020A Bonds

Section 2.2. Form of Series 2020A Bonds.....

Section 2.3. Application of Proceeds of Sale of Series 2020A Bonds and Other Funds
held under the Indenture

Section 2.4. [Series 2020A Reserve Account

Section 2.5. Series 2020A Costs of Issuance Fund

Section 2.6. Redemption of Series 2020A Bonds.....

Section 2.7. Terms of Series 2020A Bonds Subject to the Master Indenture

Section 2.8. Authorization and Terms of Series 2020B Bonds

Section 2.9. Form of Series 2020B Bonds.....

Section 2.10. Application of Proceeds of Sale of Series 2020B Bonds and Other Funds
held under the Indenture

Section 2.11. [Series 2020B Reserve Account

Section 2.12. Series 2020B Costs of Issuance Fund

Section 2.13. Redemption of Series 2020B Bonds.....

Section 2.14. Terms of Series 2020B Bonds Subject to the Master Indenture.....

ARTICLE III

[PROVISIONS RELATING TO THE SERIES 2020 MUNICIPAL BOND INSURANCE
POLICY AND THE SERIES 2020 RESERVE POLICIES]

Section 3.1. Certain Provisions relating to the Series 2020 Bonds.....

Section 3.2. Claims Upon the Series 2020 Municipal Bond Insurance Policy and
Payments by and to the Series 2020 Bond Insurer

Section 3.3. Notices to the Series 2020 Bond Insurer

Section 3.4. Series 2020 Bond Insurer Information Requests.....

Section 3.5. Provisions Relating to the Series 2020 Reserve Policies.....

ARTICLE IV

AMENDMENT TO MASTER INDENTURE

Section 4.1. Amendment of Defined Term in the Master Indenture.....

EIGHTH SUPPLEMENTAL INDENTURE

This EIGHTH SUPPLEMENTAL INDENTURE dated as of [_____] 1, 2020] (the “Supplemental Indenture”), by and between the CITY OF TULARE, a municipal corporation, duly organized and existing under and by virtue of the Freeholders’ Charter of the City of Tulare and the laws of the State of California (the “City”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the City and the Trustee duly authorized the execution and delivery of a Master Indenture, dated as December 1, 2003 (the “Master Indenture”), to provide for the terms and conditions of the issuance by the City of series of Sewer Revenue Bonds from time to time;

WHEREAS, the City and the Trustee duly authorized the execution and delivery of this Supplemental Indenture to provide for the issuance of its Sewer Revenue Refunding Bonds, Series 2020A (Tax Exempt) (the “Series 2020A Bonds”) in the aggregate principal amount of \$[_____] and its Sewer Revenue Refunding Bonds, Series 2020B (Federally Taxable) (the “Series 2020B Bonds,” and together with the Series 2020A Bonds, the “Series 2020 Bonds”) in the aggregate principal amount of \$[_____] , each under and secured by the Master Indenture;

WHEREAS, the City is authorized under Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California to issue the refunding bonds to refinance all or portions of obligations theretofore entered into by it;

WHEREAS, the City has determined that it is in the best interests of the City and its sewer customers and is necessary and proper for City purposes that the City issue the Series 2020 Bonds to refinance all or a portion of the City’s Senior 2012 Notes, Series 2013 Bonds and Series 2015 Bonds, (all as herein defined); and

WHEREAS, the City has determined that all things necessary to cause the Series 2020 Bonds, when duly executed by the City and authenticated and delivered by the Trustee as provided herein, to be legal and valid special obligations of the City enforceable in accordance with their terms and to constitute the Indenture a valid agreement for the purposes and uses herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution, authentication and delivery of the Series 2020 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Series 2020 Bonds at any time issued and delivered hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Series 2020 Bonds are to be issued, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Series 2020 Bonds by the respective Registered Owners thereof from time to time, and for other valuable

considerations, the receipt whereof is hereby acknowledged, the City does hereby agree and covenant with the Trustee, for the benefit of the respective Registered Owners from time to time of the Series 2020 Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in the Master Indenture and this Section shall for all purposes hereof and of the Series 2020 Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Closing Date

“Closing Date” means, with respect to the Series 2020 Bonds, [_____, 2020].

Indenture

“Indenture” means collectively the Master Indenture, this Supplemental Indenture and any other supplemental indentures entered into pursuant to the Master Indenture.

Master Indenture

“Master Indenture” means that certain Master Indenture dated as of December 1, 2003, by and between the City and the Trustee.

Senior 2012 Notes

“Senior 2012 Notes” means the City of Tulare 2012 Sewer Revenue Refunding Notes.

Series 2013 Bonds

“Series 2013 Bonds” means the City of Tulare Sewer Revenue Refunding Bonds, Series 2013.

Series 2013 Escrow Agent

“Series 2013 Escrow Agent” means U.S. Bank National Association.

Series 2013 Escrow Agreement

“Series 2013 Escrow Agreement” means that certain Escrow Agreement, dated as of [_____] 1, 2020], by and between the City and the Series 2013 Escrow Agent.

Series 2015 Bonds

“Series 2015 Bonds” means the City of Tulare Sewer Revenue Refunding Bonds, Series 2015.

Series 2020 Bonds

“Series 2020 Bonds” means, collectively, the Series 2020A Bonds and the Series 2020B Bonds.

[Series 2020 Bond Insurer]

[“Series 2020 Bond Insurer” means [_____], or any successor thereto or assignee thereof.]

Series 2020 Continuing Disclosure Certificate

“Series 2020 Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate or Certificates executed by the City with respect to the Series 2020 Bonds.

[Series 2020 Municipal Bond Insurance Policy]

[“Series 2020 Municipal Bond Insurance Policy” means the insurance policy issued by the Series 2020 Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2020 Bonds when due.]

Series 2020 Reserve Accounts

“Series 2020 Reserve Accounts” means, collectively, the Series 2020A Reserve Account and the Series 2020B Reserve Account.

[Series 2020 Reserve Policies]

[“Series 2020 Reserve Policies” means, collectively, the Series 2020A Reserve Policy and the Series 2020B Reserve Policy.]

Series 2020A Bonds

“Series 2020 Bonds” means the City of Tulare Sewer Revenue Refunding Bonds, Series 2020A (Tax-Exempt) authorized, executed and delivered hereunder.

Series 2020A Costs of Issuance

“Series 2020A Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Series 2020A Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning the Series 2020A Bonds, initial fees and charges of any Trustee, legal fees and charges, fees and disbursements of

consultants, lawyers and other professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Series 2020A Bonds, surety, insurance and credit enhancement costs, and any other cost, charge or fee in connection with the delivery of the Series 2020A Bonds.

Series 2020A Costs of Issuance Fund

“Series 2020A Costs of Issuance Fund” means the Fund established pursuant to Section 2.5 hereof.

Series 2020A Reserve Account

“Series 2020A Reserve Account” means the debt service reserve account created by Section 2.4 held within the Reserve Fund.

[Series 2020A Reserve Policy]

[“Series 2020A Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Series 2020 Bond Insurer and held within the Series 2020A Reserve Account. The 2020A Reserve Policy constitutes a permitted “Reserve Policy” under the Indenture.]

Series 2020B Bonds

“Series 2020 Bonds” means the City of Tulare Sewer Revenue Refunding Bonds, Series 2020B (Federally Taxable) authorized, executed and delivered hereunder.

Series 2020B Costs of Issuance

“Series 2020B Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Series 2020B Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning the Series 2020B Bonds, initial fees and charges of any Trustee, legal fees and charges, fees and disbursements of consultants, lawyers and other professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Series 2020B Bonds, surety, insurance and credit enhancement costs, and any other cost, charge or fee in connection with the delivery of the Series 2020B Bonds.

Series 2020B Costs of Issuance Fund

“Series 2020B Costs of Issuance Fund” means the Fund established pursuant to Section 2.12 hereof.

Series 2020B Reserve Account

“Series 2020B Reserve Account” means the debt service reserve account created by Section 2.11 held within the Reserve Fund.

[Series 2020B Reserve Policy]

[“Series 2020B Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Series 2020 Bond Insurer and held within the Series 2020B Reserve Account. The 2020B Reserve Policy constitutes a permitted “Reserve Policy” under the Indenture.]

Supplemental Indenture

“Supplemental Indenture” means this Eighth Supplemental Indenture.

ARTICLE II

ISSUANCE OF THE SERIES 2020 BONDS; CREATION OF FUNDS

Section 2.1. Authorization and Terms of Series 2020A Bonds. The Series 2020A Bonds in a principal amount of \$[] are hereby authorized to be issued by the City in order to current refund all or a portion of the City’s Senior 2012 Notes and Series 2015 Bonds. The Series 2020A Bonds shall be designated the “City of Tulare Sewer Revenue Refunding Bonds, Series 2020A (Tax-Exempt)”.

The Series 2020A Bonds shall be dated their initial date of delivery, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates per annum (payable semiannually on May 15 and November 15 in each year, commencing on [] 15, 20) and shall mature and become payable on November 15 in each of the years in the principal amounts set forth in the following schedule:

	<u>Maturity Date</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2021		\$ -	-%
2022		-	-

The Series 2020A Bonds shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2020A Bonds maturing at any one time). The Series 2020A Bonds shall be numbered sequentially beginning with “RA-1”. Each Series 2020A Bond shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from and including the Record Date next preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the Record Date next preceding the first Interest Payment Date, in which event it shall bear interest from its date of delivery; *provided*, that if at the time of registration of any Series 2020A Bond interest is then in default on the Outstanding Series 2020A Bonds, such Series 2020A Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2020A Bonds. Payment of interest on the Series 2020A Bonds due on or before the maturity or prior redemption of the Series 2020A Bonds shall be made to the person whose name appears in the registration books maintained under Section 2.8 of the Master Indenture as the Owner thereof as of the close of

business on the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on each Interest Payment Date to such Owner at his address as it appears in the registration books maintained under such Section 2.8 of the Master Indenture, or, upon written request received prior to the Record Date next preceding an Interest Payment Date of an Owner of at least one million dollars (\$1,000,000) in aggregate principal amount of Series 2020A Bonds, by wire transfer in immediately available funds to an account within the continental United States of America designated by such Owner.

The principal of and redemption premiums, if any, on the Series 2020A Bonds shall be payable upon the surrender thereof at maturity or the prior redemption thereof at the Corporate Trust Office of the Trustee. The interest on and principal of and redemption premiums, if any, on the Series 2020A Bonds shall be paid in lawful money of the United States of America.

Section 2.2. Form of Series 2020A Bonds. The Series 2020A Bonds, the authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A, which is incorporated herein and made a part hereof, with necessary or appropriate variations, omissions and insertions as permitted or required hereby.

Section 2.3. Application of Proceeds of Sale of Series 2020A Bonds and Other Funds held under the Indenture. Upon receipt of payment for the Series 2020A Bonds (the "Series 2020A Bond Proceeds") from the underwriter in the net amount of \$[] (equal to the principal amount of the Series 2020A Bonds of \$[], plus original issue premium of \$[], less underwriter's discount of \$[], [less Series 2020A Municipal Bond Insurance Policy premium of \$[] wired by the underwriter to the Series 2020 Bond Insurer on behalf of the City]), the Trustee shall deposit or transfer the Series 2020A Bond Proceeds and other available moneys as described below:

[Application of proceeds to be updated]

(a) \$[] of Series 2020A Bond Proceeds to the redeem all of the outstanding Senior 2012 Notes.

(b) \$[] of Series 2020A Bond Proceeds to the redeem CUSIP 899124KQ3 relating to the Series 2015 Bonds.

(c) [\$[] of Series 2020A Bond Proceeds to be deposited into the Series 2020A Reserve Account.]

(d) \$[] of Series 2020A Bond Proceeds into the Series 2020A Costs of Issuance Fund.

The Trustee may establish a temporary fund or account to facilitate such transfers and deposits.

Section 2.4. Series 2020A Reserve Account. The Series 2020A Reserve Account is hereby created within the Reserve Fund. Amounts in or available to the Series 2020A Reserve

Account shall only be available to pay the interest on and principal of the Series 2020A Bonds. [On the Closing Date, the Series 2020A Reserve Policy will be deposited in the Series 2020A Reserve Account, in an amount equal to the Reserve Fund Requirement for the Series 2020A Bonds as of the Closing Date.]

Section 2.5. Series 2020A Costs of Issuance Fund. There shall be established a separate fund with the Trustee to be known as the “Series 2020A City of Tulare Costs of Issuance Fund,” which fund shall be referred to herein as the “Series 2020A Costs of Issuance Fund”. On the Closing Date, \$[_____] of Bond Proceeds will be deposited in the Costs of Issuance Fund.

Before any payment of money is made from any of the Series 2020A Costs of Issuance Fund, the City shall file with the Trustee a Written Request of the City substantially in the form of Exhibit B which contains the following items:

- (a) the name and address of the person to whom payment is due;
- (b) the amount of money to be paid and the Series 2020A Costs of Issuance Fund from which such payment is to be made; and
- (c) the purpose for which the obligation to be paid was incurred.

Each such Written Request of the City shall state and shall be conclusive evidence to the Trustee of the following:

- (a) that such payment complies with the requirements of this Indenture and any Supplemental Indentures; and
- (b) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Fund.

Upon receipt of each Written Request described above the Trustee shall pay the amount set forth therein as directed by the terms thereof. Upon the earlier of (i) when all moneys have been expended in the Series 2020 Costs of Issuance Fund or (i) [_____, 2020], such fund shall be closed by the Trustee and any remaining amounts, if any, in the fund shall be transferred to the Interest Account for the Series 2020 Bonds.

Section 2.6. Redemption of Series 2020A Bonds.

(a) Optional Redemption. The Series 2020A Bonds maturing by their terms on or after [November 15, 20__], are subject to optional redemption prior to their respective stated maturity dates by the City on any date on or after [November 15, 20__], as a whole or in part in such principal amounts and from such maturity dates as selected by the City, from funds derived by the City from any lawful source and deposited with the Trustee not less than five (5) days prior to the date of redemption, upon mailed notice as provided in Section 2.4 of the Master Indenture, at a redemption price equal to the principal amount of the Bonds or the portions thereof redeemed, without premium, together with interest accrued thereon to the date fixed for redemption. The Trustee shall distribute notice of optional redemption upon receipt of a Written

Request of the City received by the Trustee at least five (5) days prior to the date of such notice of optional redemption, [and such notice may be conditional].

(b) Mandatory Redemption. Subject to Article II of the Master Indenture, the Series 2020A Bonds described below are subject to mandatory redemption prior to maturity in part, by lot, on each November 15 on or after [November 15, 20__] from Sinking Fund Account Installments deposited into the Sinking Fund Account pursuant to Section 3.1 of the Master Indenture at the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium, as follows:

\$[_____] Term Bond maturing November 15, 20__

Sinking Fund Account Payment Dates (November 15)	Sinking Fund Account Installment
20__	\$-
20__	-
20__*	-

* Maturity.

\$[_____] Term Bond maturing November 15, 20__

Sinking Fund Account Payment Dates (November 15)	Sinking Fund Account Installment
20__	\$-
20__	-
20__*	-

* Maturity.

\$[_____] Term Bond maturing November 15, 20__

Sinking Fund Account Payment Dates (November 15)	Sinking Fund Account Installment
20__	\$-
20__	-
20__*	-

* Maturity.

Section 2.7. Terms of Series 2020A Bonds Subject to the Master Indenture. Except as in the Supplemental Indenture expressly provided, every term and condition contained in the Master Indenture shall apply to the Supplemental Indenture to the Series 2020A Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Supplemental Indenture.

Section 2.8. Authorization and Terms of Series 2020B Bonds. The Series 2020B Bonds in a principal amount of \$[] are hereby authorized to be issued by the City in order to advance refund all or a portion of the City’s Series 2013 Bonds. The Series 2020B Bonds shall be designated the “City of Tulare Sewer Revenue Refunding Bonds, Series 2020B (Federally Taxable).”

The Series 2020B Bonds shall be dated their initial date of delivery, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates per annum (payable semiannually on May 15 and November 15 in each year, commencing on [] 15, 20__]) and shall mature and become payable on November 15 in each of the years in the principal amounts set forth in the following schedule:

	<u>Maturity Date</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
-		\$ -	-%
-		-	-

The Series 2020B Bonds shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2020B Bonds maturing at any one time). The Series 2020B Bonds shall be numbered sequentially beginning with “RB-1”. Each Series 2020B Bond shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from and including the Record Date next preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the Record Date next preceding the first Interest Payment Date, in which event it shall bear interest from its date of delivery; *provided*, that if at the time of registration of any Series 2020B Bond interest is then in default on the Outstanding Series 2020B Bonds, such Series 2020B Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2020B Bonds. Payment of interest on the Series 2020B Bonds due on or before the maturity or prior redemption of the Series 2020B Bonds shall be made to the person whose name appears in the registration books maintained under Section 2.8 of the Master Indenture as the Owner thereof as of the close of business on the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on each Interest Payment Date to such Owner at his address as it appears in the registration books maintained under such Section 2.8 of the Master Indenture, or, upon written request received prior to the Record Date next preceding an Interest Payment Date of an Owner of at least one million dollars (\$1,000,000) in aggregate

principal amount of Series 2020B Bonds, by wire transfer in immediately available funds to an account within the continental United States of America designated by such Owner.

The principal of and redemption premiums, if any, on the Series 2020B Bonds shall be payable upon the surrender thereof at maturity or the prior redemption thereof at the Corporate Trust Office of the Trustee. The interest on and principal of and redemption premiums, if any, on the Series 2020B Bonds shall be paid in lawful money of the United States of America.

Section 2.9. Form of Series 2020B Bonds. The Series 2020B Bonds, the authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A, which is incorporated herein and made a part hereof, with necessary or appropriate variations, omissions and insertions as permitted or required hereby.

Section 2.10. Application of Proceeds of Sale of Series 2020B Bonds and Other Funds held under the Indenture. Upon receipt of payment for the Series 2020B Bonds (the "Series 2020B Bond Proceeds") from the underwriter in the net amount of \$[] (equal to the principal amount of the Series 2020B Bonds of \$[], plus original issue premium of \$[], less underwriter's discount of \$[], [less Series 2020B Municipal Bond Insurance Policy premium of \$[] wired by the underwriter to the Series 2020 Bond Insurer on behalf of the City)], the Trustee shall deposit or transfer the Series 2020B Bond Proceeds and other available moneys as described below:

[Application of proceeds to be updated]

(a) \$[] of Series 2020B Bond Proceeds to the Series 2013 Escrow Agent to be applied as described in the Series 2013 Escrow Agreement.

(b) [\$[] of Series 2020B Bond Proceeds to be deposited into the Series 2020B Reserve Account.]

(c) \$[] of Series 2020B Bond Proceeds into the Series 2020B Costs of Issuance Fund.

The Trustee may establish a temporary fund or account to facilitate such transfers and deposits. Any moneys remaining in the accounts for the Series 2013 Bonds shall be deposited in Interest Account for the Series 2020B Bonds.

Section 2.11. Series 2020B Reserve Account. The Series 2020B Reserve Account is hereby created within the Reserve Fund. Amounts in or available to the Series 2020B Reserve Account shall only be available to pay the interest on and principal of the Series 2020B Bonds. [On the Closing Date, the Series 2020B Reserve Policy will be deposited in the Series 2020B Reserve Account, in an amount equal to the Reserve Fund Requirement for the Series 2020B Bonds as of the Closing Date.]

Section 2.12. Series 2020B Costs of Issuance Fund. There shall be established a separate fund with the Trustee to be known as the "Series 2020B City of Tulare Costs of

Issuance Fund,” which fund shall be referred to herein as the “Series 2020B Costs of Issuance Fund”. On the Closing Date, \$[_____] of Bond Proceeds will be deposited in the Costs of Issuance Fund.

Before any payment of money is made from any of the Series 2020B Costs of Issuance Fund, the City shall file with the Trustee a Written Request of the City substantially in the form of Exhibit B which contains the following items:

- (a) the name and address of the person to whom payment is due;
- (b) the amount of money to be paid and the Series 2020B Costs of Issuance Fund from which such payment is to be made; and
- (c) the purpose for which the obligation to be paid was incurred.

Each such Written Request of the City shall state and shall be conclusive evidence to the Trustee of the following:

- (a) that such payment complies with the requirements of this Indenture and any Supplemental Indentures; and
- (b) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Fund.

Upon receipt of each Written Request described above the Trustee shall pay the amount set forth therein as directed by the terms thereof. Upon the earlier of (i) when all moneys have been expended in the Series 2020B Costs of Issuance Fund or (i) [_____, 2020], such fund shall be closed by the Trustee and any remaining amounts, if any, in the fund shall be transferred to the Interest Account for the Series 2020B Bonds.

Section 2.13. Redemption of Series 2020B Bonds.

(a) Optional Redemption. The Series 2020B Bonds maturing by their terms on or after [November 15, 20__], are subject to optional redemption prior to their respective stated maturity dates by the City on any date on or after [November 15, 20__], as a whole or in part in such principal amounts and from such maturity dates as selected by the City, from funds derived by the City from any lawful source and deposited with the Trustee not less than five (5) days prior to the date of redemption, upon mailed notice as provided in Section 2.4 of the Master Indenture, at a redemption price equal to the principal amount of the Bonds or the portions thereof redeemed, without premium, together with interest accrued thereon to the date fixed for redemption. The Trustee shall distribute notice of optional redemption upon receipt of a Written Request of the City received by the Trustee at least five (5) days prior to the date of such notice of optional redemption, [and such notice may be conditional.]

(b) Mandatory Redemption. Subject to Article II of the Master Indenture, the Series 2020B Bonds described below are subject to mandatory redemption prior to maturity in part, by lot, on each November 15 on or after [November 15, 20__] from Sinking Fund Account Installments deposited into the Sinking Fund Account pursuant to Section 3.1 of the Master

Indenture at the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium, as follows:

\$[_____] Term Bond maturing November 15, 20__

Sinking Fund Account Payment Dates (November 15)	Sinking Fund Account Installment
20__	\$-
20__	-
20__*	-

* Maturity.

\$[_____] Term Bond maturing November 15, 20__

Sinking Fund Account Payment Dates (November 15)	Sinking Fund Account Installment
20__	\$-
20__	-
20__*	-

* Maturity.

\$[_____] Term Bond maturing November 15, 20__

Sinking Fund Account Payment Dates (November 15)	Sinking Fund Account Installment
20__	\$-
20__	-
20__*	-

* Maturity.

Section 2.14. Terms of Series 2020B Bonds Subject to the Master Indenture. Except as in the Supplemental Indenture expressly provided, every term and condition contained in the Master Indenture shall apply to the Supplemental Indenture to the Series 2020B Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Supplemental Indenture; provided that the Series 2020B Bonds are being issued as obligations the interest on which will be subject to federal income taxation.

ARTICLE III

[PROVISIONS RELATING TO THE SERIES 2020 MUNICIPAL BOND INSURANCE POLICY AND THE SERIES 2020 RESERVE POLICIES]

[To be updated]

Section 3.1. Certain Provisions relating to the Series 2020 Bonds. [So long as the Series 2020 Municipal Bond Insurance Policy is outstanding and the Series 2020 Bond Insurer is not in default of its obligations thereunder, the following provisions shall govern:

(a) The prior written consent of the Series 2020 Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series 2020 Reserve Accounts. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2020 Reserve Accounts shall be applied solely to the payment of debt service due on the Series 2020 Bonds.

(b) The Series 2020 Bond Insurer shall be deemed to be the sole holder of the Series 2020 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2020 Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2020 Bond, the Trustee (solely with respect to the Series 2020 Bonds) and each Bondholder appoint the Series 2020 Bond Insurer as their agent and attorney-in-fact and agree that the Series 2020 Bond Insurer may at any time during the continuation of any proceeding by or against the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedes or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the Series 2020 Bonds) and each Bondholder delegate and assign to the Series 2020 Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders shall expressly include mandamus.

(c) If acceleration is permitted under the Indenture, the maturity of Series 2020 Bonds shall not be accelerated without the consent of the Series 2020 Bond Insurer and in the event the maturity of the Series 2020 Bonds is accelerated, the Series 2020 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the City) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2020 Bond Insurer's obligations under the Series

2020 Municipal Bond Insurance Policy with respect to such Series 2020 Bonds shall be fully discharged.

(d) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2020 Bond Insurer. No grace period shall be permitted for payment defaults.

(e) The Series 2020 Bond Insurer shall be included as a third party beneficiary to the Indenture.

(f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2020 Bonds to be redeemed shall be subject to the approval of the Series 2020 Bond Insurer. The exercise of any provision of the Indenture which permits the purchase of Series 2020 Bonds in lieu of redemption shall require the prior written approval of the Series 2020 Bond Insurer if any Bond so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondholders or adversely affects the rights and interests of the Series 2020 Bond Insurer shall be subject to the prior written consent of the Series 2020 Bond Insurer.

(h) The rights granted to the Series 2020 Bond Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Series 2020 Bond Insurer in consideration of its issuance of the Series 2020 Municipal Bond Insurance Policy. Any exercise by the Series 2020 Bond Insurer of such rights is merely an exercise of the Series 2020 Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Series 2020 Bond Insurer, affirmative or negative, as to whether the consent of the Bondholders or any other person is required in addition to the consent of the Series 2020 Bond Insurer.

(i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Series 2020 Bond Insurer, pre refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Series 2020 Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2020 Bonds unless the Series 2020 Bond Insurer otherwise approves.

(j) To accomplish defeasance, the City shall cause to be delivered to the Series 2020 Bond Insurer (i) a report of an independent firm of nationally recognized certified

public accountants or such other accountant as shall be acceptable to the Series 2020 Bond Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Series 2020 Bonds in full on the maturity or redemption date (“Verification”), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Series 2020 Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2020 Bonds are no longer “Outstanding” under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2020 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance to the Series 2020 Bond Insurer and the City, and addressed, to the City, Trustee and Series 2020 Bond Insurer. The Series 2020 Bond Insurer shall be provided with final drafts of the above referenced documentation not less than five business days prior to the funding of the escrow.

(k) Series 2020 Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(l) Amounts paid by the Series 2020 Bond Insurer under the Series 2020 Municipal Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2020 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2020 Bond Insurer have been paid in full or duly provided for.

(m) The City covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the System Net Revenues under applicable law. No such filing is required as of the Closing Date.

(n) The Series 2020 Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2020 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2020 Municipal Bond Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the City to the Series 2020 Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(o) The City shall pay or reimburse the Series 2020 Bond Insurer any and all charges, fees, costs and expenses that the Series 2020 Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2020 Bond Insurer to honor its obligations under the Series 2020 Municipal Bond Insurance Policy. The Series 2020 Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(p) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the City or rebate only after the payment of past due and current debt service on the Series 2020 Bonds and amounts required to restore the Series 2020 Reserve Accounts to the Reserve Fund Requirement.

(q) The Series 2020 Bond Insurer shall be entitled to pay principal of or interest on the Series 2020 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Series 2020 Municipal Bond Insurance Policy) and any amounts due on the Series 2020 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Series 2020 Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Series 2020 Municipal Bond Insurance Policy) or a claim upon the Series 2020 Municipal Bond Insurance Policy.

(r) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Series 2020 Bonds Reserve Accounts are fully funded at the Reserve Fund Requirement upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Series 2020 Bond Insurer.

(s) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2020 Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2020 Municipal Bond Insurance Policy.

(t) No contract shall be entered into or any action taken by which the rights of the Series 2020 Bond Insurer or security for or sources of payment of the Series 2020 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2020 Bond Insurer.

(u) Any interest rate exchange agreement (“Swap Agreement”) entered into by the City, secured by and payable from System Net Revenues, shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Series 2020 Bond Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Series 2020 Bonds and on any debt on parity with the Series 2020 Bonds. The City shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of the Series 2020 Bond Insurer prior to the payment of any such termination amount that such payment will not cause the City to be in default under the Indenture, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a

rating of at least “A-” and “A3” by Standard & Poor’s (“S&P”) and Moody’s Investors Service (“Moody’s”). If the counterparty or guarantor’s rating falls below “A-” or “A3” by either S&P or Moody’s, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the Series 2020 Bond Insurer. If the counterparty or the guarantor’s long term unsecured rating falls below “Baa1” or “BBB+” by either Moody’s or S&P, a replacement counterparty or guarantor, acceptable to the Series 2020 Bond Insurer, shall be required.

Section 3.2. Claims Upon the Series 2020 Municipal Bond Insurance Policy and Payments by and to the Series 2020 Bond Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Series 2020 Bond Insurer and to its designated agent (if any) (the “Series 2020 Bond Insurer's Fiscal Agent”) by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Series 2020 Municipal Bond Insurance Policy and give notice to the Series 2020 Bond Insurer and the Series 2020 Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2020 Bonds and the amount required to pay principal of the Series 2020 Bonds, confirmed in writing to the Series 2020 Bond Insurer and the Series 2020 Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2020 Municipal Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal of the Series 2020 Bonds paid by the Series 2020 Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2020 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2020 Bond to the Series 2020 Bond Insurer, registered in the name of [INSURANCE PROVIDER], in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2020 Bond shall have no effect on the amount of principal or interest payable by the City on any Series 2020 Bond or the subrogation rights of the Series 2020 Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2020 Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2020 Bond. The Series 2020 Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Series 2020 Municipal Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders

referred to herein as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2020 Municipal Bond Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the City agrees to pay to the Series 2020 Bond Insurer (i) a sum equal to the total of all amounts paid by the Series 2020 Bond Insurer under the Series 2020 Municipal Bond Insurance Policy (the “Series 2020 Bond Insurer Advances”); and (ii) interest on such Series 2020 Bond Insurer Advances from the date paid by the Series 2020 Bond Insurer until payment thereof in full, payable to the Series 2020 Bond Insurer at the Late Payment Rate per annum (collectively, the “Series 2020 Bond Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The City hereby covenants and agrees that the Series 2020 Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the System Net Revenues and payable from such System Net Revenues on a parity with debt service due on the Series 2020 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Series 2020 Bond Payment Date shall promptly be remitted to the Series 2020 Bond Insurer.

Section 3.3. Notices to the Series 2020 Bond Insurer. The notice address of the Series 2020 Bond Insurer is: [INSURANCE PROVIDER] [INSURANCE PROVIDER CONTACT INFORMATION]. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the [Deputy General Counsel – Public Finance] and shall be marked to indicate “URGENT MATERIAL ENCLOSED.” The Series 2020 Bond Insurer shall be provided with the following information by the City or Trustee, as the case may be:

(a) From the City, annual audited financial statements within 150 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Indenture), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Series 2020 Bond Insurer shall reasonably request from time to time;

(b) Notice of any draw upon the Series 2020 Bonds Reserve Accounts within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(c) Notice of any default known to the Trustee or City within five Business Days after knowledge thereof;

(d) Prior notice of the advance refunding or redemption of any of the Series 2020 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(e) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(f) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);

(g) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(h) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(i) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

(j) All information furnished pursuant to any continuing disclosure agreement, covenant or undertaking with respect to the Series 2020 Bonds, shall also be provided to the Series 2020 Bond Insurer, simultaneously with the furnishing of such information.

Section 3.4. Series 2020 Bond Insurer Information Requests. The Series 2020 Bond Insurer shall have the right to receive such additional information as it may reasonably request. The City will permit the Series 2020 Bond Insurer to discuss the affairs, finances and accounts of the City or any information the Series 2020 Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Series 2020 Bond Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice. The Trustee shall notify the Series 2020 Bond Insurer of any failure of the City to provide notices, certificates and other information to the Trustee under the transaction documents.

Section 3.5. Provisions Relating to the Series 2020 Reserve Policies. Notwithstanding anything herein or in the Indenture to the contrary, so long as the Series 2020 Reserve Policies are in effect or amounts are owed to the Series 2020 Bond Insurer as issuer of the Series 2020 Reserve Policies the following provisions shall govern:

(a) The City shall repay any draws under the Series 2020 Reserve Policies and pay all related reasonable expenses incurred by the Series 2020 Bond Insurer and shall pay interest thereon from the date of payment by the Series 2020 Bond Insurer at the Late Payment Rate. “Late Payment Rate” means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Series 2020 Bond Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Series 2020 Bond Insurer, with the same force and effect as if the City had specifically designated such extra sums to be so applied and the Series 2020 Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, “Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Series 2020 Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2020 Bond Insurer on account of principal due, the coverage under the Series 2020 Reserve Policies will be increased by a like amount, subject to the terms of the Series 2020 Reserve Policies. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Series 2020 Reserve Accounts shall be transferred to the Interest Account or the Principal Account, as applicable, for payment of debt service on the Series 2020 Bonds before any drawing may be made on the Series 2020 Reserve Policies or any other credit facility credited to the Series 2020 Reserve Funds in lieu of cash (“Credit Facility”). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2020 Reserve Policies) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage

then available thereunder) after applying all available cash and investments in the Series 2020 Reserve Accounts. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2020 Reserve Accounts. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the City shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Series 2020 Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2020 Bonds or (ii) remedies which would adversely affect owners of the Series 2020 Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to the Series 2020 Bond Insurer shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Series 2020 Bonds.

(d) The City shall include any Policy Costs then due and owing the Series 2020 Bond Insurer in the calculation of the additional bonds test and the rate covenant in the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the Series 2020 Reserve Policies in accordance with the provisions of subparagraph (a) hereof shall provide notice to the Series 2020 Bond Insurer in accordance with the terms of the Series 2020 Reserve Policies at least five business days prior to each date upon which interest or principal is due on the Series 2020 Bonds. Where deposits are required to be made by the City with the Trustee to the debt service fund for the Series 2020 Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Series 2020 Bond Insurer of any failure of the City to make timely payment in full of such deposits within two business days of the date due.]

ARTICLE IV

AMENDMENT TO MASTER INDENTURE

Section 4.1. Amendment of Defined Term in the Master Indenture. For the Series 2020 Bonds and future Parity Debt, the term “Reserve Fund Requirement” shall be amended and restated as follows:

“Reserve Fund Requirement” shall mean, with respect to the Series 2020 Bonds, “Reserve Fund Requirement” shall mean the aggregate amount, as calculated from time to time with respect to the Series 2020 Bonds, equal to the least of (i) maximum annual debt service on the Series 2020 Bonds (based on a year ending June 30), (ii) 125% of average annual debt service on the Series 2020 Bonds (based on a year ending June 30) or (iii) 10% of the original principal amount of the Series 2020 Bonds or, if more than a de minimis of original issue discount or premium on such Series of Bonds under the Code, 10% of the issue price of the

Series 2020 Bonds; provided, that if the City utilizes a common Reserve Fund for two or more Series of the Bonds hereunder, then the City at its option may substitute for clause (i) above the amount necessary to be added to such common Reserve Fund to equal the maximum annual aggregate debt service for such Series of the Bonds; provided further that notwithstanding any provision hereof to the contrary, with the prior written consent of the Bond Insurer, all or any portion of the Reserve Fund Requirement may be satisfied by the provision of a policy of insurance, a surety bond, a letter of credit or other comparable credit facility, or a combination thereof, which, together with money on deposit in such Reserve Fund, provide an aggregate amount equal to the Reserve Fund Requirement, so long as (i) the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility is rated in one of the two highest rating categories (at the time of issuance) by Moody's, S&P or another nationally recognized rating agency, (ii) in the case of a substitution of cash for a credit facility, the Trustee has received an opinion of counsel of recognized standing in the field of law relating to municipal bonds substantially to the effect that such substitution is authorized or permitted under this Indenture and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, and (iii) the Trustee has received an opinion of counsel to the effect that the credit facility to be substituted is a valid, binding and legally enforceable obligation; and provided further, that in the event that any previously funded cash portion of the Reserve Fund Requirement is satisfied by the provision of such a policy of insurance, surety bond, letter of credit or other comparable credit facility, or a combination thereof, the amount of money then in such Reserve Fund equal to the portion of the Reserve Fund Requirement then being satisfied by such credit facility shall (upon receipt of a Written Request of the City) be withdrawn by the Trustee from the Reserve Fund and transferred to the City.

IN WITNESS WHEREOF, the City of Tulare has caused the Supplemental Indenture to be signed in its name by the President of the Council and Ex-Officio Mayor of the City of Tulare and its seal to be hereunto affixed and to be attested by the Chief Deputy City Clerk and Clerk of the Council of the City of Tulare, and U.S. Bank National Association, as Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

CITY OF TULARE

By: _____
President of the Council and
Ex-Officio Mayor of the City of Tulare

ATTEST:

Chief Deputy City Clerk and Clerk of the
Council of the City of Tulare

[SEAL]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

**EXHIBIT A
FORM OF BONDS**

No. _____

\$ _____

**CITY OF TULARE
SEWER REVENUE REFUNDING BONDS, SERIES 2020[A]/[B]**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
_____%	November 15, 20__	[_____, 2020]	

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

The City of Tulare, a municipal corporation, duly organized and existing under and pursuant to the Freeholders' Charter of the City of Tulare and the laws of the State of California (the "City"), for value received hereby promises to pay (but only from the System Net Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Series 2020[A]/[B] Bond (unless this Series 2020[A]/[B] Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Series 2020[A]/[B] Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from its date of delivery) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on May 15 and November 15 in each year, commencing on [_____, 15, 20__]. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Series 2020[A]/[B] Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Series 2020[A]/[B] Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Series 2020[A]/[B] Bond is one of a duly authorized issue of City of Tulare Sewer Revenue Refunding Bonds, Series 2020[A]/[B] (the "Series 2020[A]/[B] Bonds"), limited in

aggregate principal amount to \$[_____] , all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of relevant laws of the State of California including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (collectively, the “Relevant Law”), and pursuant to the provisions of the Master Indenture dated as of December 1, 2003, as supplemented and amended from time to time, including by the Eighth Supplemental Indenture, dated as of [_____] 1, 2020], (collectively, the “Indenture”), and each by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). All the Series 2020[A]/[B] Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture, and reference is hereby made to the Indenture, to any indentures supplemental thereto and to the Relevant Law for a description of the terms on which the Series 2020[A]/[B] Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Series 2020[A]/[B] Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the Registered Owners of the Series 2020[A]/[B] Bonds; and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Series 2020[A]/[B] Bond, and to all the provisions thereof the registered owner of this Series 2020[A]/[B] Bond, by his acceptance hereof, consents and agrees; and each registered owner hereof shall have recourse to all the provisions of the Indenture and shall be bound by all the terms and conditions thereof.

The Series 2020[A]/[B] Bonds are limited obligations of the City and are payable, as to interest thereon and principal thereof and redemption premiums, if any, thereon, exclusively from the System Net Revenues (as that term is defined in the Indenture) and such other funds as provided hereunder, and the City is not obligated to pay them except from the System Net Revenues and such other funds. The obligation of the City to pay interest on, principal of and redemption premiums, if any, on the Series 2020[A]/[B] Bonds is a special obligation of the City payable solely from the System Net Revenues, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

[[INSURANCE PROVIDER] has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Series 2020[A]/[B] Bond to U.S. Bank National Association, Los Angeles, California, or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from [_____] or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Series 2020[A]/[B] Bond acknowledges and consents to the subrogation rights of [INSURANCE PROVIDER] as more fully set forth in the Policy.]

The Series 2020[A]/[B] Bonds are subject to redemption as provided in the Indenture.

As provided in the Indenture, notice of redemption of this Series 2020[A]/[B] Bond or any portion thereof shall be mailed by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof and to those information services and securities depositories required by the Indenture, but failure to

receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above-described redemption price is held by the Trustee, then such Series 2020[A]/[B] Bonds or such portions thereof shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on such Series 2020[A]/[B] Bonds or such portions thereof so called for redemption shall cease to accrue and Registered Owners of such Series 2020[A]/[B] Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of such redemption price thereof.

If an event of default, as defined in the Indenture, shall occur, the principal of all Series 2020[A]/[B] Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the Registered Owners of at least a majority in aggregate principal amount of the Series 2020[A]/[B] Bonds then outstanding.

The Series 2020[A]/[B] Bonds are issuable only in the form of fully registered Series 2020[A]/[B] Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2020[A]/[B] Bonds maturing at any one time). The owner of any Series 2020[A]/[B] Bond or Series 2020[A]/[B] Bonds may surrender the same at the Corporate Trust Office of the Trustee, in exchange for an equal aggregate principal amount of Series 2020[A]/[B] Bonds of any other authorized denominations and of the same maturity date, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Series 2020[A]/[B] Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the Corporate Trust Office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Series 2020[A]/[B] Bond together with a written instrument of transfer in substantially the form attached hereto duly executed by the registered owner or his duly authorized attorney, and thereupon a new Series 2020[A]/[B] Bond or Series 2020[A]/[B] Bonds, in the same aggregate principal amount and of the same maturity date, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The City and the Trustee may deem and treat the person in whose name this Series 2020[A]/[B] Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the City and of the Registered Owners of the Series 2020[A]/[B] Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture.

This Series 2020[A]/[B] Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee upon receipt of a Written Request of the City.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2020[A]/[B] Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series 2020[A]/[B] Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California.

IN WITNESS WHEREOF, said City of Tulare has caused this Bond to be signed by the President of the Council and Ex-officio Mayor of the City and the Finance Director of said City by their manual or facsimile signatures, countersigned by the Chief Deputy City Clerk and Clerk of the Council of said City by her manual or facsimile signature, and the corporate seal of said City to be imprinted hereon all as of the __th day of [____], 2020

CITY OF TULARE

President of the Council and Ex-Officio
Mayor of the City of Tulare

Finance Director of the City of Tulare

COUNTERSIGNED:

Chief Deputy City Clerk and Clerk of the
Council of the City of Tulare

(SEAL)

(FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION)

This is one of the Series 2020[A]/[B] Bonds described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: _____

By _____
Authorized Officer

(FORM OF ASSIGNMENT)

For value received the undersigned do(es) hereby sell, assign and transfer unto ___ the within-mentioned registered Series 2020[A]/[B] Bond and hereby irrevocably constitutes and appoint(s) attorney to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signatures to this Assignment must correspond with the name(s) as written on the face of the within Series 2020[A]/[B] Bond in every particular, without alteration or enlargement or any change whatsoever, and the signatures must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

Unless this Series 2020[A]/[B] Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the City or its agent for registration of transfer, exchange, or payment, and any Series 2020[A]/[B] Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

EXHIBIT B

FORM OF SERIES 2020[A]/[B] COSTS OF ISSUANCE FUND REQUISITION

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services

Re: Series 2020[A]/[B] Cost of Issuance Fund (“Series 2020[A]/[B] Cost of Issuance Fund”) held under Indenture (the “Indenture”) relating to the City of Tulare (the “City”) Sewer Revenue Refunding Bonds, Series 2020[A]/[B] (the “Series 2020[A]/[B] Bonds”)

You are hereby instructed to transfer moneys from the Series 2020[A]/[B] Cost of Issuance Fund as follows:

Payee Name: _____
Payee Address: _____
Payee Wiring Instructions: _____
Amount: \$ _____
Purpose of Expenditure: _____

The undersigned as a duly authorized representative of the City hereby certifies as follows:

- (1) that above payment complies with the requirements of the Indenture; and
- (2) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Series 2020[A]/[B] Costs of Issuance Fund.

Date: _____

CITY OF TULARE

Authorized Officer

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE — BOOK ENTRY ONLY

**[S&P: “_” Insured]
S&P: “_” Underlying
See “RATINGS” herein**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City of Tulare (the “City”), under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2020A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. Interest on the Series 2020B Bonds is included in gross income for federal income tax purposes. In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Series 2020 Bonds is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS” herein.



**CITY OF TULARE
SEWER REVENUE REFUNDING BONDS**

**[PAR AMOUNT A]*
SERIES 2020A
(Tax-Exempt)**

**[PAR AMOUNT B]*
SERIES 2020B
(Federally Taxable)**

Dated: Date of Delivery

Due: November 15, as shown on inside front cover

The City of Tulare Sewer Revenue Refunding Bonds, Series 2020A (Tax Exempt) (the “Series 2020A Bonds”) in the aggregate principal amount of \$[_____]* and the City of Tulare Sewer Revenue Refunding Bonds, Series 2020B (Federally Taxable) (the “Series 2020B Bonds,” and together with the Series 2020A Bonds, the “Series 2020 Bonds”) in the aggregate principal amount of \$[_____]* are being issued by the City pursuant to that certain Master Indenture, dated as December 1, 2003 (the “Master Indenture”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented or amended from time to time, including by the Eighth Supplemental Indenture, dated as of November 1, 2020 (the “Supplemental Indenture,” and together with the Master Indenture, as supplemented or amended from time to time, the “Indenture”), by and between the City and the Trustee. Proceeds of the Series 2020 Bonds will be used to provide funds to (i) current refund all of the outstanding principal amount of the City of Tulare 2012 Sewer Revenue Refunding Notes, (ii) current refund a portion of the outstanding principal amount of the City of Tulare Sewer Revenue Refunding Bonds, Series 2015, (iii) [advance refund a portion of the outstanding principal amount of the City of Tulare Sewer Revenue Refunding Bonds, Series 2013,] (iv) fund a debt service reserve fund for the Bonds [through the deposit of a reserve fund surety policy, as further described herein], and (v) pay for the costs of issuing the Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Series 2020 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), and will be available to purchasers in Authorized Denominations of \$5,000 or any integral multiples of \$5,000, under the book-entry system maintained by DTC. Interest on the Series 2020 Bonds will be payable on May 15 and November 15 of each year, commencing May 15, 2021, and principal of the Series 2020 Bonds will be paid on the dates set forth in the Maturity Schedule on the inside cover hereof. The Trustee will make payments of the principal of and interest on the Series 2020 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Series 2020 Bonds. Disbursement of such payments to the Beneficial Owners of the Series 2020 Bonds is the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM” herein.

The payment of interest on and principal of the Series 2020 Bonds are a special limited obligation of the City, payable from and secured by System Net Revenues, generally defined as system revenues received from the City’s wastewater system, less operation and maintenance costs of the City’s wastewater system. The City may incur additional obligations secured by System Net Revenues on parity with the Series 2020 Bonds if certain conditions are complied with as described in the Indenture. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of principal or interest on the Series 2020 Bonds. See “SECURITY FOR THE SERIES 2020 BONDS” herein.

The Series 2020 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2020 BONDS – Redemption” herein.

[The scheduled payment of principal of and interest on the Series 2020 Bonds when due will be guaranteed under an insurance policy (the “Policy”) to be issued concurrently with the delivery of the Series 2020 Bonds by **[INSURANCE PROVIDER].**]

[INSURANCE PROVIDER LOGO]

THE SERIES 2020 BONDS ARE LIMITED OBLIGATIONS OF THE CITY AND ARE PAYABLE, AS TO INTEREST THEREON AND PRINCIPAL THEREOF, EXCLUSIVELY FROM THE SYSTEM NET REVENUES AND SUCH OTHER FUNDS AS PROVIDED UNDER THE INDENTURE, AND THE CITY IS NOT OBLIGATED TO PAY THEM EXCEPT FROM THE SYSTEM REVENUES AND SUCH OTHER FUNDS. THE OBLIGATION OF THE CITY TO PAY INTEREST ON AND PRINCIPAL OF THE SERIES 2020 BONDS IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM THE SYSTEM NET REVENUES, AND DOES NOT

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Series 2020 Bonds. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND
YIELDS ARE SHOWN ON INSIDE FRONT COVER.**

The Series 2020 Bonds are offered, when, as and if issued and received by the Underwriter, subject to the approval of legality by Hawkins Delafield & Wood LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the City by Griswold, Lasalle, Cobb, Dowd & Gin, LLP, Hanford, California, City Attorney, and Hawkins Delafield & Wood LLP, San Francisco, California, Bond Counsel. The Underwriter has been represented by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is expected that the Series 2020 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about _____, 2020.

Morgan Stanley

Dated: _____, 2020

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE
CITY OF TULARE
SEWER REVENUE REFUNDING BONDS

\$(PAR AMOUNT A)*
Series 2020A
(Tax-Exempt)

<u>Maturity</u> (November 15)	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP[†]</u> (_____)
----------------------------------	------------------------------------	--------------------------------	--------------	--------------	-------------------------------------

\$ _____ % Term Bond due November 15, 20__, priced at _____ to yield _____ %
 CUSIP[†] No. _____

\$(PAR AMOUNT B)*
Series 2020B
(Federally Taxable)

<u>Maturity</u> (November 15)	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP[†]</u> (_____)
----------------------------------	------------------------------------	--------------------------------	--------------	--------------	-------------------------------------

\$ _____ % Term Bond due November 15, 20__, priced at _____ to yield _____ %
 CUSIP[†] No. _____

* Preliminary, subject to change.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience and reference only. None of the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

City of Tulare
411 East Kern Avenue
Tulare, California 93274
Incorporated 1888

City Council Members

Jose Sigala, District 1, *Mayor*
Dennis Mederos, District 4, *Vice Mayor*
Terry Sayre, District 2, *Council Member*
Carlton Jones, District 3, *Council Member*
Greg Nunley, District 5, *Council Member*

Board of Public Utilities

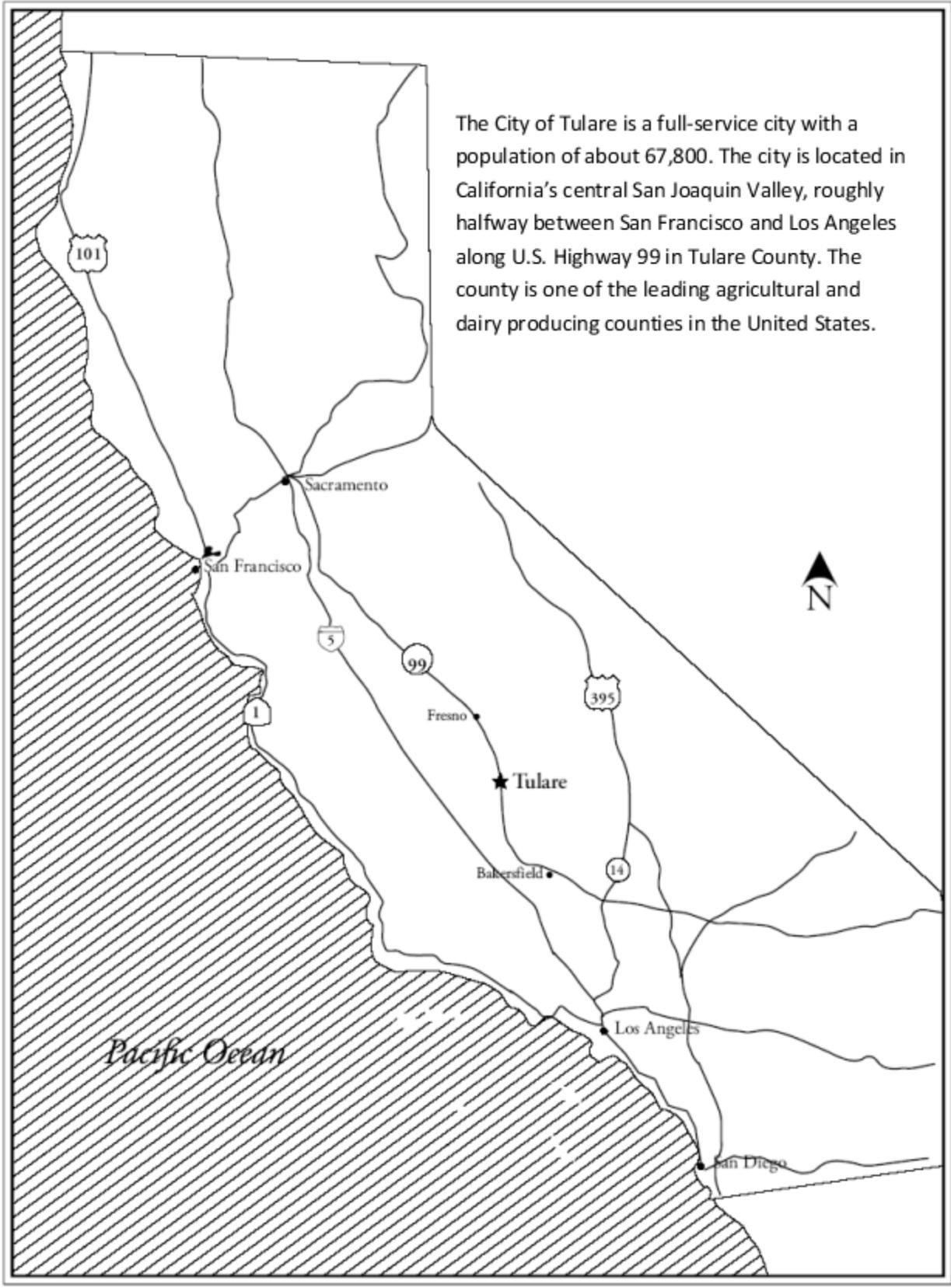
Chris Harrell, *President*
Howard Stroman, *Vice President*
Thomas Griesbach, *Board Member*
Ray Fonseca, *Board Member*
Renee Soto, *Board Member*

City Staff

Rob Hunt, *City Manager*
Darlene J. Thompson, *Finance Director/Treasurer*
Trisha Whitfield, *Public Works Director*

Professional Services

Hawkins Delafield & Wood LLP, San Francisco, California, *Bond Counsel*
Bartle Wells Associates, Berkeley, California, *Municipal Advisor*
Griswold, Lasalle, Cobb, Dowd & Gin, LLP, Hanford, California, *City Attorney*
U.S. Bank National Association, Los Angeles, California, *Trustee*
[Causey Demgen & Moore P.C., Denver, Colorado, *Verification Agent*]



No dealer, broker, salesperson or other person has been authorized by the City of Tulare (the “City”) or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2020 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 Series 2020 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 representations of fact. This Official Statement is submitted in connection with the sale of the Series 2020 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable. The Underwriter has submitted the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have not been any changes in the affairs of the City since the date hereof. All summaries of the documents are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2020 BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2020 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF. THE PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The City maintains a website; however, the information presented therein is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2020 Bonds. References to website addresses presented herein are for informational purposes only. Such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, S.E.C. Rule 15c2-12.

[[INSURANCE PROVIDER] makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 Bonds. In addition, [INSURANCE PROVIDER] 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 [INSURANCE PROVIDER] supplied by [INSURANCE PROVIDER] and presented under the heading “BOND INSURANCE” and APPENDIX G – “BOND INSURANCE & SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”]

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[APPENDIX G – BOND INSURANCE & SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

INTRODUCTION

General

This Official Statement, including the cover page and appendices hereto, is provided to furnish certain information in connection with the offering of the City of Tulare Sewer Revenue Refunding Bonds, Series 2020A (Tax Exempt) (the “Series 2020A Bonds”) in the aggregate principal amount of \$[_____] * and the City of Tulare Sewer Revenue Refunding Bonds, Series 2020B (Federally Taxable) (the “Series 2020B Bonds,” and together with the Series 2020A Bonds, the “Series 2020 Bonds”) in the aggregate principal amount of \$[_____] *.

Proceeds of the Series 2020 Bonds will be used to provide funds to (i) current refund all of the outstanding principal amount of the City of Tulare 2012 Sewer Revenue Refunding Notes (the “Series 2012 Notes”), (ii) current refund a portion of the outstanding amount of the City of Tulare Sewer Revenue Refunding Bonds, Series 2015 (the “Series 2015 Bonds”), (iii) [advance refund a portion of the outstanding principal amount of the City of Tulare Sewer Revenue Refunding Bonds, Series 2013 (the “Series 2013 Bonds”),] (iv) fund a debt service reserve fund for the Series 2020 Bonds [through the deposit of a reserve fund surety policy, as further described herein], and (v) pay for the costs of issuing the Series 2020 Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

This Introduction is designed to give an overview of the transaction and serve as a guide to the contents of this Official Statement. The references to any legal documents, instruments and the Bonds in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in APPENDIX B – “DEFINITIONS AND SUMMARY OF LEGAL DOCUMENTS.”

The City

The City is located in Tulare County, approximately halfway between the cities of Fresno and Bakersfield in central California. The City is approximately 175 miles north of Los Angeles and 200 miles southeast of San Francisco. The City is the second most populous in Tulare County, with an estimated population of approximately 67,834 as of January 1, 2020. The City encompasses about 16 square miles within its corporate limits. See “THE CITY AND THE SYSTEM – The City” herein.

The City is a full-service city that provides police and fire protection; general administrative services; parks and community services; water, solid waste, and sewer utilities; public works and capital improvements; street maintenance, sweeping, and construction; planning, zoning, and building inspection; public transit; municipal airport; library; and housing and community development services. For other information concerning the City, the City’s finances and the City’s wastewater system (as further described herein, the “System”), see “THE CITY AND THE SYSTEM – The System” herein. A copy of the audited financial statements of the City for the year ended June 30, 2019 is attached hereto as APPENDIX C – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019.”

The Series 2020 Bonds

The Series 2020 Bonds are being issued pursuant to Articles 10 and 11 of Chapter 3, Part 1, Division 2 of Title 5 of the California Government Code and other applicable laws, as amended (the “Law”); Resolution No. 20-[____], adopted by the City Council on [_____, 2020]; Resolution No. 20-[____], adopted by the Board of Public Utilities Commissioners of the City of Tulare on [_____, 2020]; and that certain Master Indenture, dated as of December 1, 2003 (the “Master Indenture”), as supplemented and amended from time to time,

* Preliminary, subject to change.

including by the Eighth Supplemental Indenture, dated as of November 1, 2020 (the “Eighth Supplemental Indenture,” and together with the Master Indenture, as supplemented and amended from time to time, the “Indenture”) by and between the City and the Trustee.

Interest on the Series 2020 Bonds will be payable at the rates set forth in the Maturity Schedule on the inside cover hereof, and on the Interest Payment Dates as described herein. Principal of the Series 2020 Bonds will be paid on the dates as shown on the Maturity Schedule on the inside cover hereof. The Series 2020 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2020 BONDS – Redemption” herein.

The Series 2020 Bonds, when delivered, will be in book-entry form and registered in the name of the partnership nominee of The Depository Trust Company (“DTC”). The Series 2020 Bonds will be delivered in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. While the Series 2020 Bonds are in the Book-Entry System, the information under the caption “THE SERIES 2020 BONDS” is subject in its entirety to the provisions described in APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Security for the Series 2020 Bonds

The Series 2020 Bonds will be payable from, and will be secured by a lien on, System Net Revenues of the City and certain interest and other income derived from certain funds and accounts held under the Indenture. See “SECURITY FOR THE SERIES 2020 BONDS – Pledge of System Net Revenues” herein. The City may issue additional obligations secured by System Net Revenues on parity with the Series 2020 Bonds, provided the City complies with certain provisions in the Indenture. See “SECURITY FOR THE SERIES 2020 BONDS – Issuance of Bonds and Additional Parity Debt.” Pursuant to the Indenture, the City has covenanted to set rates and charges for service provided by the System at certain levels as described herein. See “SECURITY FOR THE SERIES 2020 BONDS – Rate Covenant” herein.

THE SERIES 2020 BONDS ARE LIMITED OBLIGATIONS OF THE CITY AND ARE PAYABLE, AS TO INTEREST THEREON AND PRINCIPAL THEREOF, EXCLUSIVELY FROM THE SYSTEM NET REVENUES AND SUCH OTHER FUNDS AS PROVIDED UNDER THE INDENTURE, AND THE CITY IS NOT OBLIGATED TO PAY THEM EXCEPT FROM THE SYSTEM REVENUES AND SUCH OTHER FUNDS. THE OBLIGATION OF THE CITY TO PAY INTEREST ON AND PRINCIPAL OF THE SERIES 2020 BONDS IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM THE SYSTEM NET REVENUES, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA (THE “STATE”) OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

[The City has obtained a policy of municipal bond insurance (the “Policy”) insuring payment of debt service on the Series 2020 Bonds. See “BOND INSURANCE” herein.]

Reserve Fund

The City has agreed to establish and maintain so long as any Series 2020 Bonds are outstanding a separate debt service reserve fund, to be held by the Trustee for and on behalf of the City (the “Reserve Fund”). [The City has purchased a reserve fund insurance policy (the “Reserve Policy”), the draws on which will be available to fund the Reserve Fund.] See “SECURITY FOR THE SERIES 2020 BONDS – Reserve Fund.”

Forward-Looking Statements

This Official Statement contains forward-looking statements, including (i) statements containing projections of proceeds of the System Net Revenues and other financial items, (ii) statements of future economic

performance of the System, and (iii) statements of the assumptions underlying or relating to statements described in (i) and (ii) above (collectively, the “Forward-Looking Statements”). All statements other than statements of historical facts included in this Official Statement, including without limitation statements under “SECURITY FOR THE SERIES 2020 BONDS” and “THE CITY AND THE SYSTEM” regarding the financial position, capital resources and status of the City and the System, are Forward-Looking Statements. Although the City believes that the expectations reflected in such Forward-Looking Statements are reasonable, no assurance can be given that such expectations will prove to be correct. Important factors which could cause actual results to differ materially from expectations of the City (collectively, the “Cautionary Statements”) are disclosed in this Official Statement. All Forward-Looking Statements attributable to the City are expressly qualified in their entirety by the Cautionary Statements.

Summary of Terms

Brief descriptions of the Series 2020 Bonds, the Indenture, the City and the System are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Law and the Constitution and the laws of the State, as well as the proceedings of the City with respect to the System and the Series 2020 Bonds, are qualified in their entirety by reference to such documents. References herein to the Series 2020 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the proceedings of the City referred to above and the documents described in this Official Statement are available for inspection at the offices of the City of Tulare, 411 East Kern Avenue, Tulare, California 93274.

PLAN OF REFUNDING

The Series 2020A Bonds

Proceeds of the Series 2020A Bonds will be used to defease and current refund on [_____, 2020] all of the City’s Senior 2012 Notes. Upon defeasance of the Senior 2012 Notes, the City will no longer have any senior lien indebtedness payable from System Net Revenues. See “THE SERIES 2020 BONDS – Outstanding Parity Debt,” below.

Proceeds of the Series 2020A Bonds will also be used to defease and current refund certain maturities of the Series 2015 Bonds as identified in the table below. See “THE SERIES 2020 BONDS – Outstanding Parity Debt,” below.

Refunded Series 2015 Bonds

Maturities to be Refunded (November 15)	CUSIP[†]	Principal Amount to be Redeemed	Redemption Date	Redemption Price
2041	899124KQ3	\$20,000,000	[November 15, 2020]	100%

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is manages on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience and reference only. None of the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

The Series 2020B Bonds

[Proceeds of the Series 2020B Bonds will be used to defease and advance refund on [_____, 2020] a portion of the City’s Series 2013 Bonds. See “THE SERIES 2020 BONDS – Outstanding Parity Debt,” below.]

[Proceeds of the 2020B Bonds that will be used to defease and redeem the Series 2013 Bonds will be deposited into an Escrow Account (the “2013 Escrow Account”) with the Escrow Agent pursuant to an Escrow Agreement, to be dated as of [November 1, 2020] (the “2013 Escrow Agreement”). Moneys deposited into the 2013 Escrow Account will be invested in escrow securities that mature in such amounts and at such times and bear interest at such rates as to provide amounts sufficient to pay the principal of and interest on the Series 2013 Bonds, through [_____]. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein. Upon the deposit of such proceeds into the 2013 Escrow Account, the Series 2013 Bonds will no longer be deemed outstanding. The moneys and securities to be applied to defease and redeem the Series 2013 will not be available to pay debt service on the Bonds.]

[Sufficiency of the deposits in the 2013 Escrow Agreement for those purposes will be verified by [Causey Demgen & Moore P.C., Denver, Colorado] (the “Verification Agent”).]

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Series 2020 Bonds.

SOURCES

Principal Amount of Bonds	\$
[Net] Original Issue Premium	
Fund Releases from Refunded Bond Accounts	_____
TOTAL SOURCES	\$

USES

Refund Series 2012 Notes	\$
Refund portion of Series 2015 Bonds	
[Escrow Deposit to refund portion of Series 2013 Bonds]	
[Bond Insurance and Reserve Surety Premium]	
Costs of Issuance ⁽¹⁾	_____
TOTAL USES	\$

⁽¹⁾ Includes fees of Bond and Disclosure Counsel, the Trustee and the Municipal Advisor, [Verification Agent,] printing costs, Underwriter’s discount, rating fees, additional proceeds and other costs of issuing the Series 2020 Bonds and rounding amounts.

[Remainder of page intentionally left blank]

DEBT SERVICE SCHEDULE

The table on the following page shows annual debt service schedule for the City's outstanding bonded indebtedness. The table includes all mandatory Sinking Fund Account Payments. Amounts are rounded to the nearest dollar.

Year Ending June 30	Annual Debt Service					Total
	Senior 2012 Notes*	Series 2013 Bonds*	Series 2015 Bonds*	Series 2016 Bonds	Series 2020 Bonds	
2021	923,355	2,371,900	4,923,750	2,747,850		10,966,855
2022	923,355	2,373,150	4,923,250	2,746,300		10,966,055
2023	923,355	1,447,000	5,799,750	2,773,950		10,944,055
2024	923,355	1,448,825	5,814,125	2,771,650		10,957,955
2025	923,355	1,449,900	5,807,625	2,773,250		10,954,130
2026	923,355	1,445,300	5,851,750	2,772,800		10,993,205
2027	923,355	1,448,875	5,843,875	2,771,950		10,988,055
2028	-	2,417,650	5,827,875	2,748,175		10,993,700
2029	-	2,415,775	5,860,000	2,695,800		10,971,575
2030	-	2,414,025	5,835,125	2,697,800		10,946,950
2031	-	2,417,025	5,854,875	2,722,175		10,994,075
2032	-	2,417,075	5,864,750	2,696,425		10,978,250
2033	-	1,205,625	5,873,125	2,951,700		10,030,450
2034	-	1,202,125	5,883,000	2,940,900		10,026,025
2035	-	-	5,971,875	4,075,500		10,047,375
2036	-	-	5,969,500	4,069,400		10,038,900
2037	-	-	5,958,119	4,071,200		10,029,319
2038	-	-	5,941,603	4,086,900		10,028,503
2039	-	-	5,908,671	4,109,500		10,018,171
2040	-	-	5,869,293	4,142,000		10,011,293
2041	-	-	5,842,651	4,164,200		10,006,851
2042	-	-	5,759,296	4,240,000		9,999,296
2043	-	-	535,000	9,654,775		10,189,775
2044	-	-	535,000	9,638,475		10,173,475
2045	-	-	535,000	9,614,200		10,149,200
2046	-	-	10,967,500	-		10,967,500

[TOTALS TO COME]

* The Series 2020 Bonds are being issued to refund the Senior 2012 Notes, [a portion of the Series 2013 Bonds,] and a portion of the Series 2015 Bonds.

THE SERIES 2020 BONDS

General Provisions

The Series 2020 Bonds will be delivered in the form of fully registered Series 2020 Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof, and will be dated the date of initial delivery thereof. The Series 2020 Bonds will mature on the dates and in the amounts set forth on the inside front cover

of this Official Statement. The Series 2020 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”). So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Series 2020 Bonds, all payments on the Series 2020 Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined in APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM” hereto) will be the responsibility of the DTC Participants, as more fully described hereinafter. See “Book-Entry System” below and APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM” herein.

Interest on the Series 2020 Bonds is payable on May 15 and November 15 of each year, commencing May 15, 2021, and continuing to and including the date of maturity or prior redemption, whichever is earlier. Principal of the Series 2020 Bonds will become payable on November 15 in each of the years and in the amounts set forth in the Maturity Schedule on the inside cover page of this Official Statement. Principal and premium, if any, of the Series 2020 Bonds will become payable upon presentation and surrender thereof at the corporate trust office of the Trustee. Interest on the Series 2020 Bonds will be based on a 360-day year composed of twelve 30-day months.

The Series 2020 Bonds are issued as fully registered Series 2020 Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2020 Bonds maturing at any one time). Each Series 2020 Bond will bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from and including the Record Date next preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the Record Date next preceding the first Interest Payment Date, in which event it shall bear interest from its date of delivery; provided, that if at the time of registration of any Series 2020 Bond interest is then in default on the Outstanding Series 2020 Bonds, such Series 2020 Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2020 Bonds. Payment of interest on the Series 2020 Bonds due on or before the maturity or prior redemption of the Series 2020 Bonds will be made to the person whose name appears in the registration books maintained by the Trustee pursuant to the Indenture as the Owner thereof as of the close of business on the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on each Interest Payment Date to such Owner at his address as it appears in the registration books maintained by the Trustee, or, upon written request received prior to the Record Date next preceding an Interest Payment Date of an Owner of at least one million dollars (\$1,000,000) in aggregate principal amount of Series 2020 Bonds, by wire transfer in immediately available funds to an account within the continental United States of America designated by such Owner.

The principal of and redemption premiums, if any, on the Series 2020 Bonds shall be payable upon the surrender thereof at maturity or the prior redemption thereof at the Corporate Trust Office of the Trustee. The interest on and principal of and redemption premiums, if any, on the Series 2020 Bonds shall be paid in lawful money of the United States of America.

Book-Entry System

DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co., (DTC’s partnership nominee). One fully-registered bond will be issued for each maturity of the bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM” herein. While the Series 2020 Bonds are in the Book-Entry System, the information under the caption “THE SERIES 2020 BONDS” is subject in its entirety to the provisions described in APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM”

The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium on the Series 2020 Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2020 Bonds or an error or delay relating thereto.

Redemption*

Optional Redemption of the Series 2020A Bonds. The Series 2020A Bonds maturing by their terms on or after November 15, 20__, are subject to optional redemption by the City on any date on or after November 15, 20__ to their respective stated maturity dates, as a whole or in part in such principal amounts and from such maturity dates as selected by the City, from funds derived by the City from any lawful source and deposited with the Trustee on or before the date of redemption, upon mailed notice as provided in the Indenture, at a redemption price equal to the principal amount of the Series 2020A Bonds or the portions thereof called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption of the Series 2020A Bonds. The Series 2020A Bonds maturing on November 15, 20__, 20__ and 20__ are also subject to redemption prior to their stated maturities, in part, from mandatory sinking fund account payments, on each November 15 specified below, at a redemption price equal to the principal plus accrued interest thereon to the date fixed for redemption, without premium.

\$ _____ Term Bond maturing November 15, 20__
CUSIP _____

Payment Date (November 15)	Principal Amount to be Redeemed
\$	

\$ _____ Term Bond maturing November 15, 20__
CUSIP _____

Payment Date (November 15)	Principal Amount to be Redeemed
\$	

\$ _____ Term Bond maturing November 15, 20__
CUSIP _____

Payment Date (November 15)	Principal Amount to be Redeemed
\$	

* Preliminary, subject to change.

Optional Redemption of the Series 2020B Bonds. The Series 2020B Bonds maturing by their terms on or after November 15, 20__, are subject to optional redemption by the City on any date on or after November 15, 20__ to their respective stated maturity dates, as a whole or in part in such principal amounts and from such maturity dates as selected by the City, from funds derived by the City from any lawful source and deposited with the Trustee on or before the date of redemption, upon mailed notice as provided in the Indenture, at a redemption price equal to the principal amount of the Series 2020B Bonds or the portions thereof called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption of the Series 2020B Bonds. The Series 2020B Bonds maturing on November 15, 20__, 20__ and 20__ are also subject to redemption prior to their stated maturities, in part, from mandatory sinking fund account payments, on each November 15 specified below, at a redemption price equal to the principal plus accrued interest thereon to the date fixed for redemption, without premium.

\$ _____ Term Bond maturing November 15, 20__
CUSIP _____

Payment Date (November 15)	Principal Amount to be Redeemed
\$	

\$ _____ Term Bond maturing November 15, 20__
CUSIP _____

Payment Date (November 15)	Principal Amount to be Redeemed
\$	

\$ _____ Term Bond maturing November 15, 20__
CUSIP _____

Payment Date (November 15)	Principal Amount to be Redeemed
\$	

Notice of Redemption. The Trustee will mail notice of any redemption to the respective Owners of any Series 2020 Bonds designated for redemption at their respective addresses appearing on the registration books, to the Securities Depositories, to the Municipal Securities Rulemaking Board, and to the Bond Insurer (if any) at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any immaterial defect therein will affect the validity of the proceedings for the redemption of such Series 2020 Bonds or the cessation of the accrual of interest thereon. Such notice of redemption may be made conditional, provided that the City shall deposit with the Trustee moneys sufficient to redeem any outstanding bonds not later than five days prior to the redemption date of the Bonds to be redeemed.

Manner of Redemption of Series 2020 Bonds of the Same Maturity. Whenever less than all of the Series 2020 Bonds maturing on the same date are called for redemption, the Trustee will select the Series 2020 Bonds to be redeemed by lot in any manner which the Trustee in its sole discretion deems fair, provided, that if less than all outstanding term bonds maturing on any one maturity date are called for redemption from proceeds

other than Sinking Fund Account Installment Payments at any one time, the City shall specify in a Certificate of the City filed with the Trustee, a reduction in Sinking Fund Account Installment Payments in the year or years specified by the City.

Outstanding Parity Debt

Upon issuance of the Series 2020 Bonds, the City will no longer have any senior lien indebtedness payable from System Net Revenues and the following bonds will be outstanding and payable on a parity basis with the Series 2020 Bonds from System Net Revenues:

Series 2013 Bonds. \$32,855,000 original principal amount of the Series 2013 Bonds were issued to refund prior outstanding sewer debt. The Series 2013 Bonds have a dedicated, cash-funded debt service reserve fund and are insured by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.) The Series 2013 Bonds currently have \$20,060,000 of outstanding principal through final maturity on November 15, 2033. [Proceeds of the Series 2020B Bonds will be used to defease and advance refund a portion of the Series 2013 Bonds. After partial defeasance, the Series 2013 Bonds will have \$4,010,000 of outstanding principal.]

Series 2015 Bonds. \$84,555,000 original principal amount of the Series 2015 Bonds were issued to refund the City's Sewer Revenue Bonds, Series 2006, and refund a portion of the City's Sewer Revenue Bonds, Series 2010 (the "Series 2010 Bonds"). The Series 2015 Bonds have a dedicated, cash-funded debt service reserve fund and are insured by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.). The outstanding principal amount of the Series 2015 Bonds is \$80,490,000 through final maturity on November 15, 2045. Proceeds of the Series 2020A Bonds will be used, in part, to defease and current refund certain maturities of the Series 2015 Bonds. After partial defeasance, the Series 2015 Bonds will have \$60,490,000 of outstanding principal.

Series 2016 Bonds. \$58,265,000 original principal amount of City of Tulare, California Sewer Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds") were issued to refund the City's Sewer Revenue Bonds, Series 2009, and defease and advance refund the City's Series 2010 Bonds. The Series 2016 Bonds are insured by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.) and have a dedicated debt service reserve fund with reserve fund surety policy. The Series 2016 Bonds currently have \$57,910,000 of outstanding principal through final maturity on November 15, 2044.

SECURITY FOR THE SERIES 2020 BONDS

General

THE SERIES 2020 BONDS ARE LIMITED OBLIGATIONS OF THE CITY AND ARE PAYABLE, AS TO INTEREST THEREON AND PRINCIPAL THEREOF, EXCLUSIVELY FROM THE SYSTEM NET REVENUES AND SUCH OTHER FUNDS AS PROVIDED UNDER THE INDENTURE, AND THE CITY IS NOT OBLIGATED TO PAY THEM EXCEPT FROM THE SYSTEM REVENUES AND SUCH OTHER FUNDS. THE OBLIGATION OF THE CITY TO PAY INTEREST ON AND PRINCIPAL OF THE SERIES 2020 BONDS IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM THE SYSTEM NET REVENUES, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Pledge of System Net Revenues

General. All System Net Revenues (as described below) and all amounts on deposit in the System Revenue Fund and in the funds or accounts established by the Indenture (except the Rebate Fund), are irrevocably pledged by the City to the punctual payment of the principal of and interest on the Series 2015 Bonds, Series 2016 Bonds and Series 2020 Bonds and any additional bonds issued under the Indenture (collectively,

the “Bonds”) and any Parity Obligations (along with the Bonds, “Parity Debt”). The System Net Revenues and the other pledged assets may not be used for any other purpose while any of the Bonds remain Outstanding, except as otherwise provided in the Indenture. The City has agreed under the Indenture not to issue any other obligations secured by System Net Revenues that are senior to the Parity Debt.

Defined Terms. The Indenture defines System Net Revenues and other relevant terms as follows:

“System Revenues” means all gross income and revenue received or receivable by the City from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, including all fees, rates, charges and all amounts paid under any contracts received by or owed to the City in connection with the operation of the System and all proceeds of insurance relating to the System and all other income and revenue howsoever derived by the City from the ownership or operation of the System or arising from the System.

“Operation and Maintenance Costs” means all management, operation and maintenance costs of the System, determined in accordance with Generally Accepted Accounting Principles, including all incidental costs, fees and expenses properly chargeable thereto and all amounts properly chargeable thereto by the general fund of the City, but excluding in all cases (i) payment of Parity Debt and Subordinate Obligations, (ii) costs of capital additions, replacements, betterments, extensions or improvements which under are chargeable to a capital account, and (iii) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

“System Net Revenues” means for any period System Revenues less Operation and Maintenance Costs for such period; provided that certain adjustments in the amount of System Net Revenue deemed collected during a Fiscal Year may be made in connection with amounts deposited in the Rate Stabilization Fund as provided in the Indenture.

Under the Indenture, the City is required to deposit funds with the Trustee in the amount necessary to pay principal of and interest on the Bonds and any other Parity Debt that is due and owing on any Interest Payment Date or Principal Payment date three business days in advance of the Interest Payment Date or the Principal Payment Date. See APPENDIX B – “DEFINITIONS AND SUMMARY OF LEGAL DOCUMENTS” for a summary of the flow of funds under the Indenture.

Rate Covenant

The City covenants under the Indenture that, at all times while any of the Bonds remain Outstanding, to the maximum extent permitted by law, it will fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

- (i) All current Operation and Maintenance Costs.
- (ii) The interest on and principal and Sinking Fund Account Installments of the Bonds and the payments for the other Parity Debt and the Repayment Obligations and the payment of the Subordinate Obligations as they become due and payable.
- (iii) All payments required for compliance with the terms of the Indenture, including restoration of the Reserve Fund to an amount equal to the Reserve Fund Requirement, and of any Supplemental Indenture.

- (iv) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

In addition to the foregoing requirements, the City will, at all times while any of the Bonds remain Outstanding, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year; *provided*, an adjustment will be made to the amount of System Net Revenues for deposits to or withdrawals from the Rate Stabilization Fund as provided in the Indenture.

Reserve Fund

Series 2020A Reserve Account. Pursuant to the Eighth Supplemental Indenture, a Series 2020A Reserve Account is created with respect to the Series 2020A Bonds (the “Series 2020A Reserve Account”). The Reserve Requirement for the Series 2020A Bonds as of the date of issuance of the Series 2020A Bonds is \$[_____].

Amounts in or available to the Series 2020A Reserve Account are only available to pay the principal of and interest on the Series 2020A Bonds. Similarly, amounts within the reserve accounts with respect to other Parity Debt are only available to pay debt service on such Parity Debt.

Pursuant to the Indenture, and as described more completely in Appendix B, on or before the first Business Day of each month, the City is required, from available moneys in the System Revenue Fund, to transfer to the Trustee for deposit in the various reserve accounts relating to Parity Debt (including the Series 2020A Reserve Account) amounts necessary to restore each account to an amount equal to the “Reserve Fund Requirement” (as defined in Appendix B) for the applicable series of Bonds; provided that payments to restore the various Reserve Accounts after a withdrawal may be made in monthly installments equal to one-twelfth of the aggregate amount needed to restore the reserve accounts to the Reserve Fund Requirement as of the date of the withdrawal. See APPENDIX B – “DEFINITIONS AND SUMMARY OF LEGAL DOCUMENTS.”

[The City will satisfy the Reserve Fund Requirement for the Series 2020A Bonds with a reserve surety bond to be issued concurrently with the delivery of the Series 2020A Bonds by [INSURANCE PROVIDER] Information provided by the insurer is included in APPENDIX G – “BOND INSURANCE & SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”]

Series 2020B Reserve Account. Pursuant to the Eighth Supplemental Indenture, a Series 2020B Reserve Account is created with respect to the Series 2020B Bonds (the “Series 2020B Reserve Account”). The Reserve Requirement for the Series 2020B Bonds as of the date of issuance of the Series 2020B Bonds is \$[_____].

Amounts in or available to the Series 2020B Reserve Account are only available to pay the principal of and interest on the Series 2020B Bonds. Similarly, amounts within the reserve accounts with respect to other Parity Debt are only available to pay debt service on such Parity Debt.

Pursuant to the Indenture, and as described more completely in Appendix B, on or before the first Business Day of each month, the City is required, from available moneys in the System Revenue Fund, to transfer to the Trustee for deposit in the various reserve accounts relating to Parity Debt (including the Series 2020B Reserve Account) amounts necessary to restore each account to an amount equal to the “Reserve Fund Requirement” (as defined in Appendix B) for the applicable series of Bonds; provided that payments to restore the various Reserve Accounts after a withdrawal may be made in monthly installments equal to one-twelfth of the aggregate amount needed to restore the reserve accounts to the Reserve Fund Requirement as of the date of the withdrawal. See APPENDIX B – “DEFINITIONS AND SUMMARY OF LEGAL DOCUMENTS.”

[The City will satisfy the Reserve Fund Requirement for the Series 2020B Bonds with a reserve surety bond to be issued concurrently with the delivery of the Series 2020B Bonds by [INSURANCE PROVIDER] Information provided by the insurer is included in APPENDIX G – “BOND INSURANCE & SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”]

Issuance of Bonds and Parity Debt

The City may at any time issue additional Bonds and Parity Debt; provided it complies with the following requirements:

1. The City must be in compliance with all agreements, conditions, covenants and terms contained in the Indenture required to be observed or performed by it, and a Certificate of the City to that effect must have been filed with the Trustee (with the consent of the Bond Insurer, this condition will not apply where the purpose of the proposed Bonds and/or Parity Debt is to cure non-compliance).

The Bonds and/or Parity Debt must have been duly authorized pursuant to the Law and all applicable laws, and the issuance of a Series of the Bonds must have been provided for by a Supplemental Indenture duly adopted by the City that specifies the requirements contained in the Indenture and a reserve account held by an independent trustee is required to be established in an amount equal to the lesser of the maximum annual debt service of such Parity Debt (calculated on the basis of a year ending on the principal payment date of such Parity Debt) or the maximum amount permitted under the Code; provided further that, if such Parity Debt is a loan from a governmental agency, then a reserve account will be established in the amount required or permitted by such governmental agency and provided further, the Bond Insurer may waive the requirements in this paragraph relating to funding the Reserve Fund or other reserve account if the Parity Debt proposed to be issued is irrevocably guaranteed by a credit provider in at least the second highest rating category of Moody’s or S&P.

2. The System Net Revenues for the last completed Fiscal Year or for any 12 consecutive months within the last 18 months preceding the date of incurrence of such Parity Debt, as shown by a Certificate of the City on file with the Trustee, plus an allowance for increased System Net Revenues arising from any increase in the rates, fees and charges of the System which was duly adopted by the governing board of the City prior to the date of the incurrence of such Parity Debt (including rates that are scheduled to go into effect during the next three Fiscal Years) but which, during all or any part of such 12-month period, was not in effect, in an amount equal to the amount by which the System Net Revenues would have been increased if such increase in rates, fees and charges had been in effect during the whole of such 12-month period, as shown by a Certificate of the City on file with the Trustee, must have produced a sum equal to at least 125% of the Maximum Annual Debt Service as calculated after the incurrence of such Parity Debt; *provided*, that in the event that all or a portion of such Parity Debt is to be issued for the purpose of refunding and retiring any Parity Debt then outstanding, principal and interest payments on the Parity Debt to be so refunded and retired from the proceeds of such Parity Debt being issued may be excluded from the foregoing computation of Maximum Annual Debt Service; *provided further*, that the City may at any time issue Parity Debt without compliance with the foregoing conditions if the Annual Debt Service for each Fiscal Year during which such Parity Debt is outstanding will not be increased by reason of the issuance of the Parity Debt; and *provided further*, an adjustment will be made in the amount of System Net Revenues for deposit to or withdrawals from the Rate Stabilization Fund as provided in the Indenture (see “Rate Stabilization Fund” below). The Indenture provides that Annual Debt Service will be reduced by the amount of Refundable Credits deposited in the Interest Account and that, for purposes of computing Maximum Annual Debt Service in connection with issuing Parity Debt,

Annual Debt Service shall be reduced by the amount of Refundable Credits the City projects it will receive during each Fiscal Year.

Nothing contained in the tests listed above limits the issuance of any Subordinate Obligation. See APPENDIX B – “DEFINITIONS AND SUMMARY OF LEGAL DOCUMENTS.”

[Bond Insurance Policy]

[Concurrently with the issuance of the Bonds, [INSURANCE PROVIDER] will issue its Series 2020 Municipal Bond Insurance Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Series 2020 Municipal Bond Insurance Policy included as Appendix G to this Official Statement. See APPENDIX G – “BOND INSURANCE & SPECIMEN MUNICIPAL BOND INSURANCE POLICY.” attached hereto for certain information about [INSURANCE PROVIDER] and the Series 2020 Municipal Bond Insurance Policy. See “BOND INSURANCE” herein.]

[The Reserve Fund Requirement for the Series 2020 Bonds will be satisfied by depositing the Series 2020 Reserve Policies in the Series 2020 Reserve Accounts.]

Rate Stabilization Fund

The Indenture creates a Rate Stabilization Fund which is held by the City. The City may, during or within 210 days after a Fiscal Year, deposit System Net Revenues attributable to such Fiscal Year (on the basis of Generally Accepted Accounting Principles) into the Rate Stabilization Fund. The City may at any time withdraw moneys from the Rate Stabilization Fund. System Net Revenues deposited into the Rate Stabilization Fund will not be taken into account as System Net Revenues for purposes of the calculations required by the covenants in the Indenture summarized under the headings “Rate Covenant” and “Issuance of Bonds and Parity Debt” above in the Fiscal Year to which such deposit is attributable, and amounts withdrawn from the Rate Stabilization Fund, during or within 210 days after a Fiscal Year, may be taken into account as System Revenues for purposes of the calculations required by such covenants in such Fiscal Year, provided that, for purposes of the calculation summarized under “Issuance of Bonds and Parity Debt” above, the amount of System Net Revenues before any credits for withdrawals from the Rate Stabilization Fund may not be less than 100% of Maximum Annual Debt Service for outstanding Parity Debt and the proposed additional Parity Debt. As of [_____, 2020], the City has \$[_____] in the Rate Stabilization Fund.

[BOND INSURANCE]

[To come]

THE CITY AND THE SYSTEM

The City

The City is located in Tulare County, approximately halfway between the cities of Fresno and Bakersfield in central California. The City is approximately 175 miles north of Los Angeles and 200 miles southeast of San Francisco. The City is the second most populous in Tulare County, with an estimated population of approximately 67,834 as of January 1, 2020. The City encompasses about 16 square miles within its corporate limits.

The City is located along State Route 99 and is about 55 miles east of Interstate 5. The ports of Stockton, Sacramento, Los Angeles, and San Francisco are all within approximately 200 miles of the City. The main line of Union Pacific Railroad runs through the City.

The City is a full-service city that provides police and fire protection; general administrative services; parks and community services; water, solid waste, and sewer utilities; public works and capital improvements; street maintenance, sweeping, and construction; planning, zoning, and building inspection; public transit; municipal airport; library; and housing and community development services.

The City is situated in the Central San Joaquin Valley, an area of approximately 1,800 square miles that contains some of the most intensive and productive agricultural development in the world. Tulare County has consistently ranked as one of the top counties in the United States for agricultural production. Milk is the leading agricultural product in Tulare County, which has ranked number one in total dairy production in the nation for more than five years running. Based on the latest available Tulare Crop & Livestock Report, in 2018 Tulare County had a total agricultural production and crop value of \$7.2 billion, representing an approximately 2.5% increase compared to 2017. In 2018, the gross value of milk production was of almost \$1.7 billion, representing a 5.2% decrease from 2017 due to a decline in commodity prices despite a 1% increase in milk production. The dairy industry has concentrated in and around Tulare County due to range of regional economic advantages and favorable production conditions.

Tulare County dairy farms are concentrated around the City, which serves as a regional hub for processing local milk supplies. A number of industrial dairy processing facilities are located in the City. Most of the local milk supply is processed in these facilities and used to create value-added dairy products such as cheese, powdered milk, ice-cream, yogurt, and butter.

Form of Government & Management

The City was incorporated as a general law city on April 5, 1888 and became a charter city on May 1, 1923. The City is governed by a five-member City Council whose members are elected by district for four-year overlapping terms. The current Council members are:

<u>City Council Member</u>	<u>Title</u>	<u>Term Expires</u>
Jose Sigala	Mayor, District 1	November 2020
Dennis Mederos	Vice Mayor, District 4	November 2022
Terry Sayre	Council Member, District 2	November 2022
Carlton Jones	Council Member, District 3	November 2020
Greg Nunley	Council Member, District 5	November 2020

The City operates under a council-manager form of government. The City Council appoints a City Manager who is responsible for day-to-day management of the City under policy guidelines set by the Council.

Rob Hunt was appointed as Tulare’s City Manager in June 2019. Mr. Hunt has over 28 years of experience with the City, starting as Parks Supervisor and assuming various other roles including Planner, Parks, Recreation & Library Director, Community Development Director, Community Services Director and Interim City Manager. Mr. Hunt holds a Bachelor’s Degree in Industrial Arts from California State University – Fresno and an Associate Degree in Liberal Arts from College of the Sequoias – Visalia.

Darlene Thompson has served as the City’s Finance Director/Treasurer since March 2003 and oversees the finances of the City including the finances of the System. She has worked for the City’s Finance Department since 1997. Prior to joining the City, she worked at a private accounting firm for approximately 20 years. She has been a Certified Public Accountant since 1992.

Trisha Whitfield was appointed as the Public Works Director in July 2017. She has over 20 years of experience in Public Works operations and management. Ms. Whitfield started with the City of Tulare in January 2011 as the Field Services Manager in Public Works and transitioned to a Project Manager under the City

Manager’s office in November 2015. Prior to joining the City, she worked for the City of Dinuba for 10 years, serving as the Assistant Public Works Director/Operations Manager during her last 3 years with Dinuba. She has worked in local government for over 19 years.

The water, sewer, and solid waste utilities operate as separate enterprises under direction of the Board of Public Utilities (the “Board”). The Board was established by the Freeholder’s Charter of the City of Tulare and consists of five commissioners appointed by the City Council to four-year terms. The Board sets rates and charges for the City’s utility enterprises, subject to the approval of the City Council by resolution or ordinance. The current Board members are:

Board of Member	Title	Term Expires
Chris Harrell	<i>President</i>	December 31, 2023
Howard Stroman	<i>Vice President</i>	December 31, 2021
Thomas Griesbach	<i>Board Member</i>	December 31, 2023
Ray Fonseca	<i>Board Member</i>	December 31, 2021
Renee Soto	<i>Board Member</i>	December 31, 2023

Residential, Educational, Commercial, and Industrial Growth

Below is a summary of certain statistical and economic for the City and the surrounding area. See also Appendix A for additional statistical and economic data.

Residential. The City’s population increased from approximately 59,278 in 2010 to 67,834 in 2020.

The City issued 202 building permits for new single family homes in 2014; 277 permits in 2015, 304 in 2016, 309 in 2017, 341 in 2018 and 324 in 2019, and 240 as of September 10, 2020.

In January 2020, the City approved a 358-lot single-family subdivision located on the northwest corner of Morrison Street and Tulare Avenue. Construction is expected to begin in early 2021. In 2020, construction continued within 7 single-family subdivisions throughout the City.

Phase one of a 164-unit multi-family development located on Hillman Street south of Cartmill Avenue was completed in 2020. Phase two is currently under construction and expected to be completed by early 2021.

A 65-unit multi-family development located on Morrison Street south of Bardsley Avenue was completed in 2020.

Educational. In January 2013, the College of the Sequoias opened a new \$82 million campus, the Tulare Center for Agriculture and Technology. The Campus is located on a 500-acre site adjacent to the City that includes 220 acres of farmland. The Center currently has approximately 3,000 students in attendance.

To serve the City’s student population there are 15 K-8th grade schools, 8 high schools (9th-12th grade), including 2 charter high schools and 1 technical preparatory high school located in the City.

Commercial. The City has also experienced significant commercial growth over the past five years, partly due to the City’s strategic location along State Route 99. In May 2020, the City completed the annexation of approximately 127-acres located on the northeast corner of the State Route 99 and Cartmill Avenue interchange. The City anticipates additional commercial development along both sides of State Route 99. In December 2019, the City completed a widening and reconfiguration of the Cartmill Avenue/State Route 99 freeway interchange to enhance access to and from State Route 99. The interchange improvements are expected

to facilitate approximately 1,000,000 square feet of new commercial and/or mixed-use development projects. Some commercial projects recently completed or currently underway include the following:

- In 2019 Adventist Health received approval to construct a 17,015 sq. ft. medical clinic that will provide outpatient medical and dental services to the community. The building was nearing completion as of September 2020.
- In February 2020 Kaweah Delta District Hospital received approval to occupy a 10,810 sq. ft. commercial space that will provide outpatient medical services to the Community. The clinic is expected to be completed in early 2021.
- Multiple commercial establishments including Starbucks, Taco Bell, Jack-in-the-Box, Subway and the Human Bean Coffee, located on the northeast and southwest corners of Bardsley Avenue and Mooney Blvd. were approved in 2020 and were in varying stages of development as of September 2020.
- Multiple commercial establishments including Starbucks, Deli Delicious and O'Reilly Auto Parts located on 'J' Street between Cross and San Joaquin Avenues were approved and are in varying stages of development as of September 2020.
- Three drive-thru restaurants and approximately 7,000 square feet of commercial retail space were approved on the south side of Prosperity Avenue east of Brentwood Street has been approved and is in varying stages of plan check review.
- Approximately 92,000 square feet of new commercial and retail development has been approved at the northeast corner of Prosperity Avenue and Mooney Blvd.
- In 2019 Altura Health received approval to construct a 100,000 square foot medical campus at the northeast corner of Cartmill Avenue and Hillman Avenue.
- A new Pilot Flying J Travel Center opened in June 2019 on a 12-acre site off State Route 99 and Paige Avenue. The center maintains a restaurant, convenience store, and fueling stations for cars and trucks. Pilot Flying J is the largest operator of travel centers and travel plazas in North America.
- A Ross store and DD's Discounts store opened in place of the formerly vacant Kmart store building.

Industrial. The City's new industrial wastewater treatment plant was designed so that it could be substantially expanded to handle wastewater flows from new industrial development. The City is hoping to expand its industrial base in future years.

- In May 2019, a 17,224 sq. ft. warehouse/office space for Paragon Pharmaceuticals was approved. Construction is expected to be completed in early 2021.
- CNS Steel constructed two 36,000 square foot warehouse facilities in the City's Industrial park.
- To accommodate increased truck traffic throughout the City, two new truck wash facilities have been constructed in the City's industrial park.
- In April 2019, a new 8,000 square foot space for diesel exhaust fluid manufacturing was approved and is currently under construction.

- Supreme Construction developed an 11,050 square foot contractor's warehouse in the City's industrial park.

The System

The City owns and operates a wastewater collection, treatment, and effluent disposal system. The System operates under direction of the Board and is managed by the City's Public Works Director. The wastewater system has historically had two divisions: a sewer division and a wastewater division. Starting in fiscal year 2015-16, the City began breaking out operations in five divisions including: a sewer division, a domestic wastewater treatment division, an industrial wastewater treatment division, a pretreatment division, and a wastewater treatment energy division. The wastewater system is staffed by approximately 36 Full Time Equivalents.

The sewer division operates, maintains, expands, cleans, and repairs the City's sanitary sewer pipelines, lift stations, and pumps. This division also performs inspection services to ensure that installation of new sewer facilities is in conformance with the City's plans and specifications. The sewer division maintains approximately 240 miles of sewer lines with City equipment.

The City's wastewater division operates and maintains the City's water pollution control facilities. This includes physical maintenance of wastewater treatment structures, such as sedimentation tanks, digesters, filters, pumps, and control buildings; and laboratory analysis of waste samples to ensure compliance with the discharge requirements set by the California Regional Water Quality Control Board Central Valley Region ("RWQCB").

The System consists of two separate collection systems and wastewater treatment facilities:

- Domestic System: A domestic collection system and treatment facility that collects and treats wastewater from most of the City's residential, commercial, and public customers. The domestic sewer system began operating in the early 1920s and has been expanded over the years as growth occurred. The domestic sewer pipelines serve approximately 16 square miles of service area.
- Industrial System: An industrial collection system and treatment facility that collects and treats wastewater predominantly from areas of the City zoned for major industrial uses. The industrial collection system was originally constructed in the early 1940s, primarily to segregate the higher-strength wastewater discharge from the City's major dairy processing facilities. The industrial system serves a number of dairy processing facilities, including four large cheese and ice cream producing plants, and a number of commercial and residential customers located in or adjacent to the industrially-zoned areas of the City. The dairy processing facilities produce large volumes of higher-strength wastewater that can be more economically treated via a different treatment process than that used for standard, domestic-strength wastewater.

Water Pollution Control Facilities

General. The City's Water Pollution Control Facilities ("WPCF") are located approximately 2½ miles southwest of the City on a site that includes both the domestic and industrial wastewater treatment plants. The City owns the WPCF and approximately 880 acres of land used for sewage treatment and effluent disposal.

The WPCF operates under a single Waste Discharge Permit issued by the California Regional Water Quality Control Board, Central Valley Region. The City's waste discharge permit requires both the domestic and industrial treatment facilities to each meet the permit requirements independently.

Domestic Treatment Facility. The domestic treatment plant consists of a dual process of activated biofiltration and activated sludge. The industrial plant effluent is combined with the domestic plant effluent

prior to disposal via percolation and irrigation on approximately 3,200 acres of farmland permitted for effluent disposal. The City currently owns about 880 acres and leases about 2,245 acres of farmland for effluent disposal, which includes percolation ponds and irrigation on land used for agricultural purposes.

The WPCF was originally constructed in the early 1920s and was remodeled in 1948 to consist of a trickling filter secondary treatment facility. In 1998, the domestic wastewater plant was expanded to its current permit capacity of six million gallons per day (“mgd”). Wastewater effluent from the City’s domestic wastewater treatment facility had previously periodically exceeded the City’s permit levels for nitrate limits. Proceeds of the Series 2010 Bonds were used to construct a new, expanded headworks at the domestic treatment plant. The new headworks was designed with 8.0 mgd of capacity and was designed so that flows in excess of the domestic plant’s current operational treatment capacity can be conveyed to the City’s industrial wastewater treatment plant for additional treatment after first going through the domestic plant’s headworks.

Industrial Wastewater Treatment Facility. The City finished construction of a new industrial wastewater treatment plant in 2009. The industrial plant treatment process includes anaerobic Bulk Volume Fermenter (BVF), aerated lagoons for flow equalization, Sequential Batch Reactors (SBR), and denitrification filters. Waste activated sludge is anaerobically digested and dried in solar ponds. The new industrial plant is the largest Sequential Batch Reactor facility in the United States and fourth largest in the world. The new industrial plant has a design capacity of up to 12.0 mgd of average dry weather flow capacity and is designed to be expandable up to 24.0 mgd.

Additionally, the City has eight storage ponds that function as flow equalization basins and are used to help mitigate peak wastewater flows into the City’s treatment facilities. Each of these storage ponds has approximately 2.5 million gallons of capacity resulting in a total storage capacity of approximately 20 million gallons. Currently, the City uses all eight storage ponds to temporarily retain wastewater from the City’s domestic and industrial customers. The storage basins are aerated lagoons that also provide partial wastewater pretreatment prior to intake to the City’s treatment facilities. Use of these storage ponds has reduced the peak flows coming in to the City’s treatment facilities.

The following table shows the wastewater treatment capacities and flows of the City’s domestic and industrial treatment facilities from calendar year 2019 in mgd.

Wastewater Treatment Plant Capacity & Flow (mgd)

	Domestic Treatment Facility	Industrial Treatment Facility
Plant Capacity		
Permit Capacity, Average Dry Weather Flow ¹	6.00	12.00
Design Capacity	6.00	12.00
Peak Wet Weather Flow Capacity	9.00	18.00
Wastewater Flows		
Average Dry Weather Flw ¹	4.24	7.45
Peak Monthly Flow ¹	5.91	14.25

¹ Based on wastewater flow from January through December 2019
Source: City of Tulare.

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Wastewater Flow

The following table shows a history by calendar year of the average daily wastewater flow as measured in mgd for both the City's domestic and industrial wastewater treatment plants.

Average Daily System Flow (mgd)

<u>Year</u>	<u>Domestic Plant</u>	<u>Industrial Plant</u>	<u>Total</u>	<u>Annual Increases</u>
2015	3.63	7.47	11.10	-4.30%
2016	3.63	7.49	11.12	0.03
2017	3.79	7.58	11.37	0.25
2018	4.00	7.68	11.68	0.31
2019	4.17	7.48	11.65	-0.03

Source: City of Tulare.

Compliance with Waste Discharge Requirements & Other Regulations

The City's wastewater system operates pursuant to Waste Discharge Requirements Order R5 2013-0019 issued on April 11, 2013 by the Regional Water Quality Control Board Central Valley Region. The City is currently in full compliance with its Waste Discharge Requirements and anticipates that it will continue meeting its permit requirements for the foreseeable future. The City anticipates that its current Waste Discharge Requirements will remain in effect for roughly 10 years, at which time they could change.

The City also operates under permits issued by the San Joaquin Air Pollution Control District for a) various generators and motors at its wastewater treatment facilities, and b) gas produced and flared at the City's wastewater treatment facilities.

The State of California Storm Water Program regulates storm water discharges from municipal storm sewer systems. This Program requires that the City to keep its storm water system separate from its sewer collection system.

The City is currently in compliance with all of its permits and regulatory requirements and anticipates it will remain in compliance with its regulatory requirements for the foreseeable future.

Future Wastewater System Capital Improvements

General. Over the past five years, the City implemented a new, more rigorous, planning process for future wastewater system capital improvement projects. Under the new planning process, potential capital projects are rated on factors such as criticality, permit compliance, safety, and potential for failure, in order to prioritize projects for funding.

Repairs, Replacements and Other Near-Term Capital Needs. The City's wastewater capital improvement program identifies approximately \$35 million of wastewater system capital improvements targeted over roughly the next five years, primarily for repairs and replacements. The City plans to fund these projects on a pay-as-you-go basis and does not anticipate issuing any new debt.

The City's capital improvement program includes replacement of five miles of sewer mains per year at an estimated cost of approximately \$3.75 million per year. These replacements would occur concurrently with the City's planned rehabilitation of streets. The City is also phasing in funding for ongoing upgrades and

rehabilitation of sewer lift stations and manholes, slip lining of older pipelines, and ongoing maintenance and rehabilitation at its wastewater treatment facilities. Costs for these ongoing projects are estimated at roughly \$1.0 to \$1.2 million per year. Other infrastructure improvement projects are funded as revenues become available.

The following table shows a breakdown of the City's five-year wastewater system capital improvement program for the fiscal year ending June 30, 2020 through June 30, 2024.

Five-Year Wastewater System Capital Improvement Program

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
Sewer/Wastewater CIP Projects						
Sewer Pipeline Replacements	3,898,000	4,211,500	4,940,800	3,192,700	5,000,000	21,243,000
Alley Sewer Line Replacement	431,000	431,000	431,000	431,000	431,000	2,155,000
Electrical Control System Upgrade	150,000	150,000	150,000	150,000	150,000	750,000
Lift Station Upgrades	502,500	502,500	441,500			1,446,500
Pumps for Replacement or Backup	168,000	168,000				336,000
New High Solids System	950,000					950,000
WWTP Facility Upgrade		250,000	500,000	500,000	500,000	1,750,000
WWTP Electrical Rm No. 1 Relocation	1,725,000					1,725,000
Industrial Dewatering Expn Project				550,000		550,000
Domestic Dewatering				150,000	1,000,000	1,150,000
Facility Digester Rehab & Resurfacing	360,000	180,000	180,000	180,000		900,000
Blower System Rehab				200,000		200,000
Aeration Decanting System Rehab	60,000					60,000
Sandblasting & Painting	120,000					120,000
Gravity Belt Thickener Rehab	75,000					75,000
Influent Pump Rehab	180,000					180,000
Aeration Lagoon Evaluation		250,000				250,000
Septage Station Rehab		170,000				170,000
Grit System Rehab		100,000				100,000
Anoxic Tank Inspection & Resurfacing			375,000			375,000
Fog Daft System Rehab & Resurfacing					300,000	300,000
Total	8,619,500	6,413,000	7,018,300	5,353,700	7,381,000	34,785,500

Source: City of Tulare

Wastewater Treatment Capacity and Future Expansion. The City's wastewater treatment facilities have a combined capacity of approximately 18 mgd. In 2019, combined domestic and industrial wastewater flows totaled approximately 11.69 mgd; resulting in over six mgd of treatment capacity available for future expansion. This City estimates that expansion capacity in its wastewater treatment facilities is adequate to handle the flows from the equivalent of over 15,000 new single family homes.

Over the longer term, the City may eventually need to expand its domestic and/or industrial wastewater treatment facilities beyond their current capacities. The City's new 12 mgd industrial treatment plant was designed to be expandable up to 24 mgd to accommodate future expansion in the City's industrial base. The cost of any potential future expansion of the industrial treatment plant is not currently known.

The domestic treatment plant currently has a firm operational capacity of approximately six mgd. However, the domestic plant's new headworks were oversized to facilitate future expansion and have a design capacity of eight mgd. The City estimates that it would cost approximately \$30 million to bring the operational capacity of the domestic plant up to eight mgd. Due to continued, strong residential growth within the City, and some capital improvements needed on the domestic plant, planning for the next expansion is expected to begin within the next two years with an estimated construction of four to five years. If needed, the domestic plant

expansion could be deferred if expansion capacity is available in the City's industrial plant because domestic plant wastewater can be sent to the industrial treatment plant for treatment after first going through the domestic plant's headworks.

Potential Recycled Water Project. The City's wastewater treatment facilities produce high-quality secondary effluent that is currently disposed of via percolation and irrigation on farmland. The City currently provides its treated effluent for farmland irrigation at no cost. Based on the current level of treatment, effluent can only be used for limited purposes such as irrigation of non-edible crops.

In the future, the City may pursue construction of a tertiary wastewater treatment process to produce recycled water that meets the California Department of Health's Title 22 requirements. The City anticipates that it would need to spend an additional \$10 to \$15 million in capital improvements to add a disinfection process that would bring the City's treated effluent into compliance with Title 22 Code of Regulations requirements established by the California Department of Health. Recycled water treated to the more-stringent Title 22 standards can be used for expanded purposes, such as irrigation of higher-value edible crops, and has a higher value to end users. The City anticipates that it could generate future revenues by selling recycled water treated to Title 22 standards.

The City has no immediate plans to pursue this project, but anticipates that it will continue evaluating the potential for tertiary treatment and would likely only pursue the project if it provides a financial benefit to the City. The City anticipates it would likely need to pursue debt financing if it eventually moves forward with the project.

10-Year Energy Plan Projects. In 2015, City hired an independent energy consulting firm to work with the City to develop a 10 year energy plan. The objective of the plan is to identify the most cost-effective approaches for meeting the energy requirements of the City's wastewater treatment facilities with the goal of reducing long-term energy costs. The City recently completed the following two energy projects:

- **Power Purchase Agreement with FuelCell Energy, Inc.** – The City has a power purchase agreement with FuelCell Energy, Inc. for approximately 2.8 megawatts of power generated from new fuel cells that are operated at the City's wastewater treatment facilities. The fuel cells are owned, installed, operated, and maintained by FuelCell Energy, Inc. Electricity produced by the fuel cells is sold to the City pursuant to a power purchase agreement. The new fuel cells, which run on purchased natural gas, replaced the City's old fuel cells, and are sized to offset all of the energy needs at the City's wastewater treatment facilities. The new power purchase agreement with FuelCell Energy, Inc. was estimated to save the City \$500,000 to \$750,000 per year in reduced utility costs. The fuel cells received its Notice of Commercial Operation in May 2018.
- **Sale of Methane Gas Produced by the City to Fuel Cell Energy** – In June 2017, the Board of Public Utilities approved a 20-year Digester Gas Purchase Agreement (“DGPA”) with FuelCell Energy, Inc. for the construction of a 2.8 megawatt biogas fuel cell at the City's wastewater treatment plant. Per the agreement, FuelCell Energy, Inc. is to design, build, own, operate and maintain the fuel cell and the City is to provide (sell) the fuel cell with the biogas that it produced through the operations at the City's wastewater treatment plant. Construction of the fuel cell began in May 2018, and while the project experienced some delays, it began conditioning on November 19, 2019. The fuel cell received its Notice of Commercial Operation, which it received in late-December 2019. Per the DGPA, the City sells biogas to FuelCell Energy, Inc. at a rate of \$5.00 per million British Thermal Units, with an annual revenue estimate of \$900,000 per year.

Hydrological Enterprise Fund Program

In January 2016, the Board of Public Utilities Commissioners adopted a Hydrological Enterprise Fund Program for the City's water, wastewater, and storm water utilities. The program is a strategic plan that a) establishes goals and objectives for excellence in operational and financial management, b) identifies strategies and tactics for improving long-term operational and financial performance, and c) defines key performance measures. The City is in the process of implementing program recommendations.

Service Area and Sewer Customers

The City provides sewer services to customers located within an approximately 21 square mile service area consisting primarily of the City of Tulare. All City residents, including commercial and industrial companies located within City limits, are required to connect to the City's wastewater system. The following table shows the historical number of sewer accounts and the number of net new sewer connections by year. Most of the new connections are residential customers.

Historical Sewer Accounts & New Connections

<u>Fiscal Year</u>	<u>Sewer Accounts</u>	<u>New Connections</u>	<u>Annual Increase %</u>
2015/16	16,634	280	1.68%
2016/17	17,014	380	2.23
2017/18	17,423	409	2.35
2018/19	17,683	382	2.16
2019/20	17,999	394	2.23

Source: City of Tulare.

The following table shows a breakdown of sewer accounts by customer class.

Sewer Accounts by Customer Class

<u>User Group</u>	<u>2018/19</u>		<u>2019/20</u>	
	<u>Accounts</u>	<u>% of Total</u>	<u>Accounts</u>	<u>% of Total</u>
Single Family Residential	15,962	90.27%	16,257	90.33%
Multi-Family Residential*	731	4.13	746	4.15
Commercial/Public	<u>956</u>	<u>5.41</u>	<u>973</u>	<u>5.41</u>
Subtotal	17,649	99.81%	17,976	99.89%
Industrial	<u>34</u>	<u>0.19</u>	<u>21</u>	<u>0.11</u>
Total	17,683	100.00%	17,997	100.00%

Source: City of Tulare.

* Includes mobile homes.

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The following table shows a breakdown of sewer service charge revenues by customer class for fiscal year ended June 30, 2019 and June 30, 2020.

Sewer Service Charge Revenues by Customer Class

	2018/19		2019/20	
	Revenues	% of Total	Revenues	% of Total
Domestic				
Single Family Residential	\$9,414,774	29.41%	\$9,999,911	29.87%
Multi-Family Residential*	1,815,079	5.67	1,916,440	5.72
Commercial/Public	<u>1,417,710</u>	<u>4.43</u>	<u>1,476,469</u>	<u>4.41</u>
Subtotal	\$12,647,564	39.50%	\$13,392,820	40.01%
Industrial	<u>\$19,369,532</u>	<u>60.50%</u>	<u>\$20,083,536</u>	<u>59.99%</u>
Total	\$32,017,096	100.00%	\$33,476,357	100.00%

Source: City of Tulare.

* Includes mobile homes.

The following table shows the 10 largest customers by revenue along with sewer service charge revenues through fiscal year ended June 30, 2019 and June 30, 2020

10 Largest Customers by Service Charge Revenue

Customer	Sewer Service Charge Revenues		% of Gross Revenues
	2018/19	2019/20	
Saputo Cheese	\$8,540,327	\$8,457,199	25.26%
Land O'Lakes, Inc.	5,917,369	6,405,767	19.14
Kraft Foods Group	3,364,775	3,905,186	11.67
Nestle Ice Cream	729,354	696,190	2.08
Sunmet Juice Company	620,314	448,625	1.34
Tulare City School District	104,245	108,993	0.33
Ruiz Foods	87,049	80,618	0.24
Oaks Estate Mobile Home Park*	51,299	53,174	0.16
Oak Valley*	51,097	52,961	0.16
Tulare Apartments*	<u>45,472</u>	<u>47,130</u>	<u>0.14</u>
Total	\$32,068,362	\$33,476,355	100.00%

* Denotes Multi-Family Housing.

Source: City of Tulare

Industrial System Customers

The City has compiled the following information on its three largest industrial customers from publicly available sources and makes no representation as to the accuracy or completeness thereof. There can be no assurance that such customers will continue to utilize sewage treatment capacity in the future at the levels historically experienced.

The City's three largest industrial customers are major industrial dairy processors. These three customers accounted for approximately 56% of the System's sewer service charge revenues in fiscal year ending June 30, 2020. Due to the City's strategic location and access to fresh milk from local dairies, a number of large dairy processing facilities are located in the City. Tulare County has ranked as the top county in the United States for milk production.

Saputo. Saputo Inc. is the City's largest System customer and operates three major dairy processing facilities in the City. Saputo is a Canadian-based company that produces, markets, and distributes a wide array of dairy products including cheese, milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. Saputo is one of the top ten dairy processors in the world. In the USA, Saputo ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange. According to the company's website, Saputo operates 65 cheese and dairy production facilities worldwide and has approximately 17,200 employees.

Based on financial results for fiscal year ending March 31, 2020, Saputo reported total revenues of \$14,943 billion in Canadian dollars (approximately \$11.5 billion in US dollars), up 10.7% from the prior year; net earnings at \$582.8 million in Canadian dollars (approximately \$450 million in US dollars), down 22.8% from the prior year; and adjusted net earnings of \$653.7 million Canadian dollars (approximately \$500 million in US dollars), up 4.8% from the prior year.

Saputo historically operated one of the major dairy processing facilities in Tulare. Saputo has made substantial investments in its facilities in the City. In 2007, Saputo purchased a second facility when it acquired Land O'Lakes, Inc.'s Cheese & Protein International operations in Tulare for approximately \$216 million. The transaction included a long-term milk supply agreement. The main products produced at Saputo's facilities in the City include mozzarella and shredded cheese, predominantly for American markets, and whey powder, much of which is exported internationally.

In January 2013, Saputo completed the acquisition of Morningstar Foods LLS, previously a subsidiary of Dean Foods Company, for a purchase price of \$1.45 billion. Morningstar Foods has operated one the City's industrial dairy processing facilities for many years. With this acquisition, Saputo now operates three dairy-producing facilities in the City. There is a substantial amount of land adjacent to Saputo's Tulare facilities that can accommodate additional expansion.

Land O'Lakes. The City's second largest System customer, Land O'Lakes, Inc., was founded in 1921 and is a national farmer-owned food and agricultural cooperative with approximately 9,000 employees and almost \$14 billion of sales in 2019. Based on information from the company's 2019 annual report, membership includes 1,711 dairy producers, 744 other agricultural producers, and 989 agricultural retailers.

Land O'Lakes merged with Dairyman's Cooperative Creamery Association of Tulare in July 1998. The Dairyman's facility in the City, now owned and operated through Land O'Lakes Dairyman's Division, is the largest single-site dairy complex in the United States, according to the company. The Tulare plant is a multiple-function dairy facility that produces cheese, butter, powdered milk, and other dairy-based products. Approximately one-third of the total butter and powdered milk produced in California is manufactured annually at this facility.

Kraft Heinz. The Kraft Heinz Company is one of the largest global food and beverage companies, with 2019 net sales of approximately \$25 billion. The Company was formed by a merger of the Kraft Foods Group and the H.J. Heinz Co. in 2015, resulting in the world's fifth-largest food and beverage company. Kraft Heinz is a major producer and distributor of dairy products and previously expanded its operations in the City due to a transfer of cheese production lines from its Visalia plant to its facility in the City.

Economics of the Dairy Industry in the City

Tulare County is one of the top agricultural counties in the United States and has ranked number one in total dairy product in each of the past five years. According to data provided the Tulare County Agricultural Commissioner's 2018 Tulare County Annual Crop and Livestock Report, the latest report available, the County had a total agricultural production value of approximately \$7.2 billion in 2018, representing a 2.5% increase from 2017. Milk is the leading agricultural product in the County. In 2018, the County reported a total milk value of approximately \$1.7 billion, representing a 5.2% decrease from 2017.

Tulare County dairy farms are concentrated around the City, which serves as a regional hub for processing local milk supplies. Most of the local milk supply is processed in a handful of major industrial dairy-processing facilities that are located in the City and used to create value-added dairy products such as cheese, powdered milk, ice-cream, yogurt, and butter.

The dairy industry has been operating in the County since approximately 1860. In 1890, the first creamery was built to process local milk. Growth in the industry was spurred by access to railroad lines, expansion of local operations and development of new regional dairies, including companies that transferred operations from the urbanizing areas of Southern and Northern California. By the mid-1990s, Tulare had become the largest dairy producing county in the nation. Tulare County has remained a national leader in the production of milk and value-added dairy products ever since.

The dairy industry developed in and around the City due to range of regional economic advantages and favorable production conditions including the local climate, access to low-cost land and labor, water, locally developed technical and managerial expertise, and access to major markets in both northern and southern California. Favorable dairy production conditions include:

- Local climate. The local climate is ideal for efficient year-round milk production. Temperate winter temperatures allow local dairies to keep herds outside year-round, unlike some other dairy regions in the United States (such as the Northeast and upper Midwest) where cows must be housed during winter months. Higher summer temperatures can be more cost-effectively mitigated using outdoor shaded rest areas. With year-round operations, individual cow production in the region is about 10% higher than the national average.
- Access to low-cost land and labor. Relatively low regional land prices and access to low cost farm labor have helped facilitate expansion of the local dairy industry and regional milk supplies.
- Water supply. Farms and dairies in Tulare County rely on groundwater as their source of water supply and do not rely on imported water. While local groundwater supplies within the City and surrounding areas are adequate to meet current water supply needs, any potential future restrictions on groundwater production could impact water supplies to regional farms and dairies. Regional dairy farmers have already made substantial investments and efforts to reduce water consumption and other regional agricultural producers have transitioned to less-water-intensive crops. At this time, the City does not anticipate that future potential groundwater restrictions would have a substantially adverse impact on the volume of milk production at regional dairies. For additional information see "SYSTEM FINANCES – Impacts of Sustainable Groundwater Management Act".
- Large local herd sizes. The average herd sizes in Tulare County are substantially higher than the national average.

- Local technical and managerial dairy industry expertise. Most of the regional dairies are incorporated family businesses, with many being second- and third-generation family operations.
- Transportation. For dairy product distribution, the City is strategically located in central California with easy access to major markets and international shipping ports in both northern and southern California. Tulare County has good highway and railway access. State Route 99, which bisects the City, provides ready access to Northern and Southern California. The Union Pacific rail line, which also traverses the City, provides bulk shipping alternatives for local dairy operations. The County is centrally located between a number of major ports including, the Ports of Long-Beach, Los Angeles, Oakland, and Stockton.

Sewer Service Charges

Rates for sewer service are set by resolution of the City's appointed Board of Public Utilities based on recommendations of City Staff. Rates are subject to the approval of the City Council by resolution or ordinance but are not subject to review by any other state or local government agency.

In 2016 the City engaged Willdan Financial Services to conduct a Water and Sewer Rate Study for the City's water and sewer utilities. The Rate Study proposed rates designed to provide revenues sufficient to fund projected operating, maintenance, debt service and capital improvement costs necessary to operate the City's water and sewer utilities, while meeting the financial requirements and goals set forth by the City for the water and sewer enterprise funds.

In July 2016, the Board of Public Utilities adopted Resolution 16-15 approving sewer rates for five years – effective October 1, 2016 through October 1, 2020 – based on recommendations from the rate study. The rates were subsequently ratified by the Tulare City Council. The rates were adopted pursuant to the procedural requirements of Article 13D, Section 6 of the California Constitution (established by Proposition 218).

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The following table shows a five-year history of the City’s sewer rates. The City recently implemented the fifth and final year of the sewer rate increases that were adopted in 2016.

User Group	Sewer Rates				
	Sewer Rates Effective October 1				
	2016	2017	2018	2019	2020
Residential (monthly charge)					
Single family dwelling	\$43.60	\$47.53	\$51.80	\$52.84	\$53.90
Multiple unit (each unit)	33.57	36.59	39.89	40.69	41.50
Mobile home parks (each space)	26.63	29.06	31.63	32.27	32.91
Senior dwelling unit (discount)	21.80	23.76	25.90	26.42	26.95
Commercial (per 1,000 gallons)					
Class I	2.79	3.04	3.31	3.38	3.45
Class II	2.67	2.91	3.17	3.23	3.30
Class III	2.64	2.88	3.13	3.20	3.26
Class IV	4.06	4.42	4.82	4.92	5.02
Class V & VI: Major Commercial/Industrial & Food Processing					
Flow (per 1,000 gallons)	2.79	3.04	3.31	3.38	3.45
Total BOD (per 100 pounds)	16.05	17.49	19.07	19.45	19.84
Total SS (per 100 pounds)	23.44	23.44	25.54	26.06	26.58
Class VII: Schools					
Per student per month	0.771	0.841	0.917	0.935	0.954
Septic Tank Haulers (per 1,000 gallons)	93.45	93.45	93.45	93.45	93.45
Fats, Oil and Grease (per 1,000 gallons)	93.45	93.45	93.45	93.45	93.45

Source: City of Tulare

Residential. Residential customers pay flat monthly charged for sewer service. The City offers a discounted rate to low-income senior citizens.

Commercial. Commercial customers pay volumetric wastewater rates that are based on metered water consumption. The rates vary by customer class, with higher rates for customer classes with higher strength wastewater. A list of commercial sewer customer classes and the types of businesses in each class is listed below.

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City of Tulare Commercial Sewer Customer Classes

Class I	Auto dealers	Motels without dining facilities
	Barber and beauty shops	Professional offices
	Bars without dining facilities	Public transportation
	Churches	Repair shows & service stations
	Department & retail stores	Schools (with separate irrigation meters)
	Hospitals & convalescent homes	Service clubs
	Markets without garbage grinders	Storage facilities
	Miscellaneous offices	Truck repair facilities
Class II	Car washes	
Class III	Laundromats and fairgrounds	
Class IV	Auto steam cleaning	Markets with garbage disposal
	Retail bakeries	Motels with dining facilities
	Butcher shops	Mortuaries
	Industrial/commercial laundries	Restaurants and drive-ins
	Dry cleaners	

Source: City of Tulare

Major Commercial & Industrial / Food Processing Plants. Major commercial and industrial customers and food processing plants including major dairy processing facilities pay charges based on measured flow and estimated wastewater strength as measured by biological oxygen demand (“BOD”) and total suspended solids (“TSS”). The City also charges penalties for exceeding permitted levels of various wastewater constituents including BOD, TSS, and electrical conductivity (“EC”).

Schools. Schools without independent landscape irrigation meters or sub-meters are billed a flat charge per student. Schools with separate irrigation meters are billed

Other. The City also levies wastewater charges per 1,000 gallons for a) septic tank waste and b) fats, oils, grease, grit and sand collected from system traps. Septic tank waste is only accepted if the waste source is within Tulare County. Fats, oil, grease, grit and sand collected from system traps is only accepted if the waste source is located within the Tulare City limits.

Billing & Collection

The City bills sewer service charges on a combined utility bill that also includes bills for water and solid waste services. The City typically sends out bills on the first day of each month. Bills are due by the 20th of each month. If an account has not been paid in full by the 21st of the month, the City adds a 10% penalty to the account and sends a delinquent notice to the customer and the property owner stating that payment is due by the end of the month. Accounts that remain delinquent by the following bill are notified that they have 48 hours to pay the delinquent amount or service will be disconnected. Delinquent accounts are typically given until the second Friday of the month to make payment. The City begins shutting off service to delinquent accounts few days later. To restore service, a customer must pay off the delinquent balance, the 10% penalty, and a \$30 service fee, or enter into a payment agreement with the City.

The City implemented a new utility billing system in 2012, which facilitated a more proactive and aggressive effort by the City to contact delinquent accounts prior to shut-off. The City periodically sends delinquent utility bills to a private collection agency for collection. Amounts not recovered are ultimately written off.

In early 2020, the City revised its delinquency and shutoff policies to comply with California Senate Bill 998, which became effective on February 1, 2020. Key aspects of the City’s new policy include:

- Service may only be shut off after a bill is delinquent for at least 60 days.
- Service will not be shut off if all of the following apply: 1) a primary care provider certifies that shutting off water service will be life threatening or pose a serious threat to a residents’ health and safety, 2) the customer demonstrates they are financially unable to pay under the normal billing cycle, including if any member of the household is a beneficiary of certain public assistance program or if the household is below 200 percent of the federal poverty level, and 3) the customer is willing to enter into an alternative payment plan.
- The law also includes various noticing requirements and limits fees for reconnection of service.

Comparative Utility Rates

The following table compares monthly utility charges for a typical single family residence located in a number of cities in the region. The table shows sewer, water, and garbage service charges effective October 2020. The water charges shown assume service from a 3/4-inch meter and 15 hundred cubic feet of monthly water use.

Monthly Single Family Residential Utility Charges

	Sewer	Water	Garbage	Total
Hanford	\$22.90	\$35.51	\$25.20	\$83.61
Visalia	26.45	39.63	23.85	89.93
Fresno	25.75	39.60	25.37	90.72
Porterville	26.87	47.49	17.85	92.21
Delano	36.19	47.60	15.25	99.04
Kingsburg	36.37	31.95	32.20	100.52
Corcoran	18.25	53.35	32.50	104.10
Tulare	53.90	28.11	25.30	107.31
Selma	38.87	60.14	26.50	125.51

Source: Bartle Wells Associates based on information provided by each agency.

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The following table shows comparative industrial sewer rates as of October 2020 for other regional agencies that serve large industrial accounts. Large industrial customers are charged rates for volume of discharged wastewater and wastewater strength, as measured by Biological Oxygen Demand (BOD) and either Suspended Solids (SS) or Total Suspended Solids (TSS).

Comparative Industrial Sewer Rates

	<u>Wastewater Flow per 1,000 gallons</u>	<u>BOD per 100 pounds</u>	<u>SS or TSS per 100 pounds</u>
Tulare	\$ 3.45	\$ 19.84	\$ 26.58
Fresno	0.75	26.10	29.60
Visalia*	1.44	25.00	35.00
Selma-Kingsburg-Fowler-County Sanitation District**	2.71	22.74	40.79

* Wastewater flow charge for metered wastewater discharge.

** Includes capital surcharges which are actually based on peak use.

Note: Rates shown are rounded to nearest \$0.01.

Source: Prepared by Bartle Wells Associates based on information provided by each agency.

Connection Fees for New Development

The City levies Sewer Connection Fees on new or expanded connections to the wastewater system to cover the oversized cost of pipelines, regional facilities, and treatment plant expansions. After many years of no adjustments, the City updated its Development Impact fees in 2019/2020. The fee for connections to the City's domestic wastewater system decreased from \$10.20 per gallon to \$9.10 per gallon. The fee for connections to the City's industrial wastewater system increased from \$2.70 per gallon to \$2.96 per gallon.

In addition, the City also charges a Sewer Main Front Footage Fee to recover costs for the non-oversize component of sewer collection pipelines based upon one-half of the cost to install an 8" sewer main. The fee is currently set at \$25 per linear foot of the property fronting the sewer collection pipeline that serves that property, and is payable upon issuance of a building permit.

SYSTEM FINANCES

General

The City accounts for the System as an independent enterprise fund. System operations and capital improvements are financed with sewer service charges, fees, and other System revenues, without reliance on any other City funds. The sewer enterprise fund is accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The City's financial policies and procedures include:

Rate Adjustments. Sewer rates and charges are reviewed and adjusted periodically with the goal of providing adequate revenues to fund operations, maintenance, capital programs, and debt service requirements. Historically, the City increased sewer service charges every year from fiscal years 1996-97 to 2011-12, and subsequently every year from fiscal years 2016-17 to 2020-21. All sewer rate increases since 2008

have been adopted pursuant to the procedural requirements of Article 13D of the California Constitution, which was established by Proposition 218. See “THE CITY AND THE SYSTEM – Sewer Service Charges” above.

Budget Process. The City Manager, Finance Director, and Public Works Director annually update projections of revenues, operating expenses, capital expenses, and fund reserves for the sewer enterprise. The update is prepared as part of the City’s annual budget process and is presented to the City Council and the Board for approval.

Monthly Financial Reporting. Every month, the City analyzes and monitors its revenues, expenses, and overall financial position with respect to the budget. This analysis is presented in monthly financial reports which are provided to all department heads.

Monthly Approval of Expenditures. All wastewater system expenditures are reviewed and approved by the City Council and the Board each month.

Billing and Collection. As described above, the City bills customers monthly for sewer service on a combined utility bill and has a process for addressing delinquencies.

Investment Policy. The City has adopted a conservative investment policy. The general objective of the policy is to obtain the highest yield possible while assuring that all investments are safe from loss. The “prudent person” policy of safety, liquidity and yield prevails at all times.

Investment Review Committee. The City has an Investment Review Committee that reviews investments, formulates investment strategy, and ensures adherence to the City’s investment policy. The committee reviews monthly investment reports and meets at least quarterly, or more frequently when deemed necessary.

Monthly Investment Report Approval. Monthly investment reports are presented to the City Council and the Board for review and approval.

Awards for Financial Reporting. The City has received Government Finance Officers Association (GFOA) Awards of Financial Reporting Achievement in each of the past 10 years.

Audited Financial Statements. The City’s audited financial statements for the fiscal year ending June 30, 2019 are attached as APPENDIX C – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019.” The City has not requested nor received the consent of its independent auditor, Brown Armstrong Accountancy Corporation, to include the audited financial statements in this Official Statement.

System Net Revenues, Debt Service Coverage and Cash & Investments

Historical Revenues, Operating & Maintenance Expenses, Debt Service Coverage and Cash & Investments

The following table shows historical revenues, operating & maintenance expenses, debt service coverage and cash & investments based on information provided in the City’s audited financial statements. This table has not been reviewed by the City’s auditor.

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Historical Revenues, Expenses, Debt Service Coverage and Cash & Investments

Fiscal Year Ending June 30	2015	2016	2017	2018	2019
System Revenues					
Service Charges ⁽¹⁾	\$24,397,949	\$25,182,633	\$27,115,120	\$29,455,455	\$33,760,882
Interest Income	575,994	477,225	803,877	1,046,071	1,975,615
Other Revenues ⁽²⁾	<u>1,049,543</u>	<u>2,648,135</u>	<u>1,636,660</u>	<u>1,148,500</u>	<u>1,909,227</u>
Total Revenues	26,023,486	28,307,993	29,555,657	31,650,026	37,645,724
Operating & Maintenance Expenses⁽³⁾	8,450,100	11,682,248	12,950,044	10,668,678	11,070,506
Net Revenues⁽⁴⁾	17,573,386	16,625,745	16,605,613	20,981,348	26,575,218
Debt Service					
Senior 2012 Notes ⁽⁵⁾	923,355	923,355	923,355	923,355	923,355
Series 2006 Bonds	3,965,225	0	0	0	0
Series 2009 Bonds ⁽⁶⁾	4,792,813	4,792,813	4,792,813	4,792,813	4,792,813
Less 2009 Bonds Refundable Credit	(1,556,706)	(1,563,415)	(1,562,577)	(1,564,254)	(1,575,655)
Series 2010 Bonds	1,155,678	0	0	0	0
Series 2013 Bonds	2,870,600	2,871,075	2,869,900	2,872,000	2,872,500
Series 2015 Bonds	0	3,995,432	4,249,200	4,245,800	4,246,500
Series 2016 Bonds ⁽⁷⁾	<u>0</u>	<u>0</u>	<u>267,876</u>	<u>326,900</u>	<u>326,900</u>
Subtotal	12,150,965	11,019,260	11,540,567	11,596,614	11,586,413
Debt Service Coverage	1.45	1.51	1.44	1.81	2.29
Net Income After Parity Debt Service	\$ 5,422,421	\$ 5,606,485	\$ 5,065,046	\$ 9,384,734	\$ 14,988,805
Cash & Investments	\$ 9,903,075	\$11,860,420	\$17,325,795	\$23,804,588	\$ 27,514,686

(1) Include sewer rate revenues, development impact fees, and other miscellaneous fees and charges.

(2) Excludes Federal Reimbursements for Build America Bonds.

(3) Excludes depreciation and amortization.

(4) Net Revenues equal total System Revenues less Operating and Maintenance Expenses.

(5) The Senior 2012 Notes are secured via a senior lien but are included to show coverage on all debt secured by net revenues on this table.

(6) Gross debt service shown for the Series 2009 Bonds which were issued as Build America Bonds.

(7) Net of capitalized interest.

Source: Based on audited financial information from the City of Tulare's Comprehensive Annual Financial Reports.

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Projected Revenues, Expenditures, Debt Service Coverage and Cash & Investments

The following table shows projected system revenues, operating expenses, debt service coverage and cash & investments. This table has not been reviewed by the City's auditor.

Projected Revenues, Expenses, Debt Service Coverage and Cash & Investments

Fiscal Year Ending June 30	2020	2021	2022	2023	2024	2025
System Revenues						
Sewer Service Charges ⁽¹⁾	\$33,834,000	\$34,010,000	\$34,010,000	\$34,010,000	\$34,010,000	\$34,010,000
Development/Connection Fees	1,586,000	500,000	500,000	500,000	500,000	500,000
Other Revenues ⁽²⁾	<u>2,571,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>
Total	37,991,000	36,110,000	36,110,000	36,110,000	36,110,000	36,110,000
Operating Expenses⁽³⁾						
Personnel Services	3,483,000	3,878,000	4,014,000	4,154,000	4,299,000	4,449,000
Maintenance/Supplies/Utilities	<u>7,470,000</u>	<u>8,553,000</u>	<u>8,853,000</u>	<u>9,162,000</u>	<u>9,482,000</u>	<u>9,814,000</u>
Total	10,953,000	12,431,000	12,867,000	13,316,000	13,781,000	14,263,000
Net Revenues	27,038,000	23,679,000	23,243,000	22,794,000	22,329,000	21,847,000
Debt Service						
Senior 2012 Notes ⁽⁴⁾	923,000	462,000	0	0	0	0
Series 2009 Bonds ⁽⁵⁾	1,583,000	0	0	0	0	0
Series 2013 Bonds	2,369,000	1,998,000	0	0	0	0
Series 2015 Bonds	4,920,000	4,524,000	4,123,000	5,000,000	5,014,000	5,008,000
Series 2016 Bonds	1,584,000	2,748,000	2,746,000	2,774,000	2,772,000	2,773,000
Series 2020 Bonds	<u>0</u>	<u>500,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>2,400,000</u>	<u>2,400,000</u>
Total	11,379,000	10,232,000	8,469,000	9,374,000	10,186,000	10,181,000
Debt Service Coverage	2.38	2.31	2.74	2.43	2.19	2.15
Net Revenues After Debt Service	\$15,659,000	\$13,447,000	\$14,774,000	\$13,420,000	\$12,143,000	\$11,666,000
Cash & Investments	\$34,359,360	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>

(1) Accounts for previously adopted rate increase of 2% effective October 1, 2020 and 2% effective October 1, 2021 and assumes no additional future rate increases; assumes a reduction in service charge revenues from industrial customers starting fiscal year ending June 30, 2021.

(2) Includes revenues from biogas sales, rents and concessions, interest earnings and other miscellaneous revenues.

(3) Projected operating expenses are based on the 2020/21 Budget assuming full staffing with no vacancies and escalate at the annual rate of 3.5%.

(4) The Senior 2012 Notes are secured via a senior lien but are included to show coverage on all debt secured by net revenues on this table.

(5) Debt service for the Series 2009 Bonds accounts for a federal reimbursement of \$813,431 in fiscal year ending June 30, 2020.

Note: Unaudited year-end estimates are shown for fiscal year ending June 30, 2020; projections for future years are shown on a cash basis.

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The following table shows Monthly Sewer Service Charge Billings from March through August for years 2018, 2019 and 2020.

Monthly Sewer Service Charge Billings*

	2018	2019	2020
March	\$2,290,534	\$2,778,992	\$2,927,375
April	2,464,803	2,666,077	2,859,932
May	2,455,916	2,536,227	2,689,769
June	2,503,551	2,678,319	3,026,380
July	2,568,099	2,534,204	2,758,094
August	<u>2,620,534</u>	<u>2,701,979</u>	<u>2,949,681</u>
Total	\$14,903,436	\$15,895,797	\$17,213,251
Increase %		6.7%	8.3%

Source: City of Tulare

* Monthly billing totals, not revenues

Impacts of Drought on Sewer System

Hydrological conditions in California can vary widely from year to year. The State has historically experienced droughts that have lasted several years, including most recently in years 2015 to 2017. Future droughts could affect the availability of water which is derived from a series of deep wells that are scattered throughout the community. The recent drought led to several executive orders mandating reductions in water usage. Such executive orders, or additional actions or legislation could be implemented again when the next prolonged drought occurs.

Pension and Post-Employment Benefits

The City provides pension and other post-employment health care benefits to qualified retirees. A portion of these costs are funded by the City’s System. Costs for the System include retirement benefit costs for System employees, as well as a portion of retirement benefit costs for other City employees performing functions – such as finance, billing, engineering, and administration – that provide benefits to the System.

Pension. The City participates in the Public Agency portion of the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions and other requirements are established by State Statutes within the Public Employees’ Retirement Law. The City of Tulare selects optional benefit provisions by contract with CalPERS and adopts those benefits through local ordinance.

City employees, other than public safety personnel, currently contribute a portion of their annual covered salaries through payroll withholding. In addition, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration.

The employees of the City’s Sewer and Wastewater Divisions are participants in the City’s pension plan for Miscellaneous Employees. In fiscal year 2019-20, the City had the equivalent of approximately 36 full-time

employees (FTEs) in the Wastewater Division. This represents approximately 15% of the City's total Miscellaneous Plan employee FTEs.

The following table shows the CalPERS employer contributions for Miscellaneous Plan employees (other than public safety personnel) for fiscal years ending June 30, 2020 and 2021, and CalPERS' projected contributions for fiscal years ending June 30, 2022 through 2027.

**City of Tulare
CalPERS Projected Required Employer Contribution
Miscellaneous Plan Employees
Fiscal Years 2019-20 to 2026-27**

Fiscal Year	Current Required Contributions			Projected Future Employer Contributions				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Normal Cost %	10.972%	11.566%	11.03%	10.8%	10.5%	10.2%	9.9%	9.6%
Annual Unfunded Accrued Liability Contribution in \$	\$2,896,119	\$3,210,591	\$3,637,296	\$3,955,000	\$4,181,000	\$4,412,000	\$4,164,000	\$3,707,000

Source: CalPERS Miscellaneous Plan of the City of Tulare, Annual Report as of June 30, 2019.

The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The table on the following page shows the City's required employer contribution for Miscellaneous Plan employees. The amounts paid by the City include the employer contribution amount of 8% for Miscellaneous Plan employees.

**City of Tulare
CalPERS Required Employer Contribution
Miscellaneous Plan Employees**

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22
Normal Cost Contribution as a Percentage of Payroll			
Total Normal Cost	18.539%	19.051%	18.67%
Employee Contribution ¹	7.567%	7.485%	7.64%
Employer Normal Cost	10.972%	11.566%	11.03%
Projected Annual Payroll for Contribution Year	\$ 12,961,194	\$ 13,646,752	\$ 14,651,973
Estimated Employer Contributions Based On Projected Payroll			
Total Normal Cost	\$ 2,402,876	\$ 2,599,843	\$ 2,735,523
Less: Employee Contribution ¹	<u>980,774</u>	<u>1,021,459</u>	<u>1,119,411</u>
Employer Normal Cost ²	1,422,102	1,578,384	1,616,112

Unfunded Liability Contribution	2,896,119	3,210,591	3,637,296
	\$	\$	
Estimated Total Employer Contribution	4,318,221	4,788,975	\$ 5,253,408

Source: CalPERS Miscellaneous Plan of the City of Tulare, Annual Report as of June 30, 2019.

¹ For classic members, this is the percentage specified in the Public Employees Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members, the member contribution rate is based on 50 percent of the normal cost.

² The Employer Normal Cost is a blended rate for all benefit groups in the plan.

As reported in the City’s most recent Comprehensive Annual Financial Report, the net pension liability of the City’s sewer enterprise was \$4,435,495 as of June 30, 2019.

Based on the City’s CalPERS Annual Valuation Reports for Miscellaneous Employees, the following table shows the recent history of the actuarial accrued liability, the market value of assets, actuarial value of assets, funded ratios, unfunded accrued liabilities, and the annual covered payroll. The Actuarial Value of Assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the Market Value of Assets is an indicator of the short-term solvency of the plan.

The table below shows the recent history of the actuarial accrued liability, the market value or assets, the funded ratio and the annual covered payroll.

**City of Tulare
CalPERS Required Employer Contribution
Miscellaneous Plan Employees
Funded Status**

Valuation Date	Accrued Liability	Market Value of Assets (MVA)	Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/13	91,867,116	65,916,390	25,950,726	71.8	10,601,684
06/30/14	100,333,754	76,140,781	24,192,973	75.9	10,599,340
06/30/15	105,634,671	76,406,771	29,227,900	72.3	10,676,869
06/30/16	110,366,739	75,281,071	35,085,668	68.2	11,864,577
06/30/17	117,260,789	82,425,695	34,835,094	70.3	11,909,618
06/30/18	127,641,579	87,996,497	39,645,082	68.9	12,580,092
06/30/19	133,174,943	92,269,542	40,905,401	69.3	13,506,742

Source: CalPERS Miscellaneous Plan of the City of Tulare, Annual Report as of June 30, 2019.

For additional information about the City’s pension obligations, see “Note 7” and “Required Supplementary Information” in APPENDIX C – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019.”

Post-Employment Benefits

The City provides health care insurance benefits to qualified retired employees under an agreement with City employee bargaining units. The City is self-insured and has a third party administrator that reviews and administers payments. The City also currently has a coinsurance policy that limits the City’s medical payment liabilities to approximately \$80,000 per year per covered individual, with the exception that the coinsurance

policy may require a higher stop-loss level for some individuals. The City currently has a stop-loss payment liability that exceeds this level for one individual currently covered by the City's health insurance plan.

The cost of the retiree health care insurance benefit is recognized as an expenditure as insurance premiums are paid on a monthly basis in advance. For the fiscal years ended June 30, 2019 and 2020, the City paid net amounts of \$196,480 and \$103,196 for eligible health care expenditures above the premiums paid to the City on behalf of approximately 29 retired employees.

For additional information about the City's other post-employment benefit obligations, see "Note 10" in APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019."

RISK FACTORS

The following section describes special considerations and risk factors that may affect the payment of and security for the Series 2020 Bonds. The following discussion is not meant to be an exhaustive list of all risks associated with the purchase of the Series 2020 Bonds and does not necessarily reflect the relative importance of the risk factors. Potential investors are advised to consider the following special factors, along with all other information in this Official Statement, in evaluating the Series 2020 Bonds. There can be no assurance that other risk factors will not become material in the future.

Constitutional Limitations on Rates and Charges

Proposition 218. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIII C broadly define "tax," but specifically exclude, among other things:

- A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
- A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- A charge imposed as a condition of property development.
- Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

Property-Related Fees and Charges. Under Article XIII D, before a local agency may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel

of land affected by that fee or charge. The local agency must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the local agency may not impose or increase the property-related fee or charge.

Further, under Article XIII D, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIII C states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

Judicial Interpretation of Articles XIII C and XIII D. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIII D regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIII D under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal.4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIII D to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIII D.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218, and a municipality must comply with Article XIII D before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006, the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are “fees and charges” within the meaning of Article XIII D, and went on to hold that charges for ongoing water delivery are also “fees” within the meaning of Article XIII C's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIII C authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIII C and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Conclusion. It is not possible to predict how courts will further interpret Article XIII C and Article XIII D in future judicial decisions and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the District's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Bonds.

The City's current sewer rates were approved by the Board of Public Utilities on July 21, 2016 and ratified by the City Council on August 15, 2016. Before approving the rates, the City sent notices to property owners at least 45 days prior to a protest hearing. The City will continue to comply with the provisions of Proposition 218 in connection with future rate increases.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIII C and Article XIII D to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for wastewater, or to call into question previously adopted wastewater rate increases.

Additionally, in the event the City fails to comply with its covenants under the Indenture, including its covenants to generate adequate System Net Revenues or to pay debt service due on the Bonds, there can be no assurance that the District will be able to increase rates and charges if a majority of the property owners of the identified parcels submit written protests against the proposal.

Revenues; Rate Covenant

System Net Revenues are dependent upon the demand for sewer services, which can be affected by population factors, concentration of demand, more stringent regulation, or problems with the City's collection and treatment facilities. There can be no assurance that demand will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for services could require an increase in rates or charges in order to comply with the rate covenant. The City's ability to meet its rate covenant is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the Series 2020 Bonds and other Parity Debt.

Enterprise Expenses

There can be no assurance that expenses of the City will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in treatment standards and increases in the cost of operation or other expenses could require increases in rates or charges in order to comply with the rate covenant in the Indenture. Such rate increases could drive down demand for related services or otherwise increase the possibility of nonpayment of the Series 2020 Bonds.

Existing and Future Parity Debt

The payment of principal of and interest on the Series 2020 Bonds, along with debt service on other Parity Debt, are payable solely from and secured solely by a pledge of System Net Revenues under the Indenture, together with amounts on deposit in certain funds and accounts held by the Trustee. As described in "SECURITY FOR THE SERIES 2020 BONDS - Issuance of Bonds and Parity Debt" above, the Indenture

permits the City to issue additional Parity Debt that would be payable from System Net Revenues on a parity with the payment of debt service on the Series 2020 Bonds and other parity obligations. No assurance can be made that System Net Revenues, estimated or otherwise, will be realized in an amount sufficient to pay the principal of and interest on the Series 2020 Bonds and other Parity Debt. The realization of future System Net Revenues is subject to, among other things, the capabilities of management of the City, the ability of the City to provide sewer collection, treatment, and disposal services to its customers, and the ability of the City to establish and maintain charges sufficient to provide the required debt service coverage and to pay for operating and maintenance expenses.

Among other matters, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on growth) could adversely affect the amount of System Revenues realized by the City and ultimately the ability of the City to pay principal of and interest on the Series 2020 Bonds and Parity Debt.

Change in Law

In addition to the other limitations described herein, the State electorate or the California State Legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing revenues payable to or collected by the City. There is no assurance that the State electorate or the California State Legislature will not at some future time approve additional limitations that could have the effect of reducing the System Net Revenues and adversely affecting the security of the Bonds.

Loss of Tax Exemption

As discussed in this Official Statement under the caption “TAX MATTERS – The Series 2020A Bonds,” interest on the Series 2020A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2020A Bonds were issued, as a result of future acts or omissions of the City in violation of their respective covenants in the Indenture. Should such an event of taxability occur, the Series 2020A Bonds are not subject to a special redemption and will remain outstanding until maturity or until prepaid under one of the other redemption provisions contained in the Indenture.

IRS Audit of Tax-Exempt Issues

The IRS has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Series 2020A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2020A Bonds might be affected as a result of such an audit of the Series 2020A Bonds (or by an audit of similar obligations).

Regulatory Compliance

The City’s water and wastewater system operations are subject to numerous environmental regulations enforced by multiple governmental entities. Programs are in place for compliance with drinking water regulations, water discharge regulations, underground and aboveground fuel storage tank regulations, hazardous materials management plans, hazardous waste regulations, air quality permitting requirements, wastewater discharge limitations, and employee safety issues relating to hazardous materials and other conditions. The City expects environmental regulation to increase, resulting in higher capital and operating costs in the future, which may have a material effect on the finances of the System.

COVID-19

COVID-19, a respiratory disease caused by a novel strain of coronavirus, has spread around the world, including in the State. The World Health Organization has declared it a pandemic and, since the Centers for Disease Control and Prevention confirmed the spread of the disease to the United States in February 2020, federal

and state governments have declared a state of emergency. The rapid spread of COVID-19 has altered the behavior of people and businesses in a manner that is resulting in significant negative effects on global, federal, state, and local economies and presents unique challenges. Nearly all industries and businesses, have encountered and expect to further encounter significant disruption in their operations and the resulting deterioration of their financial condition. COVID-19 developments and related governmental and regulatory responses are rapidly changing.

The COVID-19 pandemic has resulted in substantial volatility in global financial markets, U.S. domestic debt and equity capital markets, travel and commerce generally. State and national economies continue to be materially adversely impacted by the COVID-19 pandemic, which may materially adversely impact the operations and financial condition of the City. Financial results, generally, and liquidity, in particular, may be materially diminished.

While the City's overall finances have been materially and adversely impacted by the COVID-19 pandemic, to date the finances and operations of the System have not been materially adversely impacted. Because of the evolving nature of the COVID-19 pandemic and the uncertainty of its duration, the ultimate impact of the pandemic on the City and the System's financial condition and operations cannot be predicted at this time.

Climate Change

The issue of climate change has become an important factor in water resources planning in the State, and it is being considered during planning for water supplies and systems. Many studies cite evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, many of these studies cite evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes could have a direct effect on water resources in the State of California, and numerous studies on climate and water in the State of California have been conducted to determine the potential impacts. Based on these studies, global warming could result in the following types of water resources impacts in the State of California, including impacts on water supplies and systems:

- Sea level rise and an increase in saltwater intrusion into groundwater,
- Changes in the timing, intensity, and variability of precipitation, and an increased amount of precipitation falling as rain instead of as snow,
- Reductions in the average annual snowpack due to a rise in the snowline and a shallower snowpack in the low- and medium-elevation zones, and a shift in snowmelt runoff to earlier in the year,
- Long-term changes in watershed vegetation and increased incidence of wildfires that could affect water quality,
- Increased water temperatures with accompanying adverse effects on some fisheries,
- Increases in evaporation and concomitant increased irrigation need, and
- Changes in urban and agricultural water demand.

Other than the general trends listed above, there is no specific information on exactly how global warming will quantitatively affect water supplies with respect to the City or customer water conservation. However, there can be no assurance that climate change will not affect the City's water sources or customer demand.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems

(collectively, “Systems Technology”). As a recipient and provider of personal, private, or sensitive information, the City can be subject to cybersecurity incidents that can result in adverse consequences to the City’s Systems Technology.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards. The City has implemented a defense in-depth cyber security posture against ransomware and other cyber threats. It also employs a next generation firewall on the edge of the network that performs deep packet inspection, advanced malware protection, and uniform resource locator filtering. Additional layers of cyber security include internal network segmentation, use of virtual local area networks, domain name system filtering, automatic patching on workstations, and endpoint protection on all endpoints. Comprehensive backups include hourly storage area network level snapshots, mid-day cloud-based critical database backups, nightly off-site backups, nightly cloud-based replication and quarterly tape-based off-premise backups.

The City performs weekly external vulnerability assessments, monthly internal vulnerability assessments, and successfully completed a thorough external penetration test in July 2018. All City information technology employees have full DOJ backgrounds. All employees with computer logins are trained annually on cybersecurity, employees with access to PII information are trained on protecting PII and employees who handle credit cards are trained on credit card security.

While City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the City’s Systems Technology and cause material disruption to the City’s operations and the provision of City services. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs related to such legal claims or proceedings.

Seismic and Other Natural Conditions

The ability of the City to generate revenues is contingent upon the ability of the City to sewer and wastewater services to its customers. The financial stability of the City can be adversely affected by geologic conditions (such as earthquakes), topographic conditions (such as earth movements, wildfires and floods) and climatic conditions (such as droughts and tornadoes).

The City is located, is a seismically active geological area. The City does not carry earthquake insurance on its facilities. Occurrence of earthquakes could cause an interruption of water service until repairs could be effected, thus possibly negatively impacting the operations and finances of the System.

Wastewater Facility Maintenance

The operation of the City’s wastewater and sewer facilities and physical condition of the City’s wastewater and sewer facilities are subject to a number of risk factors that could adversely affect the reliability of sewer service or increase the operating expenses of the City. Prolonged damage to the City’s facilities could interrupt the ability of the City to realized revenues sufficient to pay principal of and interest on the Series 2020 Bonds. Certain facilities are aging and in need of repair or replacement. Long-lived facilities result in decreased reliability due to unplanned outages and place a greater maintenance burden on City operations. There can be no assurance that operation and maintenance expenses of the City’s wastewater and sewer facilities will be consistent with the levels contemplated in this Official Statement

Concentration of Wastewater Accounts

Approximately 56% of the System’s sewer service charge revenues to be generated from three major dairy-processing companies during the fiscal year ending June 30, 2020. See “THE CITY AND THE SYSTEM - Service Area and Sewer Customers.” If one or more of these companies were to relocate or otherwise reduce wastewater flow, the finances of the System would be materially impacted. In such event, the City would have the legal authority to raise sewer rates to make up any shortfall if needed, and it could be obligated to do so under the Indenture, although any such rates could adversely impact the attractiveness of the City to existing and future industrial customers. The City has covenanted under the Indenture to maintain rates at certain levels. See “SECURITY FOR THE SERIES 2020 BONDS – Rate Covenant” and “THE CITY AND THE SYSTEM – Industrial System Customers.”

Limitations on Remedies and Bankruptcy

The rights and remedies provided in the Indenture may be limited by and are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as APPENDIX E – “FORM OF BOND COUNSEL OPINION”), will be similarly qualified.

The enforcement of the remedies provided in the Indenture could prove both expensive and time consuming. In the event of a default, the Trustee is not empowered to sell any part of the System in order to pay debt service on the Series 2020 Bonds. In addition, the rights and remedies provided in the Indenture may be limited by and are subject to provisions of the federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect creditors’ rights. If the City were to file a petition under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), the Bondholders and the Trustee could be prohibited or severely restricted from taking any steps to enforce their rights under the Indenture and from taking any steps to collect amounts due from the City under the Indenture.

Secondary Market for the Series 2020 Bonds

There can be no guarantee that there will be a secondary market for the Series 2020 Bonds or, if a secondary market exists, that any Series 2020 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 then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

The Series 2020A Bonds

Opinion of Bond Counsel. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2020A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Series 2020A Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with

applicable requirements of the Code to assure the exclusion of interest on the Series 2020A Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Series 2020A Bonds is exempt from is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2020A Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2020A Bonds.

Certain Ongoing Federal Tax Requirements and Covenants. The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2020A Bonds in order that interest on the Series 2020A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2020A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2020A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2020A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2020A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2020A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2020A Bonds.

Prospective owners of the Series 2020A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2020A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount. “Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2020A Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2020A Bonds. In general, the issue price for each maturity of Series 2020A Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Series 2020A Bonds having OID (a “Tax-Exempt Discount Bond”), OID that has accrued and is properly allocable to

the owners of the Tax-Exempt Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2020A Bonds.

In general, under Section 1288 of the Code, OID on a Tax-Exempt Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Tax-Exempt Discount Bond. An owner's adjusted basis in a Tax-Exempt Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2020A Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Tax-Exempt Discount Bond even though there will not be a corresponding cash payment.

Owners of Tax-Exempt Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Tax-Exempt Discount Bonds.

Bond Premium. In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Tax-Exempt Premium Bond"). In general, under Section 171 of the Code, an owner of a Tax-Exempt Premium Bond must amortize the bond premium over the remaining term of the Tax-Exempt Premium Bond, based on the owner's yield over the remaining term of the Tax-Exempt Premium Bond determined based on constant yield principles (in certain cases involving a Tax-Exempt Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Tax-Exempt Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a Tax-Exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Tax-Exempt Premium Bond may realize a taxable gain upon disposition of the Tax-Exempt Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Tax-Exempt Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Tax-Exempt Premium Bonds.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2020A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2020A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2020A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup

withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2020A Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2020A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2020A Bonds.

Prospective purchasers of the Series 2020A Bonds should consult their own tax advisors regarding the foregoing matters.

The Series 2020B Bonds

In the opinion of Bond Counsel to the City, interest on the Series 2020B Bonds (i) is included in gross income for federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of California.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Series 2020B Bonds by original purchasers of the Series 2020B Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series 2020B Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series 2020B Bonds as a position in a "hedge" or "straddle," U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Series 2020B Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series 2020B Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Series 2020B Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2020B Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount. In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a U.S. Holder of a Series 2020B Bond [having a maturity of more than one year from its date of issue] must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Series 2020B Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price." For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Series 2020B Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest," provided by such Series 2020B Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at

a single fixed rate; and “*de minimis* amount” is an amount equal to 0.25 percent of the Series 2020B Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Series 2020B Bond using the constant-yield method, subject to certain modifications.

Bond Premium. In general, if a Series 2020B Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series 2020B Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

Disposition and Defeasance. Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series 2020B Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Series 2020B Bond.

The City may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2020B Bonds to be deemed to be no longer outstanding under the Indenture (a “defeasance”). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2020B Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate U.S. Holders of the Series 2020B Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Series 2020B Bond and the proceeds of the sale of a Series 2020B Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Series 2020B Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders. The term “U.S. Holder” means a beneficial owner of a Series 2020B Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2020B Bonds under state law and could affect the market price or marketability of the Series 2020B Bonds.

Prospective purchasers of the Series 2020B Bonds should consult their own tax advisors regarding the foregoing matters.

[VERIFICATION OF MATHEMATICAL COMPUTATIONS]

[In connection with the issuance of the Series 2020 Bonds and the advance refunding of the Series 2013 Bonds, the Verification Agent will verify the mathematical accuracy of certain computations demonstrating the sufficiency of the 2013 Escrow Account to pay the principal or redemption price of and interest on the Series 2013 Bonds when due. Such verification will be based in part on schedules and information provided by the Underwriter with respect to the foregoing computations.]

ABSENCE OF LITIGATION

There is no claim, action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance or delivery of the Series 2020 Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the City taken with respect to any of the foregoing. The City is not aware of any litigation pending or threatened, questioning the existence or powers of the City or the ability of the City to pay debt service on the Bonds.

Although the City has been subject to a number of lawsuits in the ordinary conduct of its affairs, there are no claims or actions, threatened or pending which, if determined against the City, either individually or in the aggregate, are expected to have a material adverse effect on the financial conditions of the City.

LEGAL OPINIONS

The validity of the Series 2020 Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, San Francisco, California, as Bond Counsel and Disclosure Counsel. A copy of the form of the proposed opinion of Bond Counsel is contained in APPENDIX E – “FORM OF BOND COUNSEL OPINION” hereto. Certain matters will be passed upon for the City by Griswold, Lasalle, Cobb, Dowd & Gin, LLP, Hanford, California, City Attorney. The Underwriter is being represented by its counsel, Norton Rose Fulbright US LLP, Los Angeles, California. Bond Counsel will receive compensation from the City contingent upon the sale and delivery of the Bonds.

MUNICIPAL ADVISOR

The City has retained Bartle Wells Associates, Berkeley, California, to serve as Municipal Advisor in connection with the authorization, issuance, sale and delivery of the Series 2020A Bonds. Bartle Wells Associates is a registered municipal advisor.

UNDERWRITING

The City has agreed to sell the Series 2020 Bonds to Morgan Stanley & Co. LLC (the “Underwriter”), and the Underwriter has agreed, subject to certain conditions, to purchase the Series 2020A Bonds at a purchase price of \$ _____, being the principal amount of the Series 2020A Bonds, plus [net] original issue premium of \$ _____, and less an Underwriter’s discount of \$ _____ and to purchase the Series 2020B Bonds at a purchase price of \$ _____, being the principal amount of the Series 2020B Bonds, plus [net] original issue premium of \$ _____, and less an Underwriter’s discount of \$ _____. The obligations of the Underwriter are subject to certain conditions precedent, and it will be obligated to purchase all such Series 2020 Bonds if any such Series 2020 Bonds are purchased. The Underwriter intends to offer the Series 2020 Bonds to the public initially at the prices and/or yield set forth on the inside cover page of this Official Statement, which prices or yields may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2020 Bonds to the public. The Underwriter may offer and sell Series 2020 Bonds to certain dealers (including dealers depositing Series 2020 Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers. In reoffering Series 2020 Bonds to the public, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices for Series 2020 Bonds at levels above those which might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

Morgan Stanley & Co. LLC, the Underwriter, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2020 Bonds.

RATINGS

[S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC ("S&P") has assigned a municipal bond rating of "___" to the Series 2020 Bonds, with the understanding that [INSURANCE PROVIDER] will issue its policy with respect to the Series 2020 Bonds on the closing date. S&P has assigned the Series 2020 Bonds an underlying rating of "___". These ratings reflect only the views of such organization and an explanation of the significance of the ratings may be obtained from S&P. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. The City undertakes no responsibility to oppose any downward revision or withdrawal of any rating obtained. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2020 Bonds.]

AUDITED FINANCIAL STATEMENTS

The financial statements of the City for the year ended June 30, 2019, have been audited by Brown Armstrong, Certified Public Accountants. A copy of the auditor's report, the financial statements and the notes to the financial statements is attached hereto as APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019." The auditor has not performed any review of such financial statements in connection with the inclusion in this Official Statement.

CONTINUING DISCLOSURE

The City has covenanted, pursuant to a Continuing Disclosure Agreement, dated as of November 1, 2020, for the benefit of holders and beneficial owners of the Series 2020 Bonds, to provide, or cause to be provided, certain financial information and operating data relating to the City (the "Operating Data") and a copy of the City's final Comprehensive Annual Financial Report ("CAFR," and together with the Operating Data, the "Annual Report") by not later than March 1 of each year, commencing with the report for the Fiscal Year ended June 30, 2020, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

In connection with the issuance of the City's Sewer Revenue Bonds Series 2003, Series 2006, Series 2009, and Series 2010 Bonds (the "2003-2010 Bonds"), the City executed continuing disclosure undertakings (the "2003-2010 Agreements") for the benefit of the holders of such 2003-2010 Bonds. Under the 2003-2010 Agreements, the City covenanted to provide to the MSRB an Annual Report within 210 days after the end of the City's fiscal year and notices of the occurrence of certain enumerated events. Within the past five years, the City

did not file within 210 days after the end of the City's fiscal year its CAFR for the fiscal years ended June 30, 2015 and June 30, 2018 and its Annual Report for the fiscal year ended June 30, 2017. In each of these instances, the City did not receive its final CAFR for the relevant fiscal years from its auditor until after the filing deadline under the 2003-2010 Agreements. In each of these instances, the City timely filed with the MSRB a notice to the holders of the 2003-2010 Bonds of its failure to file the CAFR or the Annual Report within the timeframe required by the 2003-2010 Agreements. The City subsequently filed the CAFR for the relevant fiscal years as soon as it was available.

The City also executed continuing disclosure undertakings (the "2013-2015 Agreements") in connection with the issuance of the City's Sewer Revenue Refunding Bonds Series 2013 and Series 2015 (the "2013-2015 Bonds"), for the benefit of the holders of such 2013-2015 Bonds. Under the 2013-2015 Agreements, the City covenanted to provide to the MSRB an Annual Report within eight months after the end of the City's fiscal year and notices of the occurrence of certain enumerated events. Within the past five years, the City timely filed its Annual Report as required by the 2013-2015 Agreements; however, the City inadvertently failed to link its Annual Report for the fiscal year ended June 30, 2015 with the CUSIP numbers for the City's Series 2015 Bonds at the time of filing of such Annual Report. The City subsequently linked the Annual Report for the fiscal year ended June 30, 2015 with the CUSIP numbers for the Series 2015 Bonds.

The City also executed a continuing disclosure undertaking (the "2017 Agreement") in connection with the issuance of the City's Water Revenue Bonds, Series 2017 (the "Series 2017 Water Bonds"), for the benefit of the holders of such Series 2017 Water Bonds. Under the 2017 Agreement, the City covenanted to provide to the MSRB an Annual Report within eight months after the end of the City's fiscal year and notices of the occurrence of certain enumerated events. The City linked its Annual Report for the fiscal year ended June 30, 2017 with the CUSIP numbers for its outstanding sewer revenue bonds, lease revenue bonds and tax allocation bonds for the redevelopment successor agency, but inadvertently failed to link such Annual Report with the CUSIP numbers for its Series 2017 Water Bonds at the time of filing such Annual Report. The City subsequently linked the Annual Report for the fiscal year ended June 30, 2017 with the CUSIP numbers for the Series 2017 Water Bonds.

As of the date of this Official Statement, the City has made all required filings and has implemented procedures to help ensure it meets its continuing disclosure obligations on a timely basis in the future. The City's Finance Director/Treasurer is responsible for making annual continuing disclosure filings and is aware of the specific dates by which such filings are required to be made. To ensure the City's continuing disclosure filings are made on a timely basis in future years, the City's Finance Director has permanently scheduled the disclosure filings to be made on or before the dates at which such filings are required to be made. Additionally, the City has developed and adopted a written policy to help ensure future compliance with the City's continuing disclosure obligations. The City is committed to meeting all of its continuing disclosure requirements on time and anticipates making future continuing disclosure filings on a timely basis in future years.

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MISCELLANEOUS

All of the descriptions of the California Government Code or any other applicable legislation, the Indenture, the wastewater system, the City, agreements and other documents are made subject to the provisions of such legislation and documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the City.

CITY OF TULARE

By: _____
Finance Director/Treasurer

APPENDIX A

AREA STATISTICAL INFORMATION

The following information is provided to give prospective investors an overview of the City of Tulare and the general economic condition of the City and Tulare County. Debt service on the 2019 Bonds is payable from the City's System Net Revenues.

Population

The City of Tulare is the second largest city in the Tulare County with an estimated population of 67,834 as of January 1, 2020.

City of Tulare Population

Calendar Year	Population	Annual Percent Increase
2015	62,251	1.01%
2016	62,856	0.97
2017	63,868	1.61
2018	65,021	1.82
2019	66,457	2.19
2020	67,834	2.07

Source: State of California, Department of Finance.

Assessed Valuation

All property in Tulare County is assessed by the County Assessor, except public utility property and railroads, which are assessed by the State Board of Equalization. Under the California Constitution, property is assessed at 100% of full cash value. Property is assessed at its market value when constructed or upon change of ownership. The value of property that does not change ownership may be adjusted annually by not more than 2% to account for inflation. Assessed valuations do not reflect market value. The following table shows a history of assessed valuation for the City.

City of Tulare Assessed Value

Fiscal Year Ended June 30,	Secured	Utility	Unsecured	Total Assessed Value (Net of Exemptions)
2015	\$3,593,640,822	\$2,859,722	\$134,753,531	\$3,731,254,075
2016	3,789,718,353	2,859,722	143,801,821	3,936,379,896
2017	3,962,134,430	2,859,722	151,219,467	4,115,943,619
2018	4,096,151,430	3,323,768	208,318,421	4,307,793,619
2019	4,275,737,413	3,323,768	209,716,581	4,488,777,762
2020	4,517,255,501	3,323,768	214,038,086	4,734,617,255

Source: County of Tulare, Office of the Auditor-Controller.

Direct and Overlapping Debt

[To be updated] The statement of direct and overlapping debt (the “Debt Report”) set forth below was prepared by California Municipal Statistics, Inc., and is dated as of June 30, 2019. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The City has not independently verified its completeness or accuracy and makes no representations in connection therewith.

CITY OF TULARE

2018-19 Assessed Valuation: \$4,488,777,762

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt	City’s Share of
	<u>6/30/19</u>	<u>% Applicable (1)</u>
College of Sequoias Tulare School Facilities Improvement District	\$32,041,093	48.784%
\$15,630,927		
Tulare Union High School District	21,235,532	63.202
Liberty School District	604,691	8.861
Buena Vista School District	80,000	0.401
Tulare Local Health Care District	82,855,000	61.441
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	<u>50,906,941</u>	
		\$80,013,052
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Tulare County General Fund Obligations	\$ 32,315,000	12.831% \$ 4,146,338
Tulare County Pension Obligation Bonds	242,115,000	12.831 31,065,776
Tulare County Board of Education Certificates of Participation	33,885,000	12.831 4,347,784
College of Sequoias General Fund Obligations	5,015,000	13.902 697,185
Tulare School District General Fund Obligations	8,401,632	94.726 7,958,530
Liberty School District General Fund Obligations	2,410,000	8.861 213,550
City of Tulare General Fund Obligations	25,635,000	100. <u>25,635,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$74,064,163
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		
	\$19,990,000	100. %
	\$19,990,000	
 TOTAL DIRECT DEBT	 \$25,635,000	
TOTAL OVERLAPPING DEBT	\$148,432,215	
 COMBINED TOTAL DEBT	 \$174,067,215 (2)	

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district’s assessed value that is within the boundaries of the city divided by the district’s total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:
 Total Overlapping Tax and Assessment Debt 1.78%
Total Direct Debt (\$25,635,000) 0.57%
 Combined Total Debt 3.88%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$658,839,511):
 Total Overlapping Tax Increment Debt 3.03%

Source: California Municipal Statistics, Inc.

Median Household Income and Per Capita Income

According to the United States Census Bureau, the median household income and the per capita income for the last twelve months in the City, Tulare County, the State of California and the United States are as follows (values are shown in 2018 dollars):

	Median Household Income	Per Capita Income
City of Tulare	\$52,546	\$20,186
Tulare County	47,518	20,421
State of California	71,228	35,021
United States	60,293	32,621

Source: United States Census Bureau

Building Activity

[To be updated] The following table summarizes building permit valuations and the number of new single family and multi-family residential permits for the City of Tulare in recent calendar years. The table includes year-to-date data for 2019 from January 1 through October 30, 2019.

City of Tulare Building Valuation and Permits					
	2015	2016	2017	2018	2019*
Building Valuation					
New Residential Single Family	\$49,009,982	\$52,945,655	\$56,756,832	\$61,175,565	\$57,593,546
New Residential Multi-Family	0	1,152,000	5,095,000	13,877,440	8,000,480
Subtotal	49,009,982	54,097,655	61,851,832	75,053,005	65,594,026
All Other	31,620,566	28,733,321	31,871,073	41,817,510	41,321,598
Total	\$80,630,548	\$82,830,976	\$93,722,905	\$116,870,515	\$106,915,624
Number of Residential Permits					
New Residential Single Family	277	303	309	341	292
New Residential Multi-Family	0	1	23	30	22
Total	277	304	332	371	314

*Year-to-date data, January 1, 2019 to October 30, 2019.

Source: City of Tulare

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Employment and Unemployment

The City is part of the Visalia-Tulare-Porterville Standard Metropolitan Statistical Area which encompasses Tulare County. The following tables summarize historical labor force and employment information for the City and the County.

City of Tulare Employment (as of July)

	2015	2016	2017	2018	2019	2020
Labor Force	27,700	27,300	27,900	27,800	27,900	26,700
Employment	24,900	25,400	26,000	26,200	26,300	22,800
Unemployment	2,700	1,900	1,800	1,700	1,700	3,900
Unemployment Rate	9.80%	7.00%	6.50%	6.10%	5.90%	14.60%

Source: California Employment Development Department; not seasonally adjusted.

Tulare County Employment (Not Seasonally Adjusted) (as of July)

	2015	2016	2017	2018	2019	2020
Labor Force	202,000	27,200	204,600	203,300	204,000	191,100
Employment	178,500	25,300	183,200	183,300	184,400	160,200
Unemployment	23,500	1,900	21,400	20,000	19,600	30,900
Unemployment Rate	11.60%	7.00%	10.40%	9.80%	9.60%	16.20%

Source: California Employment Development Department; not seasonally adjusted.

Tulare County Employment by Industry (2019)

Industry Type	Employment	% of Total
Total Farm	38,400	23.0%
Government	33,000	19.8
Trade, Transportation & Utilities	27,800	16.6
Educational and Health Services	17,100	10.2
Manufacturing	12,800	7.7
Leisure and Hospitality	12,100	7.2
Professional and Business Services	11,100	6.6
Natural Resources, Mining, Const.	6,300	3.8
Financial Activities & Insurance	4,000	2.4
<u>Other Services</u>	<u>4,400</u>	<u>2.6</u>
Total	167,100	100.0%

* Total may not sum due to rounding.

Source: California Employment Development Department

Major Employers

The following tables list the principal commercial and governmental employers located within the City from 2018, the most recent year available.

City of Tulare Principal Commercial Employers 2018

Employer Name	Employees (Approx.)	Industry
Land O'Lakes.	600	Dairy Products
Saputo Cheese USA, Inc.	530	Cheese & Dairy Services
J.D. Heiskell & Company	350	Grain Products
Haagen-Dazs (formerly Nestle)	300	Ice Cream
Kraft USA Tulare	250	Cheese & Dairy Services
Wal-Mart	225	Retail
U.S. Cold Storage of California	200	Cold Food Storage
Morris Levin & Sons Hardware	200	Hardware
Ruan, Inc.	180	Transportation Services
Southern California Edison	120	Utility Services

Source: City of Tulare

Retail Sales

The following table shows taxable sales within the City for each quarter in the five most recent years. Taxable sales increased by approximately 13.8% from 2015 to 2020.

City of Tulare Taxable Sales (Total All Outlets)

	2015	2016	2017	2018	2019	2020
Quarter 1	\$202,116,501	\$203,879,707	\$209,222,262	\$219,538,405	\$230,811,255	\$217,717,745
Quarter 2	223,840,788	221,589,310	228,793,244	234,944,004	247,606,361	-
Quarter 3	226,700,447	223,646,007	237,708,883	237,052,815	255,193,658	-
Quarter 4	217,731,308	222,104,503	236,453,388	248,812,093	256,510,413	-
Total	870,389,044	871,219,527	912,177,777	940,347,317	990,121,687	-
Annual Increase %		0.10%	4.70%	3.09%	5.29%	-

Source: California Department of Tax and Fee Administration

Agriculture

Tulare County is situated in the Central San Joaquin Valley, an area of approximately 1,800 square miles that contains some of the most intensive and productive agricultural development in the world. The strategic location makes Tulare very attractive to food processors and distributors because of the central location and abundant supply of locally grown products. Tulare has consistently ranked as one of the top counties in the United States for both milk production and total agricultural production.

World Ag Expo

In February of each year, the City of Tulare hosts the World Ag Expo (formerly the California Farm Equipment Show and International Exposition). This massive trade show is the largest annual farm equipment show in the world. The three-day show began in 1968 and has grown over the years to encompass 95 acres of exhibits with 100 acres of parking. Exhibitors and growers come from all over the world to participate in this show.

Transportation

The City is located along State Route 99 and is about 55 miles east of Interstate 5. State Routes 63 and 137 also pass through the City. The ports of Stockton, Sacramento, Los Angeles, and San Francisco are all within approximately 200 miles of the City. The main line of the Union Pacific Railroad runs through Tulare, offering rail access to major cities throughout the United States. Amtrak offers passenger rail service from nearby Corcoran and Hanford. Domestic and international flights are available at Fresno/Yosemite International Airport and Bakersfield's Meadows Field Airport. Visalia Municipal Airport, nine miles to the north, provides scheduled passenger and air freight services.

Recreation

More than half of Tulare County's 4,935 square miles is mountainous. A number of high mountain resorts and recreational areas, including Sequoia National Forest and Sequoia National Park are located in the County. The combined acreage of Sequoia National Forest and Sequoia National Park constitutes about 55% of the County's total area. Sequoia National Park attracts more than one million visitors annually.

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APPENDIX B
DEFINITIONS AND SUMMARY OF LEGAL DOCUMENTS

APPENDIX C

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by City of Tulare (the “City”) in connection with the issuance of its Sewer Revenue Refunding Bonds, Series 2020A (Tax Exempt) (the “Series 2020A Bonds”) and its Sewer Revenue Refunding Bonds, Series 2020B (Federally Taxable) (the “Series 2020B Bonds,” and together with the Series 2020A Bonds, the “Series 2020 Bonds”). The Series 2020 Bonds are being issued pursuant to the Master Indenture, dated as of December 1, 2003 (the “Master Indenture”), by and between City and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented and amended from time to time, including by the Eighth Supplemental Indenture, dated as of November 1, 2020 (the “Eighth Supplemental Indenture” and, collectively with the Master Indenture, as supplemented and amended from time to time, the “Indenture”), by and between City and the Trustee. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Series 2020 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2 12.

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 herein, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“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 Series 2020 Bonds (including persons holding Series 2020 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2020 Bonds for federal income tax purposes.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“Dissemination Agent” shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement relating to the Series 2020 Bonds, dated [_____, 2020].

“Participating Underwriter” shall mean the original purchaser of the Series 2020 Bonds required to comply with the Rule in connection with offering of the Series 2020 Bonds.

“Rule” shall mean Rule 15c2-12 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” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than March 1 of each year after the end of the City's fiscal year, commencing with the report for the fiscal year ending June 30, 2020, provide to the MSRB an Annual Report which 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 cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the:

1. The audited financial statements of the City for the prior fiscal year, 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 City'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.

2. A table showing the number of accounts for the City's sewer system by user group for the last fiscal year presented in a similar format as the table titled "Sewer Accounts by Customer Class" and a table showing sewer service charge revenues by user group in a similar format as the table titled "Sewer Service Charge Revenues by Customer Class" in the Official Statement.

3. The number of accounts and new connections for the City's sewer system for the last fiscal year.

4. A table of the top ten customers of the City's sewer system showing the amount of sewer service charges collected from each customers and percentage of gross revenues represented by such charges presented in a similar format as the table titles "10 Largest Customers by Service Charge Revenue" in the Official Statement.

5. The average daily flow of the City's sewer system in the last fiscal year.

6. A table showing the rates of the City's sewer system as of June 30 of the last fiscal year presented in a similar format as the table titled "Current and Historical Sewer Rates" in the Official Statement.

7. A table showing System Net Revenues of the City's sewer system and debt service coverage on the Series 2020 Bonds and any Parity Debt for the last fiscal year presented in a similar

format as the table titled “Historical Revenues, Expenses, and Debt Service Coverage” in the Official Statement.

8. A table showing balances in the funds held for the benefit of the City’s sewer system as of June 30 of the last fiscal year.

9. Principal amount of Series 2020 Bonds and Parity Bonds outstanding and balance in [Series 2020 Reserve Accounts] as of June 30 of the last fiscal year, to the extent not included in the audited financial statements described in (1) above.

10. A description of any ongoing non-compliance with wastewater discharge permits, any pending remedial regulatory action and the City’s plan of compliance, if any.

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 City or related public entities, which have been submitted to each of the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Indenture or its obligations in relation to the Series 2020 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) 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 of determinations with respect to the tax status of the Series 2020A Bonds, or other material events affecting the tax status of the Series 2020A Bonds;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Series 2020 Bonds, if material;
- (11) Rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(c) If a Listed Event occurs, the City shall provide, in a timely manner and in no event in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event with the MSRB.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Installment Payments. If such termination occurs prior to the final maturity of the Series 2020 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The City shall serve as the Dissemination Agent hereunder. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such 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 City pursuant to this Disclosure Certificate.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the City under such laws.

SECTION 9. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Series 2020 Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its 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 obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2020 Bonds.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, 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 City shall describe such amendment in the same manner as for a Listed Event under Section 5(c). The City shall obtain the consent of the Dissemination Agent for any amendment of the Disclosure Certificate that affects the duties or obligations of the Dissemination Agent.

SECTION 12. Transmission of Notices, Documents and Information.

(a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2020 Bonds, and shall create no rights in any other person or entity.

Dated as of November 1, 2020

CITY OF TULARE

By
Finance Director/Treasurer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: City of Tulare

Name of Bond Issue: \$[_____]
City of Tulare, California
Sewer Revenue Refunding Bonds, Series 2020A (Tax-Exempt)

\$[_____]
City of Tulare, California
Sewer Revenue Refunding Bonds, Series 2020B (Federally Taxable)

Date of Issuance: [_____]

NOTICE IS HEREBY GIVEN that an Annual Report with respect to the above-named Bonds was not released by the City by the date required in the Continuing Disclosure Certificate. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF TULARE

By: [form only; no signature required]

APPENDIX E

FORM OF BOND COUNSEL OPINION

[To come]

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F concerning The Depository Trust Company (“DTC”) and DTC’s book entry system has been obtained from DTC and the City, the Underwriter and the Trustee take no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2020 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2020 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2020 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”) will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each Series of Series 2020 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC 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 is rated “AA+” by Standard & Poor’s. 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 and www.dtc.org; nothing contained in such websites is incorporated into this Official Statement.

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 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 Series 2020 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 Series 2020 Bonds, except in the event that use of the book entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 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 Series 2020 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 Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 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 Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 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 Series 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2020 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 City 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 Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Series 2020 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 City 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 City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Series 2020 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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.

THE CITY, THE UNDERWRITER AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF SERIES 2020 BONDS FOR PREPAYMENT.

None of the City, the Underwriter or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2020 Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book entry system has been obtained from sources that the City, the Trustee and the Underwriter believe to be reliable, but the City, the Trustee and the Underwriter take no responsibility for the accuracy thereof.

APPENDIX G

BOND INSURANCE & SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[To come]

**CITY OF TULARE, CALIFORNIA
BOARD OF PUBLIC UTILITIES COMMISSIONERS
AGENDA ITEM TRANSMITTAL SHEET**

Submitting Department: Engineering / Project Management

For Board Meeting of: October 1, 2020

Documents Attached: Ordinance Resolution Other None

AGENDA ITEM:

Approve and authorize the City Manager to execute a sole source contract with Shape Inc. of Stockton, CA for replacement/spare sanitary sewer pumps in the amount of \$129,906.99; and authorize the City Manager or designee to approve contract change orders in amounts up to 10% (\$12,990.60) of the contract award amount.

IS PUBLIC HEARING REQUIRED: Yes No

BACKGROUND/EXPLANATION:

Staff has recently completed several sanitary sewer lift station repair and upgrade projects. As part of these projects, the City has specified Flygt Pumps for several dry well applications and installed one developer supplied Flygt Pump at Windmill Avenue and Morrison Street. In an effort to reduce the inventory of spare parts from multiple vendors, staff is in the process of standardizing equipment (pumps, valves, and piping) as these lift stations have been upgraded. Staff has found the Flygt Pumps are reasonably priced for the service they provide and replacement and maintenance parts are readily available from Shape Inc, the local Flygt vendor. Therefore, to facilitate stocking Flygt backup / replacement pumps, a request for sole sourcing is being presented.

Pursuant to the City of Tulare’s Purchasing Policy on Page 16, Paragraph H. Sole Source, the request for proposal provisions of the policy may be waived. The policy states in pertinent part:

“The Sole Source procedures may be used if: there is reasonably only one reliable source for the needed Purchases, or because of the City has standardized on a product line due to system cost savings by avoiding wasteful inventorying of multiple product lines; and the intent of this policy is achieved that City Purchase be at a reasonable price that is unaffected by improper favoritism towards any vendor.”

A sole source contract is being recommended to Shape Inc, which is allowed under the policy under the grounds of only one reliable source. The sole source contract is being recommended for Shape Inc. because they are the local vendor for Flygt Pumps. Contractors responding to City advertised competitive bids specifying Flygt Pumps are directed to Shape Inc. for quotes.

If approved, the purchase would include the following Flygt Pumps;



QUOTATION

PLEASANTON

5115-A Johnson
Pleasanton, CA 94566
Phone (925) 485-9720
Fax (925) 485-6085

STOCKTON

119 Val Dervin Parkway #2
Stockton, CA 95206
Phone (209) 234-5909
Fax (209) 234-5913

TO: City of Tulare
Corporation Yard
3981 South "K" Street
Tulare, CA 93274

Page (1) of (4)
REVISED AS of 09/11/2020

DATE: 08/04/2020, 08-05-2020, 09-11-2020 added (2)
more pumps Mt. View/Academy and corrected pricing
on Windmill L.S.

QUOTE #: 100701

JOB: Tulare - Spare New Flygt Pump/Motor units:
Sanitary Sewer Lift Stations: 1) DeLago 2) Bardsley
Grade 3) Sierra/Camby 4) Alpine/Spruce 5) Windmill
6) Mt. View & Academy

LOCATION: Tulare, CA

ATTN: Jason Hooyer - jhooyer@tulare.ca.gov
WE ARE PLEASED TO QUOTE ON THE FOLLOWING EQUIPMENT
SUBJECT TO CONDITIONS PRINTED ON THE BACK HEREOF,
THESE CONDITIONS MAY BE CHANGED ONLY BY A WRITTEN
STATEMENT SIGNED BY AN OFFICER OF SHAPE, INCORPORATED.

PHONE: 559-471-8255

Fax:
[X] F.O.B. FACTORY
[X] F.F.A. TO FIRST DESTINATION

Table with 3 columns: QTY, ITEM, PRICE. Contains line items for DeLago L.S. and Bardsley Grade L.S. with detailed descriptions and prices.

SHAPE INC.

John Mohr

John Mohr 209-324-8058 or jmohr@shapecal.com

QUOTATION DOES NOT INCLUDE ANY SALES OR USE TAX PAYABLE UNDER ANY STATE OR FEDERAL STATURE. THIS
QUOTATION PRICE IS FOR MATERIAL LISTED ABOVE. ANY ADDITIONS OR MODIFICATIONS THAT BECOME NECESSARY FOR
APPROVED SUBMITTALS, UPON AWARDING OF THIS CONTRACT, MAY RESULT IN NECESSARY PRICE CHANGES.

NOTE: ITEMS NOT SPECIFIED ON THIS QUOTATION ARE NOT INCLUDED IN OUR PRICE AND ARE TO BE SUPPLIED BY
OTHERS. PRICES ARE FOR IMMEDIATE ACCEPTANCE AND SUBJECT TO CHANGE WITHOUT NOTICE.
SALE SUBJECT TO MANUFACTURERS STANDARD TERMS AND CONDITIONS. Rev. 01/98

See attached page for Shape, Inc. terms and conditions



QUOTATION

<p>Page (2) of (4) Tulare – Spare New Flygt Pump/Motor units: Sanitary Sewer Lift Stations: 1) DeLago 2) Bardsley Grade 3) Sierra/Camby 4) Alpine/Spruce 5) Windmill, 6) Mt. View /Academy, dated 09-11-2020,</p>		
	<p>50 ft. power/sensor cord, FM-Explosion Proof Rated, 460 volts 3-phase, “N” Impeller & Cutter Plate will be constructed out of hard iron</p>	
1	<p>8.25% SALES TAX ON \$ 18,157.00 X 8.25% = \$ 1,497.95</p>	\$ 1,497.95
1	<p>Freight Charges to Tulare, CA 93274</p>	\$ 300.00
	<p>2) Bardsley Grade L.S. – Sub-Total</p>	\$ 19,954.95
	<p>3) <u>Sierra / Camby L.S.</u></p>	
1	<p>Flygt Vertical Dry Pit Pump/Motor only: 6” x 6” NT3127.095-439MT Impeller, 7.4 HP, 1755 RPM, FLS intrusion switch, factory standard paint, 50 ft. power/sensor cord, FM-Explosion Proof Rated, 230 volts 3-phase, Adaptive “N” Impeller & Cutter Plate will be constructed out of hard iron DOES NOT INCLUDE: PUMP STAND OR SUCTION INLET ELBOW</p>	\$ 13,110.00
1	<p>8.25% SALES TAX ON \$ 13,110.00 X 8.25% = \$ 1,081.58</p>	\$ 1,081.58
1	<p>Freight Charges to Tulare, CA 93274</p>	\$ 250.00
	<p>3) Sierra / Camby L.S. Sub-Total:</p>	\$ 14,441.58
	<p>4) <u>Alpine / Spruce L.S.</u></p>	
1	<p>Flygt Free Standing Pump/Motor only: 3” NS3085.070-462MT Impeller, 3 HP, 1755 RPM, FLS intrusion switch, factory standard paint, 50 ft. power/sensor cord, FM-Explosion Proof Rated, 230 volts 3-phase, Adaptive “N” Impeller & Cutter Plate will be constructed out of hard iron DOES NOT INCLUDE: discharge elbow</p>	\$ 7,001.96
1	<p>8.25% SALES TAX ON \$ 7,001.96 X 8.25% = \$ 577.67</p>	\$ 577.67
1	<p>Freight Charges to Tulare, CA 93274</p>	\$ 175.00
	<p>4) Alpine / Spruce L.S. Sub-Total:</p>	\$ 7,754.63
	<p>5) <u>Windmill L.S.</u></p>	
1	<p>Flygt Submersible Guide Rail Lift In & Out Pump/Motor only: 4” NP3102.095- 465MT Impeller, 5 HP, 1755 RPM, FLS intrusion switch, factory standard paint, 130 ft. power/sensor cord, FM-Explosion Proof Rated, 230 volts 3-phase, Adaptive “N” Impeller & Cutter Plate will be constructed out of hard iron</p>	\$ 10,532.62

SHAPE INC.

John Mohr

John Mohr 209-324-8058 or jmohr@shapecal.com

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NOTE: ITEMS NOT SPECIFIED ON THIS QUOTATION ARE NOT INCLUDED IN OUR PRICE AND ARE TO BE SUPPLIED BY OTHERS. PRICES ARE FOR IMMEDIATE ACCEPTANCE AND SUBJECT TO CHANGE WITHOUT NOTICE. SALE SUBJECT TO MANUFACTURERS STANDARD TERMS AND CONDITIONS. Rev. 01/98

See attached page for Shape, Inc. terms and conditions



QUOTATION

Page (3) of (4) Tulare – Spare New Flygt Pump/Motor units: Sanitary Sewer Lift Stations: 1) DeLago 2) Bardsley Grade 3) Sierra/Camby 4) Alpine/Spruce 5) Windmill 6) Mt. View/Academy, dated 09-11-2020		
1	8.25% SALES TAX ON \$ 10,532.62 X 8.25% = \$ 868.94	\$ 868.94
1	Freight Charges to Tulare, CA 93274	\$ 175.00
	5) Windmill L.S. Sub-Total:	\$ 11,576.56
	<u>Mt.View / Academy L.S.</u>	
2	Flygt Vertical Dry Pit Pump/Motor only: 6" x 6" NT3127.095-439MT Impeller, 7.4 HP, 1755 RPM, FLS intrusion switch, factory standard paint, 50 ft. power/sensor cord, FM-Explosion Proof Rated, 460 volts 3-phase, Adaptive "N" Impeller & Cutter Plate will be constructed out of hard iron DOES NOT INCLUDE: PUMP STAND OR SUCTION INLET ELBOW	\$ 26,220.00
2	8.25% SALES TAX ON \$ 13,110.00 X 8.25% = \$ 1,081.58	
1	Freight Charges to Tulare, CA 93274	\$ 2,163.15
	Sierra / Camby L.S. Sub-Total:	\$ 500.00
	6) Mt.View & Academy L.S. Sub-Total	\$ 28,883.15
GRAND TOTAL NET DELIVERED PRICE WITH SALES TAX for the Above Six (6) Stations :		\$ 115,464.42
Revised as 09/11/2020 JPM – Shape Inc.		
	Net Price Adder Item:	
	<u>Mt.View / Academy L.S.</u>	
1	Flygt Vertical Dry Pit Pump/Motor only: 6" x 6" NT3127.095-439MT Impeller, 7.4 HP, 1755 RPM, FLS intrusion switch, factory standard paint, 50 ft. power/sensor cord, FM-Explosion Proof Rated, 460 volts 3-phase, Adaptive "N" Impeller & Cutter Plate will be constructed out of hard iron DOES NOT INCLUDE: PUMP STAND OR SUCTION INLET ELBOW	\$ 13,110.00
1	8.25% SALES TAX ON \$ 13,110.00 X 8.25% = \$ 1,081.58	
1	Freight Charges to Tulare, CA 93274	\$ 1081.58
	Sierra / Camby L.S. Sub-Total:	\$ 250.00
	Mt.View & Academy L.S. Sub-Total	\$ 14,441.58

SHAPE INC.

John Mohr _____

John Mohr 209-324-8058 or jmohr@shapecal.com

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SALE SUBJECT TO MANUFACTURERS STANDARD TERMS AND CONDITIONS.

See attached page for Shape, Inc. terms and conditions



QUOTATION

	<p>Page (4) of (4) Tulare – Spare New Flygt Pump/Motor units: Sanitary Sewer Lift Stations: 1) DeLago 2) Bardsley Grade 3) Sierra/Camby 4) Alpine/Spruce 5) Windmill 6) Mt. View/Academy, dated 09-11-2020</p> <p>1. Price does not include: installation, equipment unloading, base discharge elbow, upper or lower intermediate guide rail brackets, pipe, valves, conduit, basin, anchor bolts, control panel, Level sensors, or any other items not listed.</p> <p>2. ESTIMATED delivery of equipment A) PUMPS 10-12 WEEKS</p> <p>3. See 2nd page for Shape, Inc. terms and conditions of sale.</p>	
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SHAPE INC.

John Mohr _____

John Mohr 209-324-8058 or jmohr@shapecal.com

QUOTATION DOES NOT INCLUDE ANY SALES OR USE TAX PAYABLE UNDER ANY STATE OR FEDERAL STATURE. THIS QUOTATION PRICE IS FOR MATERIAL LISTED ABOVE. ANY ADDITIONS OR MODIFICATIONS THAT BECOME NECESSARY FOR APPROVED SUBMITTALS, UPON AWARDING OF THIS CONTRACT, MAY RESULT IN NECESSARY PRICE CHANGES.

NOTE: ITEMS NOT SPECIFIED ON THIS QUOTATION ARE NOT INCLUDED IN OUR PRICE AND ARE TO BE SUPPLIED BY OTHERS. PRICES ARE FOR IMMEDIATE ACCEPTANCE AND SUBJECT TO CHANGE WITHOUT NOTICE. SALE SUBJECT TO MANUFACTURERS STANDARD TERMS AND CONDITIONS. Rev. 01/98

See attached page for Shape, Inc. terms and conditions