CITY OF RANCHO CORDOVA

CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE CRA/RCFC

Monday, October 03, 2016

4:00 PM – Special Meeting/Closed Session
5:30 PM – Regular Meeting

AGENDA

David Sander, Mayor

Donald Terry, Vice Mayor

Linda Budge, Council Member

Robert J. McGarvey, Council Member

Dan Skoglund, Council Member

CITY OF RANCHO CORDOVA

a fresh take.

RANCHO CORDOVA
CALIFORNIA

CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)

City Hall
2729 Prospect Park Drive, Rancho Cordova

Monday, October 03, 2016

4:00 PM – Special Meeting/Closed Session
Community Board Room

5:30 PM – Regular Meeting
David B. Roberts Council Chambers

AGENDA

1. SPECIAL MEETING/CLOSED SESSION - CALL TO ORDER/ROLL CALL

Council Members Budge, McGarvey, Skoglund, Terry and Mayor Sander.

2. PUBLIC COMMENT

At a special meeting, citizens wishing to address the Council for any matter on the agenda may do so at the time the matter is discussed. Under the provisions of the California Government Code, the City Council is prohibited from discussing or taking action on any item not on the agenda.

3. CLOSED SESSION

3.1 CONFERENCE WITH LEGAL COUNSEL— POSSIBLE INITIATION OF LITIGATION
Pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (one potential case)

3.2 CONFERENCE WITH LEGAL COUNSEL— ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of Section 54956.9: (one potential case)

4. ADJOURNMENT

Mayor Sander will adjourn the special meeting to regular meeting in the David B. Roberts Council Chambers.

5. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Council Members Budge, McGarvey, Skoglund, Terry and Mayor Sander.

6. METRO CABLE TV TELEVISION ANNOUNCEMENT

The Clerk will announce the meetings video recording and playback schedules.

7. PLEDGE OF ALLEGIANCE

The Mayor will call on someone in attendance to lead the Pledge.

8. INVOCATION

Mark Shetler from River City Christian Church will give the invocation.

9. OPEN SESSION - REPORT FROM CLOSED SESSION

The City Attorney will report on action taken in Closed Session.

10. PRESENTATIONS

10.1 Presentation Recognizing Val Minlikayev and Max Minlikayev for Their Heroic Actions Extinguishing Vehicle Fires on August 8, 2016.

10.2 Community Enhancement Fund Grant Check Presentations.

10.3 Introduction of New City Employee Eileen Quina, Customer Service Representative, by Albert Stricker, Public Works Director.

10.4 Introduction of New City Employee Andrea Malins, Administrative Assistant, by Stacy Leitner, Senior Executive Assistant.

11. PUBLIC COMMENT

Citizens wishing to address the Council for any matter on the Consent Calendar or not on the agenda may do so at this time by completing and submitting a Speaker Card to the City Clerk. For items on the agenda, speakers will be called up to the podium by the Mayor at the point on the agenda when the item will be heard. Speakers are encouraged to keep comments to three minutes or less and to state name and community of residence.

Under the provisions of the California Government Code, the City Council is prohibited from discussing or taking immediate action on any unagendized item unless it can be demonstrated to be of an emergency nature or the need to take immediate action arose after the posting of the agenda.

12. COUNCIL REPORTS

13. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

13.1 **Subject:** Meeting Minutes of September 19, 2016 Regular Meeting.
Recommendation: Adopt minutes.

13.2 **Subject:** Repealing and Replacing Chapter 4.33 of Title 4 of the Rancho Cordova Municipal Code to Establish New Regulations Regarding Massage and Massage Businesses and Repealing Ordinance Number 9-2009.
Recommendation: Waive the second reading and adopt Ordinance No. 11-2016.
Result of Recommended Action: Council will adopt Ordinance No. 11-2016.
Staff Report: Adam Lindgren, City Attorney, and Kerry Simpson, Neighborhood Services Manager.
Advances Goals: 1, 2, 6.

14. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

14.1 **Subject:** 1) Introduce and Waive First Reading of Local Building Codes Ordinances; 2) Schedule Date for Second Reading or Ordinances; and 3) Adopt Resolution 109-2016 Adopting Findings to Support Additional Amendments to Account for Local Climatic, Geographical and Topographical Conditions.
Recommendation: That Council Adopt Resolution 109-2016 and waive first reading and introduce the following ordinances:
• Ordinance No. 12-2016, Chapter 16.02 of the “Uniform Administrative Code”
• Ordinance No. 13-2016, Chapter 16.04 of the “Building Code”
• Ordinance No. 14-2016, Chapter 16.06 of the “Residential Building Code”
• Ordinance No. 15-2016, Chapter 16.24 of the “Plumbing Code”
• Ordinance No. 16-2016, Chapter 16.28 of the “Energy Code”
• Ordinance No. 17-2016, Chapter 16.28 of the “Electrical Code”
• Ordinance No. 18-2016, Chapter 16.32 of “Mechanical Code”
• Ordinance No. 19-2016, Chapter 16.36 of the “Swimming Pools”
• Ordinance No. 20-2016, Chapter 16.38 of the “Green Building Code”
• Ordinance No. 21-2016, Chapter 16.40 of the “Moving Buildings”
Result of Recommended Action: The recommended actions will result in the City’s building codes being updated to current industry best practices and to coincide with new codes mandated by the state of California.
Staff Report: Joseph Cuffe, Interim Chief Building Official.
Advances Goals: 2, 3.

15. PUBLIC HEARING ITEMS

NONE.

16. REGULAR CALENDAR ITEMS

16.1 **Subject:** Resolutions Authorizing the Issuance of Certificates of Participation for the Purpose of Refunding the 2005A, 2007A and 2007B Certificates of Participation to Achieve Savings in the Cost of Interest and Approving the Form of the Preliminary Official Statement, Approving the Sale of Such Certificates and Approving Other

Related Documents and Actions.
Recommendation: Adopt Resolution No. 116-2016 and RCFC 1-2016.
Result of Recommended Action: Adoption of these resolutions will authorize the sale of Certificates of Participation (the "2016 COP") for the purpose of refunding the 2005A, 2007A and 2007B Certificates of Participation (together, the "Prior Debt") to achieve savings in the cost of interest associated with the Prior Debt.
Staff Report: Kim Juran-Karageorgiou, Chief Financial Officer.
Advances Goal: 5.

16.2 **Subject:** Adopt Resolution No. 81-2016 Authorizing Approval of a Memorandum of Understanding Between the City and Veterans Resource Centers of America (VRC) for the Cooperative Administration of the Architectural Services Contract for the Development of Mather Veterans Village Phase 2 Working Drawings Funded in the Amount of $180,000.00.
Recommendation: Adopt Resolution No. 81-2016.
Result of Recommended Action: Adoption of this resolution will result in the development of information sufficient to determine the costs of developing the building based on actual construction bidding. This information is necessary to support current fund raising efforts for this Phase 2 improvement.
Staff Report: Reed Flory, Reinvestment & Housing Opportunities Division Manager.
Advances Goals: 1, 2, 3, 5, 6.

17. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

18. CITY MANAGER'S REPORT

19. ADJOURNMENT

ADDITIONAL INFORMATION

UNLESS THE COUNCIL ADOPTS A MOTION TO EXTEND THE MEETING, ANY ITEM THAT IS NOT INITIATED BEFORE 11:00 PM WILL BE CONTINUED TO THE NEXT DAY AT 5:30 PM OR SCHEDULED ON THE NEXT REGULAR MEETING AGENDA OF THE COUNCIL.

Public documents related to items on the open session portion of this agenda, which are distributed to the City Council less than 72 hours prior to the meeting, shall be available for public inspection at the time the documents are distributed to the Council. Documents are available for inspection at the City Clerk's office located in Rancho Cordova City Hall.

The agenda items are accessible on the City's website at www.cityofranchocordova.org on Thursdays or Fridays prior to the Regular City Council Meeting.

CITYWIDE GOALS - (Adopted March 27, 2012)	
1.	Promote the Positive Image of Rancho Cordova
2.	Ensure a Safe, Inviting and Livable Community
3.	Empower Responsible Citizenship
4.	Establish Logical City Boundaries that Provide Regional Leadership and Address Financial Challenges
5.	Ensure the Availability of the Best Public Services in the Region while Practicing Sound Fiscal Management
6.	Drive Diverse Economic Opportunities

UPCOMING MEETINGS	
Monday, October 17, 2016	City Council Regular Meeting (5:30 PM)
Tuesday, October 25, 2016	City Council Special Meeting/Closed Session (5:30 PM)
Monday, November 7, 2016	City Council Special Meeting/Study Session (4:00 PM) and Regular Meeting (5:30 PM)
Monday, November 21, 2016	City Council Regular Meeting (5:30 PM)
Tuesday, November 29, 2016	City Council Special Meeting/Work Session (5:30 PM)
Monday, December 5, 2016	City Council Special Meeting/Study Session (4:00 PM) and Regular Meeting (5:30 PM)
Tuesday, December 13, 2016	City Council Special Meeting/Work Session (5:30 PM)
Monday, December 19, 2016	City Council Regular Meeting (5:30 PM)

If you have any technical questions related to the agenda items, please contact the appropriate department as follows:

DEPARTMENTAL GENERAL TELEPHONE NUMBERS	
Building and Safety Division	(916) 851-8760
City Attorney's Office	(916) 556-1531
City Clerk's Department	(916) 851-8720
City Manager's Office	(916) 851-8800
Communications Department	(916) 851-8791
Economic Development Department	(916) 851-8780
Finance Department	(916) 851-8730
Housing Division	(916) 851-8784
Human Resources Department	(916) 851-8740
IT Department	(916) 851-8700
Neighborhood Services – Animal Services	(916) 851-8770
Parks & Recreation (Cordova Recreation & Park District)	(916) 362-1841
Planning Department	(916) 851-8750
Public Works Department	(916) 851-8710
Rancho Cordova Police Department	(916) 875-9600
Redevelopment Department	(916) 851-8780
Sac Metro Fire District	(916) 859-4300

The Rancho Cordova City Council/Successor Agency to the CRA/RCFC will be videotaped in its entirety and will be cablecast without interruption on Metro Cable 14, the Government Affairs Channel on the Comcast and SureWest Cable Systems. Closed Captioning will be available on the playback cablecast. Tune to Metro Cable Channel 14, for playback times. A VHS copy is available for check out from any library branch, a DVD copy is available from the City Clerk's Department, and a webcast of this meeting will be available for viewing via video streaming from the City's website within 48 hours of adjournment of this meeting. The City does not control scheduling of this telecast and persons interested in watching the televised meeting should confirm this schedule with Metro Cable TV, Channel 14.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office at (916) 851-8720 at least 48 hours prior to the meeting.

CERTIFICATION OF POSTING OF AGENDA

I, Mindy Cuppy, MMC, City Clerk for the City of Rancho Cordova, declare that the foregoing agenda for the Monday, October 03, 2016 Special and Regular Meeting of the Rancho Cordova City Council/Successor Agency to the CRA/RCFC was posted and available for review on Thursday, September 29, 2016 at City Hall of the City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California, 95670. The agenda is also available on the city website at www.cityofranchocordova.org.

Signed Thursday, September 29, 2016 at Rancho Cordova, California.

Mindy Cuppy

Mindy Cuppy, MMC, City Clerk

a fresh take.
RANCHO CORDOVA
CALIFORNIA

CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)

City Hall
2729 Prospect Park Drive, Rancho Cordova

Monday, September 19, 2016

5:30 PM – Regular Meeting
David B. Roberts Council Chambers

DRAFT MINUTES

1. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Mayor Sander called the regular meeting to order in the David B. Roberts Council Chambers at 5:34 PM.

Council Members Present:	Budge, McGarvey, Sander, Skoglund, Terry
Council Members Absent:	None
Staff Members Present:	Abhar, Cuppy, Lindgren, Peek, Haven, Ibrahim, Goold, Kniestedt, Harriman, Simpson, Stricker, Sparkman, Boyer, Busch, Juran-Karageorgiou, Mingay, Delaney, Behrends, Diaz, Vaziri

2. METRO CABLE TV TELEVISION ANNOUNCEMENT

The City Clerk read the meetings recordings and playback schedules.

3. PLEDGE OF ALLEGIANCE

The Rancho Cordova Cub Scout Pack 28 Senior Webelos performed a flag ceremony and led the pledge.

4. INVOCATION

Bishop Ryan Lewis from the Anatolia Ward Church of Jesus Christ of Latter Day Saints gave the invocation.

5. PRESENTATIONS

5.1 Recognition of Rancho Cordova Travel and Tourism by Rancho Cordova Little League.

5.2 Update on Rancho Cordova Travel and Tourism, by Executive Director Marc Sapoznik.

6. PUBLIC COMMENT

Mayor Sander opened the public comment period. The following individuals addressed the Council:

- Kevin Johnson

Mayor Sander closed the public comment period.

7. COUNCIL REPORTS

Council reported on events since the last meeting.

8. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

ACTION: Motion to approve items 8.1 through 8.4 by Budge second by Skoglund; Carried by a 5:0 roll call vote.

8.1 **Subject:** Meeting Minutes of September 6, 2016 Regular Meeting, September 9, 2016 Special Meeting, and September 13, 2016 Special Meeting.
Recommendation: Adopt minutes.

8.2 **Subject:** Establishing a Special Tax for Transit-Related Services for the APG Warehouse Project Subject to Voter Approval.
Recommendation: Waive the second reading and adopt Ordinance No. 8-2016.
Result of Recommended Action: Adoption of this resolution and ordinance will assist the City to meet the costs of providing transit-related services by creating a special tax area zone and establishing a special tax for transit-related services for the APG Warehouse Project.
Staff Report: Elizabeth Sparkman, Engineering Manager.
Advances Goal: 5.

8.3 **Subject:** Biennial Review and Update to the Conflict of Interest Code for the City of Rancho Cordova Designated Employees.
Recommendation: Adopt Resolution No. 112-2016.
Result of Recommended Action: Adoption of the resolution will update the City of Rancho Cordova Conflict of Interest Code which defines which designated positions need to disclose their financial interests to help avoid conflicts of interest.
Staff Report: Mindy Cuppy, City Clerk.
Advances Goals: 1, 5.

8.4 **Subject:** Rio Del Oro Specific Plan, Tier 2 Approvals.
Recommendation: Staff recommends that the City Council take the following actions to finalize approval of the Rio del Oro Specific Plan Tier Two Project:

1. Re-adopt Resolution No. 107-2016 Approving the Rio del Oro: Affordable Housing Plan Agreements, Public Facilities Financing Plan, Infrastructure Phasing Master Plan, and Large Lot Tentative Subdivision Map with attached Conditions of Approval; and
2. Waive second reading and adopt Ordinance No. 9-2016 adopting the Amended Rio del Oro Specific Plan; and
3. Waive second reading and adopt Ordinance No. 10-2016 adopting two Amended and Restated Development Agreements for the Rio del Oro Project.

Result of Recommended Action: The actions listed above will complete the second stage of project review (Tier 2 Approvals) for the Rio del Oro Specific Plan ("RDOSP" or "Specific Plan") project. The proposed actions would vest the Specific Plan for 25 years and require the 3,828-acre project area to develop in a logical and phased sequence, to be environmentally sensitive to natural resources, and to contribute to the financial sustainability of the City.
Staff Report: Aaron M. Busch, Community Development Director.
Advances Goals: 1, 2, 5, 6.

9. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

NONE.

10. PUBLIC HEARING ITEMS

10.1 **Subject:** Proposed 2015-2016 Community Development Block Grant (CDBG) Consolidated Annual Performance Evaluation Report (CAPER) for Submittal to United States Department of Housing and Urban Development (HUD).
Recommendation: Adopt Resolution No. 111-2016 approving the 2015-2016 Consolidated Annual Performance and Evaluation Report (CAPER) for submittal to the United States Department of Housing and Urban Development (HUD).
Result of Recommended Action: The CAPER will be submitted to HUD in accordance with requirements and timelines.
Staff Report: Peter Ibrahim, Housing and Neighborhood Development Analyst.
Advances Goals: 1, 2, 3, 5.

Mayor Sander opened the public hearing. There were no speakers. Mayor Sander closed the public hearing.

ACTION: Motion to approve item 10.1, by Budge second by Terry;
Carried by a 5:0 roll call vote.

10.2 **Subject:** Ordinance Repealing and Replacing Chapter 4.33 of Title 4 of the Rancho Cordova Municipal Code to Establish New Regulations Regarding Massage and Massage Businesses and Repealing Ordinance Number 9-2009.
Recommendation: Introduce and waive first reading of Ordinance No. 11-2016.
Result of Recommended Action:
Staff Report: Adam Lindgren, City Attorney, and Kerry Simpson, Neighborhood Services Manager.
Advances Goals: 1, 2, 6.

Mayor Sander opened the public hearing. There were no speakers. Mayor Sander closed the public hearing.

ACTION: Motion to approve item 10.2, by Terry second by McGarvey; Carried by a 5:0 roll call vote.

11. REGULAR CALENDAR ITEMS

11.1 **Subject:**
A. Receive Fiscal Year 2015/16 Preliminary Year-End Financial Report and Community Enhancement Fund Report
B. Discuss options for creating a Community Enhancement Fund Oversight Board
C. Adopt Resolution authorizing 2015/16 budget amendments

Recommendation: This report is for both informational purposes and requesting action. It is recommended that the City Council receive the Fiscal Year 2015/16 Preliminary Year-End Financial Report and Community Enhancement Fund Citizen Report and Adopt Resolution No. 114-2016 (Attachment 2) amending the Fiscal Year 2015/16 Budget.

Result of Recommended Action: The Fiscal Year 2015/16 Preliminary Year-End Financial Report and Community Enhancement Fund Citizen Report provide the City Council with the City's unaudited financial performance for the most recent fiscal year prior to receiving the audited Comprehensive Annual Financial Report (CAFR) later in the year. It also provides the City Council with the opportunity to authorize the proposed budget amendments for the June 30, 2016 fiscal year. The proposed budget amendment would use General Fund surplus dollars to eliminate interfund loans/fund deficits in the General Plan Fund, Kilgore Cemetery Fund, and Capital Improvement Projects fund. The report on the Community Enhancement Fund will provide a report of the first year of the Community Enhancement Fund program and will include a discussion of establishing an oversight board.

Staff Report: Kim Juran-Karageorgiou, Chief Financial Officer, and Stacy Delaney, Community Enhancement Analyst.

Advances Goal: 5.

Mayor Sander opened the public comment period. There were no speakers. Mayor Sander closed the public comment period.

ACTION: Motion to approve item 11.1 by Budge second by Terry; Carried by a 5:0 roll call vote.

11.2 **Subject:** Project Update and Resolution Authorizing the City Manager to Execute Contract No. 140-2016 with PSOMAS in the Amount of $233,725 to Design the Rod Beaudry-Routier Bikeway Project.

Recommendation: Adopt Resolution No. 113-2016.

Result of Recommended Action: Adoption of this resolution will authorize the City Manager to execute contract no. 140-2016 with PSOMAS in the amount of $233,725 to design the Rod Beaudry - Routier Bikeway Project.

Staff Report: Albert Stricker, Public Works Director, and Omid Vaziri, Assistant Civil Engineer.

Advances Goals: 1, 2, 5.

Mayor Sander recused himself due to a conflict of interest.

Vice Mayor Terry opened the public comment period. The following individuals addressed the Council:

- Jim Brown
- Steven Pas
- Jim Pappas
- Sergio Diaz

Vice Mayor Terry closed the public comment period.

ACTION: Motion to approve item 11.2 by Budge second by McGarvey; Carried by a 4:0 roll call vote. (Sander recused).

11.3 **Subject:** Discuss the Proposed Anatolia Retail Center (DD9600) Located on a 14 Acre Undeveloped Parcel at the Southeast Corner of Sunrise Boulevard and Douglas Road.
Recommendation: Provide preliminary direction to staff and project proponents regarding this project.
Result of Recommended Action: No formal action is requested of Council at this time. Council insight and/or direction to City staff may assist with the review of this project.
Staff Report: Matthew Diaz, Associate Planner.
Advances Goals: 1, 2, 3, 6.

ACTION: Discussion item only, no action taken.

12. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

Council Member McGarvey requested that City Council reinitiate their Sister City relationship with Turrialba, Costa Rica.

13. CITY MANAGER'S REPORT

City Manager Cyrus Abhar did not have anything to report.

14. ADJOURNMENT

Mayor Sander adjourned the meeting to closed session in the Community Board Room at 10:48 PM, in memory of Sally Parkins and Barbara Mayberry.

15. CLOSED SESSION - CALL TO ORDER/ROLL CALL

Mayor Sander called the closed session to order in the Community Board Room at 10:55 PM.

Council Members Present:	McGarvey, Terry, Skoglund, Budge, Sander
Council Members Absent:	None
Staff Members Present:	Lindgren, Abhar, Haven, Busch

16. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL— POSSIBLE INITIATION OF LITIGATION
Pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: (two potential cases)

ACTION: Discussion item only, no action taken.

CONFERENCE WITH LEGAL COUNSEL— ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of Government Code Section 54956.9: (two potential cases)

ACTION: Discussion item only, no action taken.

17. OPEN SESSION - REPORT FROM CLOSED SESSION

City Attorney Adam Lindgren reported that there were no reportable actions taken in closed session.

18. ADJOURNMENT

Mayor Sander adjourned the meeting at 11:51 PM.

____
Mindy Cuppy, MMC, City Clerk

CITY OF RANCHO CORDOVA

ORDINANCE NO. 11-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA REPEALING AND REPLACING CHAPTER 4.33 OF TITLE 4 OF THE RANCHO CORDOVA MUNICIPAL CODE TO ESTABLISH NEW REGULATIONS REGARDING MASSAGE AND MASSAGE BUSINESSES AND REPEALING ORDINANCE NO. 9-2009

WHEREAS, the City of Rancho Cordova ("City") has an interest in the safe operation and licensing of businesses in the City; and

WHEREAS, the City seeks to maintain the quality of life and character in the City's neighborhoods throughout the City by preventing activities that are a threat to the health, safety, and welfare of the community; and

WHEREAS, without regulation of specified businesses, portions of the City can be affected, with negative consequences to social, environmental, and economic values; and

WHEREAS, on September 27, 2008, the Governor approved Senate Bill 731, which sanctioned Business and Professions Code sections 4600 et seq., known as the Massage Therapy Act; and

WHEREAS, pursuant to Senate Bill 731, the California Massage Therapy Council ("CAMTC") was formed and subsequent legislation prohibited cities from requiring licenses or permits of holders of CAMTC certificates and preempted most regulations pertaining to the operation of massage establishments; and

WHEREAS, on September 18, 2014, Governor Brown signed Assembly Bill 1147 ("AB 1147"), the Massage Therapy Act, effective January 1, 2015, which substantially changed Business and Professions Code sections 460, 4600-4621, and Government Code section 51034, by significantly revising existing laws regulating certified massage professionals and gave cities some regulatory authority over massage establishments, including return of land use authority over massage establishments to cities; and

WHEREAS, a revision to the City of Rancho Cordova's Municipal Code pertaining to massage businesses will streamline licensing procedures while promoting those businesses providing a legitimate and important health and therapeutic services to the community; and

WHEREAS, a revision of the City of Rancho Cordova's Municipal Code will also bring the City's local ordinance into compliance with uniform statewide regulations enacted by AB 1147.

NOW, THEREFORE, the City Council of the City of Rancho Cordova does ordain as follows:
SECTION 1. Chapter 4.33 of Title 4 of the Rancho Cordova Municipal Code is hereby repealed in its entirety and replaced with the following:

CHAPTER 4.33- MASSAGE/MASSAGE BUSINESSES

ARTICLE 1. GENERAL PROVISIONS.

4.33.005. PURPOSE AND INTENT.

It is the purpose and intent of this Chapter to provide for the orderly regulation of massage businesses and to comply with state regulations as it relates to massage services. The City Council recognizes massage is a viable professional field offering the public valuable health and therapeutic services. While there are significant health benefits that can result from massage, there are also significant risks of injury by persons improperly trained and/or educated in providing massage services. There are also opportunities for illegal acts of prostitution, lewdness and human trafficking that can occur in massage establishments.

This Chapter establishes minimum standards for massage businesses and massage therapists so as to protect and safeguard the public health, safety and welfare and to enhance the reputation of the profession and integrity of the services provided. The establishment of reasonable standards for the issuance of business licenses and restrictions on operations would serve to reduce the risk of illegal activity and would thereby benefit the public health.

It is the purpose and intent of the City Council that massage businesses and massage therapists offering such services be regulated so as to ensure that persons offering massage services possess the minimum qualifications necessary to operate such a business and are able perform the services offered to ensure that those offering these services conduct their work in a lawful and professional manner and comply with required building, sanitation and health standards.

4.33.010. DEFINITIONS.

Unless the particular provision or the context otherwise requires, the definitions and provisions contained in this section shall govern the construction, meaning, and application of words and phrases used in this Chapter.

A. "California Massage Therapy Council" or "CAMTC" shall mean the non-profit organization created to regulate the massage industry set forth Chapter 10.5 of Division 2 of the Business and Professions Code of the State of California (commencing with Section 4600).

B. "CAMTC Certificate" shall mean a current and valid certificate issued by the California Massage Therapy Council to a massage practitioner pursuant to Business and Professions Code section 4601(b) or (c) or any later enacted amendment.

C. "CAMTC certified" or "Certified Massage Therapist" or "massage therapist" shall mean any individual, certified by the CAMTC and possessing a valid CAMTC Certificate and is licensed to practice or administer massage. All persons certified by CAMTC shall have the right to perform or engage in the practice of massage consistent with the Massage Therapy Act, the qualifications established by his or her certification, and the provisions of this Chapter stated herein.

D. "City" shall mean the City of Rancho Cordova.

E. "Client" shall mean the customer or patron who pays for or receives massage services.

F. "Compensation" means the payment, loan, advance, donation, contribution, deposit, exchange, or gift of money or anything of value.

G. “Employee” shall mean any person employed by a massage business who may render any service to the business and who receives any form of compensation from the business. For the purposes of this Chapter, the term “Employee” shall include independent contractors, agents and volunteers.

H. “Employs or retains” shall mean a person that is a directly paid employee of the massage establishment; or an independent contractor who receives compensation for massage therapy provided to patrons of the massage establishment; or a person that receives a referral of patrons from the massage establishment and, at any time before or after the referral, arranges in any way for compensation to flow to the massage establishment operator (regardless of whether the parties involved acknowledge that compensation is flowing in exchange for the referral, or whether such parties record such compensation in their financial records).

I. “Home occupation massage therapist” shall mean a massage therapist that practices massage within his or her own residence. All home occupation massage therapists are subject to the requirements for home occupation permits as set forth in Section 23.901.030 of the Rancho Cordova Municipal Code.

J. “Licensee” shall mean any person who receives from the City of Rancho Cordova a Business License pursuant to Municipal Code Chapters 4.06 and/or 4.10.

K. “Manager” means a person who supervises, manages, directs, organizes, controls, or in any other way is responsible for or in charge of the conduct of the activities within a massage business. Evidence of management includes, but is not limited to, evidence that the individual has power to direct or hire and dismiss employees, control hours of operation, create policy or rules or purchase supplies. A manager may also be an owner.

L. “Massage” or “Massage Therapy” shall mean any method of treating the external parts of the body for remedial, health, or hygienic purposes for any form of compensation by means of pressure on or friction against, or stroking, kneading, rubbing, tapping, pounding, vibrating, or stimulating, of the external parts of the body with hands or other parts of the body, with or without the aid of any mechanical or electrical apparatus or appliances; or with or without such supplementary aids as rubbing alcohol, liniments, antiseptic, oils, powder, creams, lotions, ointments, or other similar preparations commonly used in this practice; or by baths, including but not limited to Turkish, Russian, Swedish, Japanese, vapor, shower, electric tub, sponge, mineral, mud, fermentation or any other type of bath.

M. “Massage business” shall mean any business that offers massage in exchange for compensation to any part of a persons body, whether at a fixed place of business or at a location designated by the customer or client through out-call or on-site massage services. The term “massage business” includes a CAMTC certificate holder who is the sole owner, operator and employee of a massage business operating as a sole proprietorship and also includes home occupation massage therapists. For the purposes of this Chapter, the term “massage business” shall include those businesses that provide separate massage services, such as spas and day spas, but shall not apply to massages performed to limited areas of the neck, face and/or scalp, hands or feet of the clients when that massage is accessory to and within the scope of a barber’s, cosmetologist’s and esthetician’s state license.

N. “Massage establishment” shall mean any business that offers massage in exchange for compensation at a fixed place of business. Any business or establishment that offers any combination of massage therapy and bath facilities including, but not limited to, showers, baths, wet and dry heat rooms, pools and hot tubs, shall be deemed a massage establishment under this Chapter. For the purposes of this Chapter, the term “massage establishment” shall include those businesses that provide separate massage services, such as spas and day spas, but shall not apply to massages performed to limited areas of the neck, face and/or scalp, hands or feet of the clients when that massage is an accessory to and within the scope of a barber’s, cosmetologist’s, and esthetician’s state license. For purposes of this Chapter, a massage establishment shall not include massage that is conducted by a home occupation massage therapist, on-site massage or out-call massage.

O. “On-site massage” shall mean a massage given to an individual who remains fully clothed during the massage and at a location other than a massage business, and is limited to massages that take place in a massage chair at malls, business offices, sports complexes, convention centers and public events.

P. “Operator” or “massage business operator” shall mean any and all owners or managers of a massage business.

Q. “Out-call massage” shall mean the engaging in or carrying on of massage for compensation in a location other than a duly licensed massage establishment.

R. “Owner” shall mean any of the following:

1. The sole proprietor of a massage business or establishment; or

2. Any person who is a general partner of a general or limited partnership that owns a massage business; or

3. Any person who has a five percent (5%) or greater ownership interest in a corporation that owns a massage business; or

4. Any person who is a member of a limited liability company that owns a massage business; or

5. Any person who has a five percent (5%) or greater ownership interest in any other type of business association that owns a massage business.

S. “Patron” shall mean an individual on the premises of a massage establishment for the purpose of receiving massage therapy.

T. “Person” shall mean any individual.

U. “Reception area” shall mean the area immediately inside the front door of the massage establishment, dedicated to the reception and waiting of clients and visitors of the massage establishment, which is not a massage room or otherwise used for the provision of massage services.

V. “Recognized school” shall mean a school of massage which entails the following:

1. Teaches the theory, ethics, practice including anatomy and physiology, profession and work of massage; and

2. Requires a residence course of study to be given and completed before the student is furnished with a diploma, certificate of learning or completion or degree in massage; and

3. The massage program provides an organized plan of study of massage and related subjects for a minimum of 300 hours and has been approved by the State of California Consumer Bureau, or the Department of Consumer Affairs or an accredited college, university or junior college established pursuant to Education Code 100850, or if said school is not located in California, has complied with the standards commensurate with those of a school of equal or greater training that is approved by the corresponding agency in another state, or accredited by an agency recognized by the United States Department of Education.

W. "Sole-Proprietorship" shall mean a massage business where the owner owns one-hundred percent (100%) of the business, is the only person who provides massage services for compensation for that business pursuant to a valid and active CAMTC certificate, and has no other employees or independent contractors that perform massage for the business.

X. "Spa" or "Day Spa" shall mean a business that offers a variety of services intended to meet personal needs of individuals such as skin treatment, manicures and pedicures and massage.

4.33.015. EXEMPTIONS

The provisions of this Chapter shall not apply to the following classes of individuals or businesses while engaged in the performance of their duties:

A. Physicians, surgeons, nurses, chiropractors, osteopaths, acupuncturists, podiatrists, physical therapists, who are duly licensed to practice their respective professions, in the State of California under the provisions of Division 2 (commencing with Section 500) of the Business and Professions Code.

B. Persons operating or employed at hospitals, nursing homes, sanitariums, or any other health facility duly licensed by the State of California.

C. Trainers of any amateur, semi-professional or professional athlete or athletic team, so long as such persons' practice of massage is limited to such athletes and athletic teams.

D. Barbers, cosmetologists, or estheticians who are duly licensed under the laws of the State of California, while engaging in practices within the scope of their licenses, so long as the barber, cosmetologist or esthetician limits any massages he/she performs in the course of his/her professional duties to the neck, face and/or scalp, hands or feet of the clients when that massage is accessory to and within the scope of the barber's, cosmetologist's, and esthetician's state license.

E. Enrolled students of a recognized school of massage when they are performing massage within the City as part of a formal supervised internship or training wherein the student receives school credit, operated by the school, without receiving any form of compensation, including tips, on the premises of a massage establishment duly authorized to operate in the City.

F. Persons performing a therapeutic modality for which the state does not offer licenses or certification under the provisions of Division 2 (commencing with Section 500) of the Business and Professions Code and the modality is performed with minimal touching and the client remains fully clothed at all times, such as Reiki, Reflexology to the hands, feet and ears only, or the Bowen Technique. If a reflexologist performs massage as part of the reflexology services, then the reflexologist shall comply with section 4.33.025.

4.33.020. SCHOOLS OF MASSAGE.

No massage establishment shall use the facilities or premises of such a recognized school of massage in connection with the operations of the massage establishment. Students in training at a recognized school of massage, as defined by Rancho Cordova Municipal Code 4.33.010, may perform massage on a member of the general public while on the premises of the school of massage in compliance with the following requirements:

A. The student performs the massage only under the direct personal supervision of an instructor certified by the California Massage Therapy Council as a massage therapist and as an instructor at a state-approved educational facility, an approved national massage organization or association, or similar organization; and

B. The massage is performed by the student in compliance with this chapter and the student shall not receive any compensation for the massage services.

ARTICLE 2. CAMTC CERTIFICATE AND LICENSE REQUIREMENTS.

4.33.025. CAMTC CERTIFICATION REQUIRED.

A. It shall be unlawful for any person to perform or engage in the practice of massage for compensation within the City unless that person possesses a current, valid, unsuspended and unrevoked CAMTC certificate.

B. It shall be unlawful for any massage business and/or massage establishment to provide massage for compensation within the City unless all persons who perform massage therapy for the massage business or establishment; whether as an employee, independent contractor, volunteer, or sole proprietorship, possesses a current, valid, unsuspended and unrevoked CAMTC certificate.

4.33.030. TIME FOR COMPLIANCE.

A. This chapter shall apply to all persons engaged in massage prior to the effective date of the ordinance codified in this chapter, to all persons employed as massage technicians prior to the effective date of the ordinance codified in this chapter and to all new applications for massage General and Special Business Licenses.

B. All persons holding a valid and unexpired massage technician permit from the City at the time of adoption of Ordinance No. 11-2016:

1. Shall provide proof of compliance with the CAMTC certificate requirements set forth in 4.33.025 and all other requirements of this chapter when applying for renewal of his/her General and/or Special Business License.

C. All massage businesses and/or establishments holding a valid General and/or Special Business License issued by the City at the time of adoption of Ordinance No. 11-2016:

1. Shall provide proof of compliance with the CAMTC certificate requirements set forth in 4.33.025 and all other requirements of this chapter when applying for renewal of the General and/or Special Business License for the massage business or establishment.

D. All persons, massage businesses and/or establishments, including its owners, operators, managers, and employees, engaged in the practice of massage for compensation within the City shall comply with all health and safety and operating requirements, set forth in this Chapter 4.33, upon its effective date.

4.33.035. CITY BUSINESS LICENSE.

It shall be unlawful for any person to operate, engage in, conduct or allow the operation of a massage business unless under, and by authority of a valid, unexpired and unrevoked General Business License issued pursuant to Chapter 4.06 of the Rancho Cordova Municipal Code Chapter and/or a Special Business License issued pursuant to Chapter 4.10 of the Rancho Cordova Municipal Code.

A. General Business License. Massage businesses that are wholly owned by a person with a CAMTC certificate and only CAMTC certified employees or independent contractors shall work for the massage business, shall be required to obtain a General Business License issued pursuant to Chapter 4.06 of the Rancho Cordova Municipal Code.

1. Upon application for a General Business License, the applicant shall provide to the Finance Director the CAMTC certificates for all of the employees or independent contractors that will be employed by or performing massage for the massage business.

B. General and Special Business License. Massage businesses that have employees or are owned, managed or supervised by persons who do not possess CAMTC certificates must obtain a General Business License pursuant to Chapter 4.06 of the Rancho Cordova Municipal Code and a Special Business License pursuant to Chapter 4.10 of the Rancho Cordova Municipal Code to operate and shall be subject to the application process and background check requirements set forth in Chapter 4.10 of the Rancho Cordova Municipal Code.

1. If there are multiple owners of a massage business, one applicant must apply for the General and Special Business License on behalf of the business but each owner, manager or operator shall be subject to the background and fingerprint check requirements set forth in Chapter 4.10 of the Rancho Cordova Municipal Code, except for those owners, managers or operators who are CAMTC certified.

2. Upon application for a Special Business License, the applicant shall provide to the Finance Director with all of the CAMTC certificates for all of the massage therapists that will be employed by or working for the massage business. The holder of the Special Business License for the massage business shall have a continuous duty to provide the CAMTC certificate for each new person that provides massage therapy for the massage business. The requirement to file copies of the CAMTC certificates shall not eliminate the requirement to maintain evidence on the premises of the massage establishments set forth in Section 4.33.060(I).

C. All Business Licenses are governed by Title 4 of the Rancho Cordova Municipal Code which regulates the procurement, denial, renewal, and revocation of City of Rancho Cordova Business Licenses. Municipal Code sections relating to the Application, Suspension, Revocation, include but are not limited to:

1. Application.

a. General Business License. All application filings and contents shall be in conformance with Rancho Cordova Municipal Code sections 4.06.070 and 4.06.075.

b. Special Business License. All application filings and contents shall be in conformance with Rancho Cordova Municipal Code sections 4.10.025 and 4.10.030.

2. Suspension and Revocation.

a. General Business License. All suspensions and revocations shall be in conformance with Rancho Cordova Municipal Code sections 4.06.105 and 4.06.110.

b. Special Business License. All suspensions and revocations shall be in conformance with Rancho Cordova Municipal Code sections 4.10.135, 4.10.140, 4.10.145.

3. Appeals.

a. General Business License. All appeals of revocations or denials of a General Business License shall be in conformance with Rancho Cordova Municipal Code sections 4.06.210, 4.06.215, 4.06.225.

b. Special Business License. All appeals of revocations or denials of a Special Business License shall be in conformance with Rancho Cordova Municipal Code sections 4.10.150, 4.10.155, 4.10.130.

D. Those massage businesses that are required to obtain a Special Business License pursuant to this Chapter and Chapter 4.10 of the Rancho Cordova Municipal Code must possess Employee Permits pursuant to section 4.10.065 for all employees who are not CAMTC certified.

E. A person who is CAMTC certified shall not be required to undergo fingerprinting or a background check as required by Rancho Cordova Municipal Code section 4.10.035 and 4.10.085.

4.33.040 HOME OCCUPATION MASSAGE.

A. Any massage therapist conducting, performing, engaging in or giving massages at their residence is deemed a home occupation massage therapist and must obtain zoning certification pursuant to Rancho Cordova Municipal Code sections 23.113.010 et. seq. and 23.901.030 and comply with the standards set forth therein.

B. Any home occupation massage therapist must be CAMTC certified pursuant to section 4.33.025 and must obtain a Business License pursuant to 4.33.035 and 4.33.040 of the Rancho Cordova Municipal Code.

C. Any home occupation massage therapist must comply with all requirements of this Chapter.

4.33.045. OUT-CALL MASSAGE AND ON-SITE MASSAGE RESTRICTIONS.

A. No person or massage business shall perform either on-site massage or out-call massage for compensation without possessing a CAMTC certificate in conjunction with a valid City Business License and any other City permits that may be necessary.

B. Out-call massage and on-site massage shall only be conducted between the hours of 8:00 a.m. and 10:00 p.m.

C. Out-call massage or on-site massage shall not be conducted in a hotel/motel room or any other similar location used primarily for transitory habitation purposes.

4.33.050. HEALTH AND SAFETY REQUIREMENTS FOR ALL MASSAGES.

All massage businesses and/or establishment owners, operators, employees, sole proprietors, independent contractors and any person performing massage within the City shall comply with all of the following health and safety requirements:

A. Massage establishments and massage therapists shall at all times have an adequate supply of clean sanitary towels, coverings and linens. Clean towels, coverings, and linens shall be stored in enclosed cabinets. Towels, nondisposable coverings, and linens shall not be used on more than one (1) client, unless they have first been laundered and disinfected. Disposable towels and disposable coverings shall not be used on more than one (1) client. Soiled linens and paper towels shall deposited in separate receptacles.

B. In a massage establishment, wet and dry heat rooms, steam or vapor rooms or cabinets, toilet rooms, showers and bathrooms, whirlpool baths, and pools shall be thoroughly cleaned and disinfected as needed, and at least once each day when the premises are open, with a hospital-grade disinfectant. Bath tubs shall be thoroughly cleaned with a hospital-grade disinfectant after each use. All walls, ceilings, floors and other physical facilities for the establishment shall be in good repair and maintained in a clean and sanitary condition.

C. All equipment used to perform massage, such as a massage table or chair, shall be maintained in a clean and sanitary condition. Instruments utilized in performing massage techniques shall not be used on more than one (1) client unless they have been sterilized, using standard sterilization methods.

D. No massage establishment shall have any alcohol for consumption, open container of alcohol, or illegal controlled substance on the premises at any time. No massage owner, operator, responsible managing employee, or manager shall permit any such person consuming alcohol or possessing an open container of alcohol to remain upon such premises.

E. No massage shall be given by any massage therapist who is consuming, or under the influence of, any alcoholic beverage or illegal controlled substance.

F. No massage shall be given unless the client's genitalia and female breasts are, at all times, fully covered. Genitalia shall include the genitals, anus, and perineum of any person. No massage shall be provided to a client for sexual gratification by intentional contact, or occasional and repetitive contact with the client's genitalia or female breasts either covered or uncovered.

G. No massage therapist, massage business, nor massage establishment shall place, publish or distribute or cause to be placed, published or distributed any advertising material that depicts any portion of the human body that would reasonably suggest to prospective customers that services prohibited by this Chapter are available nor shall any massage therapist, massage business or massage establishment employ language in any advertising text or business name that would reasonably suggest to a prospective client that any service is available that is prohibited under this Chapter.

H. No massage therapist, owner, operator, manager or employee shall violate the provisions of sections 647(a) (soliciting to engage in lewd or dissolute conduct in a public place), 647 (b) (soliciting to engage in or engaging in any act of prostitution), 266 (h)(pimping), 266(i) (pandering), 314 (indecent exposure), 315 (keeping or residing in a house of ill-fame), 316 (keeping a house of prostitution), 318 (prevailing upon a person to visit a place of illegal gambling or prostitution), 653.23 (supervision of prostitute), 290 (sex offender registrant) of the California Penal Code, or any other state law involving a crime of moral turpitude, and such practices shall not be allowed or permitted by a massage business and/or establishment.

4.33.060. OPERATING REQUIREMENTS FOR MASSAGE.

All massage businesses and/or establishment owners, operators, employees, sole proprietors, independent contractors and any person performing massage within the City shall comply with all of the following operating requirements:

A. CAMTC certification shall be presented to City officials, upon demand, when the massage therapist is inside a massage establishment or providing outcall or on-site massage. No owner, operator or manager of a massage business and/or establishment shall allow or permit a person to administer massage unless the massage therapist possesses a valid CAMTC certificate.

B. A massage therapist shall operate only under the name specified in his or her CAMTC certificate. A massage business shall only operate under the name specified in its City Business License.

C. Massage shall only be performed between the hours of 8:00 a.m. and 10:00 p.m. No massage establishment shall be open and no massage shall be provided between 10:00 p.m. and 8:00 a.m. A massage commenced prior to 10:00 p.m. shall terminate prior to 10:00 pm. and all clients shall exit the massage establishment prior to 10:00 pm.

D. A list of services available and the cost of each service shall be posted in the reception area within the massage establishment, and shall be described in English if another language is also used to list the available services. Outcall and on-site service providers shall provide such a list to clients in advance of performing any service. No owner, manager, or operator shall permit, and no massage therapist shall offer to perform any service other than those posted or listed, as required herein, nor shall an owner, manager, or operator nor a massage therapist request or charge a fee for any service other than those on the list of available services posted in the reception area or provided to the client in advance of any massage services.

E. In a massage establishment, the premises and facilities shall meet and be maintained in a condition to comply with all applicable code requirements of the City, including, but not limited to, those related to the safety of structures, adequacy of the plumbing, lighting, heating, ventilation, waterproofing of rooms in which showers, water or steam baths are used, and the health and cleanliness of the facility.

F. In a massage establishment, clients shall be furnished with a private dressing room. Dressing rooms need not be separate from the room in which the massage is being performed.

G. In a massage establishment, toilet facilities shall be provided in convenient locations and shall consist of at least one (1) unisex toilet with lavatories or wash basins provided with soap and both hot and cold running water either in the toilet room or vestibule.

H. In a massage establishment, a minimum of one (1) wash basin for employees shall be provided at all times. The basin shall be located within or as close as practicable to the area devoted to performing of massage services. Soap and sanitary towels shall also be provided at each basin.

I. In a massage establishment, the CAMTC certificate of each and every massage therapist performing massage shall be displayed in the reception area. Those massage therapists performing on-call and on-site massage therapy shall ensure that the CAMTC certificate is displayed near the location where the massage is to be performed. CAMTC certificates of former employees, independent contractors, volunteers shall be removed as soon as those massage therapists are no longer performing massage at the location.

J. Each massage establishment shall display their General and/or Special Business License(s) in a conspicuous place within the establishment so that the same may be readily seen by persons entering the premises. Those massage therapists performing on-call massage shall have a copy of the General and/or Special Business License(s) available.

K. Massage therapists shall be fully clothed at all times. Clothing shall be of a fully opaque, non-transparent material and said garments shall not expose their genitals, pubic areas, buttocks, or breasts.

L. Every massage business shall keep a written or electronic record of the date and hour of each treatment administered, the name and address of each patron, the name of the massage therapist administering treatment, and the type of treatment administered. Such written or electronic record shall be available for inspection by officials charged with the enforcement of this Chapter. Such records shall be kept by the massage business for a period of two (2) years and shall be open to inspection by the City.

M. Where the massage establishment has staff available to ensure security, the entry to the reception area of the massage business shall remain unlocked during business hours when the establishment is open for business or when clients are present. Massages may not be carried on within any separate cubicle, room, booth or area that is fitted with a door capable of being locked within a massage establishment which has more than one location where a massage can be performed.

N. No massage establishment shall simultaneously operate as a school of massage, or share facilities with a school of massage.

O. Minimum lighting consisting of at least one (1) artificial light of not less than forty (40) watts shall be provided and shall be operating in each room or enclosure where massage services are being performed on clients and in all areas where clients are present.

P. No massage establishment shall allow any person to reside within the massage establishment or in any attached structures owned, leased or controlled by the massage establishment owners.

Q. The presence of any device which can be utilized as an early warning system to alert the employees or operator of a massage establishment to the presence of any law enforcement or local authorities on the premises is prohibited in any massage establishment.

R. All massage establishments must comply with all state and federal laws and regulations pertaining to disabled clients.

S. All massage establishments must comply with the City's sign ordinance pursuant to Chapter 23.743 of the Rancho Cordova Municipal Code.

4.33.065. INSPECTION OF MASSAGE ESTABLISHMENT BY OFFICIALS.

The investigating and enforcing officials of the City, including but not limited to the Chief of Police, or his designees, Neighborhood Management Service Manager, or his or her designee, the Chief Building Official, or his or her designee, the Chief of the Fire Department or his or her designee, shall have the right to enter the massage establishment premises or the premises of a massage home occupation, from time to time, during regular business hours, for the purpose of making reasonable inspections to observe and enforce compliance with applicable laws, statutes and regulations, and with the provisions of this Chapter. The Chief Building Official, and/or Neighborhood Management Services and/or the Chief of the Fire Department may charge a fee for any safety inspections, which shall be established by Council.

4.33.070. APPLICABILITY OF OTHER ORDINANCES.

Nothing contained in this Chapter shall be construed to exempt any person from complying with the provisions of any other applicable ordinance, rule, or regulation, or to exempt a massage establishment or massage therapist from the provisions of any zoning, licensing or other building ordinance, rule or regulation.

4.33.075. NUISANCE.

Any massage business or establishment operated, conducted, or maintained contrary to the provisions of this Chapter or the provisions of Business and Professions Code section 4609 (Massage Therapy Act) shall be unlawful and a public nuisance, and the City Attorney may, in the exercise of discretion, in addition to or in lieu of prosecuting a criminal action hereunder, commence an action or actions, proceeding or proceedings, for the abatement, removal and enjoinment thereof, in any manner provided by law, and shall take such other steps and shall apply to such court(s) as may have jurisdiction to grant such relief as will abate or remove such businesses and restrain and enjoin any person from operating, conducting, or maintaining a massage establishment or business contrary to the provisions of this Chapter. All remedies provided for in this Chapter are cumulative.

4.33.080. UNLAWFUL BUSINESS PRACTICES MAY BE ENJOINED.

Any massage establishment or business operated, conducted, or maintained contrary to the provisions of this Chapter shall constitute an unlawful business practice pursuant to Business & Professions Code section 17200 et seq., and the City Attorney and/or District Attorney may, in the exercise of its discretion, in addition to or in lieu of taking any other action permitted by this Chapter, commence an action or actions, proceeding or proceedings in an appropriate court of jurisdiction, seeking an injunction prohibiting the unlawful business practice and/or any other remedy available at law, including but not limited to fines, attorney's fees and costs.

4.33.085. CRIMINAL PROSECUTION.

A violation of any of the provisions or failing to comply with any of the mandatory requirements of this Chapter shall constitute a misdemeanor and at the discretion of the City Attorney, a violation of any provision of this Chapter may be prosecuted in a criminal court. Any violation of this Chapter prosecuted as a misdemeanor shall be punishable by a fine of not more than one thousand dollars ($1,000.00), per violation or by imprisonment in the County Jail for a period of not more than six (6) months, or by both fine and imprisonment. All remedies provided for in this Chapter are cumulative.

4.33.090. ADMINISTRATIVE FINES.

A violation of any of the provisions or failing to comply with any of the mandatory requirements of this Chapter, may result in the issuance of an administrative citation and the City may, at its discretion, seek an administrative fine of up to one thousand dollars ($1,000.00).

A. Each violation of any provision of this Chapter shall constitute a separate and distinct violation for each and every day during which any violation of any provision of this Chapter is committed, continued or permitted by such person.

B. Notice of the assessed fine shall be served by certified mail with the legal violation and supporting facts. The notice shall contain an advisement of the right to file an appeal and the process for contesting the imposition of the fine with the City. The appeal process and timeline shall follow those procedures and timelines set forth in Rancho Cordova Municipal Code.

C. If an appeal is not filed and the fine is not paid within thirty (30) days from either the date of the notice of fine or a notice of determination from the Hearing Officer, the fine may be referred to a collection agency within or external of the City.

D. Any outstanding amounts owed to the City may be recovered through a lien against any real property owned by the offending party or a personal obligation lien against the offending party.

5-2.215. PROSECUTORIAL DISCRETION.

Pursuant to the City Attorney's prosecutorial discretion, the City may enforce violations of this Chapter as criminal, civil, and/or administrative violations utilizing administrative remedies. All remedies provided for in this Chapter are cumulative.

SECTION 2. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA). The City Council hereby finds that the adoption of this Ordinance does not constitute the approval of a "project" under the California Environmental Quality Act (CEQA) pursuant to section 15060(c)(2) and (3), 15061(b)(3), 15262, and 15378 of the State of California CEQA Guidelines. Specifically, this Ordinance will not result in a direct or reasonably foreseeable indirect physical change in the environment because it does not authorize the construction of any new structures or other physical changes to the environment.

SECTION 3. NO MANDATORY DUTY OF CARE. This Ordinance is not intended to, and shall not be construed or given effect in a manner that imposes upon the City or any officer, agent, employee or volunteer, thereof a mandatory duty of care towards persons and property, so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 4. SEVERABILITY. If any section, subsection, sentence, clause or phrase of this Chapter is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Chapter. The City Council hereby declares that it would have passed the ordinance codified in this Chapter, and each and every section, subsection, sentence, clause or phrase not declared invalid or unconstitutional without regard to whether any portion of this Chapter would be subsequently declared invalid or unconstitutional.

SECTION 5. EFFECTIVE DATE. This ordinance shall go into effect and be in full force and operation from and after thirty (30) days after its final passage and adoption.

SECTION 6. PUBLICATION. At least two (2) days prior to its final adoption, copies of this ordinance shall be posted in at least three (3) prominent and distinct locations in the City; and a notice shall be published once in *The Sacramento Bee*, the official newspaper of the City of Rancho Cordova, setting forth the title of this ordinance, the date of its introduction and the places where this ordinance is posted.

The foregoing ordinance was introduced at a regular meeting of the Council of the City of Rancho Cordova held on the September 19, 2016 by Vice Mayor Terry, who moved its introduction and passage to print, which motion being duly seconded by Councilmember McGarvey, was upon roll call carried and ordered printed and published by the following vote:

AYES: Budge, McGarvey, Sander, Skoglund, Terry
NOES: None
ABSENT: None
ABSTAIN: None

The foregoing ordinance, having been published as required by the City of Rancho Cordova, and coming on for final consideration at the regular meeting of the Council of the City of Rancho Cordova held on the ____ day of ______________2016, Councilmember ______________moved its final adoption, which motion being duly seconded by Councilmember ________________, was upon roll call carried and the ordinance adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

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MEMORANDUM

DATE: October 3, 2016

TO: Honorable Mayor and Council Members

FROM: Joseph Cuffe, Interim Chief Building Official

SUBJECT: **ADOPTION OF LOCAL BUILDING CODES.**

RECOMMENDATION

1. Adopt Resolution No. 109-2016; and
2. Waive the first reading and introduce Ordinance No. 12-2016, Ordinance No. 13-2016, Ordinance No. 14-2016, Ordinance No. 15-2016, Ordinance No. 16-2016, Ordinance No. 17-2016, Ordinance No. 18-2016, Ordinance No. 19-2016, Ordinance No. 20-2016, Ordinance No. 21-2016; and
3. Schedule November 7, 2016 for second reading.

RESULT OF RECOMMENDED ACTION

The recommended actions will result in the City's building codes being updated to current industry best practices and to coincide with new codes mandated by the state of California.

BACKGROUND

Every three years, the California Building Standards Commission, along with other state agencies, reviews and amends Title 24 of the California Code of Regulations, a.k.a. the California Building Standards Code (the "CBSC"). The 2016 CBSC has an effective date of January 1, 2017 and include the following:

1. 2016 California Administrative Code
2. 2016 California Building Code, Volumes 1 & 2
3. 2016 California Residential Code
4. 2016 California Electrical Code
5. 2016 California Mechanical Code
6. 2016 California Plumbing Code
7. 2016 California Energy Code
8. 2016 California Historical Building Code
9. 2016 California Existing Building Code
10. 2016 California Green Building Code
11. 2016 California Referenced Standards

Although it is not a part of the CBSC, staff also recommends that the Council amend Chapter 16.36, “Swimming Pools,” which adopts the 2015 edition of the Uniform Pool, Spa and Hot Tub Code. Staff also recommends that the Council adopt the following amended Chapter 16.40 “Moving Buildings” which has been revised to bring the references up to current code language.

These codes are applicable and enforceable at the local level. The City of Rancho Cordova may amend the CBSC as necessary to account for local climatic, geological or topographical conditions, or to clarify code requirements locally where state application is absent or unclear, but the City may not lessen the standards found in the adopted building codes.

AMENDMENT DRAFTING PROCESS

The overall philosophy of the adoption has been to keep the mandatory code requirements to the minimum specified by model code organizations. These code organizations promulgate codes based on many years of development, and tens of thousands of hours from professionals of many jurisdictions. Every aim was taken to avoid the addition of unnecessary restrictions.

Even though the goal was to minimize the changes to state codes, several amendments have been made. Some are a result of coordination with local requirements by SMUD and/or the Sacramento Metropolitan Fire District. All modifications to building standards are connected to climactic, geographic and/or topographical findings as required by state regulation. Most of these are continuations of existing practices and amendments to previous code adoptions. See Attachment 1 for a brief description of each locally proposed amendment to a building standard.

The City typically coordinates the CBSC update with Sacramento Metropolitan Fire District so that the amendments relating to the Fire Code are adopted at the same time as the other building standards. Although the Fire Code amendment was included in the publication notice for the Council meeting on October 3, 2016, Sacramento Metropolitan Fire District was not able to provide the amendments prior to the meeting and it is unclear when those amendments will be provided. As a result, an ordinance amending Chapter 17.04, “Fire Code” will have to be heard by Council at an unknown date in the future.

FINDINGS AND FILING REQUIREMENTS

State law requires that all local amendments to building standards in the California Building Standards Code be filed with the California Building Standards Commission. When filed, the amendments must be accompanied by local findings identifying the local climatic, geological or topographical conditions necessitating the changes. A Resolution of Findings is attached in the form of Resolution No. 109-2016, Attachment 2. The filing will be made subsequent to the Council’s adoption of the attached ordinances and the Resolution of Findings.

2016 CALIFORNIA BUILDING CODE ADOPTION AND SIGNIFICANT CHANGES

Many of the amendments to the 2016 California Building Codes were statutory provisions resulting in very few significant changes to building designs and permitting requirements. The codes are adopted by local jurisdictions by adopting Ordinances that incorporate the codes by reference and allow local amendments thereto. Ordinances Nos. 12-2016 through 21-2016, Attachments 3 through 12, amend chapters to the Rancho Cordova Municipal Code.

PUBLIC HEARING

State law authorizes local jurisdictions to adopt codes by reference (Cal. Gov't Code sections 50022.2 et seq.). Government Code section 50022.3 requires that a public hearing on the proposed code adoptions be set *after* the first reading of the ordinances. If the first reading of the ordinances occurs tonight, a public hearing on this item will be scheduled for the November 7, 2016 City Council meeting. The City has also complied with the notice requirements, set forth in Government Code section 6066, for adoption by reference.

REQUESTED MOTION

I move that the City Council adopt Resolution 109-2016, determining a need for local modifications to the California Building Standards Codes to account for local climatic, geographical and topographical conditions; introduce and waive the first reading of Ordinance Nos. 12-2016 through 21-2016 amending Rancho Cordova Municipal Code Chapters 16.02, 16.04, 16.06, 16.24, 16.26, 16.28, 16.32, 16.36, 16.38, 16.40 and 17.04; and that the second reading of those ordinance be scheduled for November 7, 2016.

ATTACHMENTS

1. Summary of 2016 Building Code Updates.
2. Resolution No. 109-2016, Resolution of Findings.
3. Ordinance No. 12-2016 Amending Chapter 16.02, "Uniform Administrative Code".
4. Ordinance No. 13-2016 Amending Chapter 16.04, "Building Code".
5. Ordinance No. 14-2016 Amending Chapter 16.06, "Residential Building Code".
6. Ordinance No. 15-2016 Amending Chapter 16.24, "Plumbing Code".
7. Ordinance No. 16-2016 Amending Chapter 16.26, "Energy Code".
8. Ordinance No. 17-2016 Amending Chapter 16.28, "Electrical Code".
9. Ordinance No. 18-2016 Amending Chapter 16.32, "Mechanical Code".
10. Ordinance No. 19-2016 Amending Chapter 16.36, "Swimming Pools".
11. Ordinance No. 20-2016 Amending Chapter 16.38, "Green Building Code".
12. Ordinance No. 21-2016 Amending Chapter 16.40, "Moving Buildings Code".

2712887.1

ATTACHMENT 1

SUMMARY OF 2016 BUILDING CODE UPDATES

Uniform Administrative Code (Attachment 3):

Unlike the following codes, this is not a technical code. This code replaces the model administrative code provided in the California Building Code and the California Residential Code. This code writes the rules and regulations for processing permits, collecting fees and gives rights and responsibilities to the Building Official to perform its duties. This code is not subject to California Building Standards Commission selection.	

Building Code (Attachment 4):

The 2016 California Building Code is adopted by reference.	
• This is an amendment which requires 4 inches of crushed rock beneath residential slab-on-grade construction. The model code allows sand or gravel under a slab, which does not provide adequate protection from moisture to come up through the slab. This region has high water tables and expansive soils and has areas which have experienced moisture and mold problems prior to the introduction of this amendment in past years.	1907.1

Residential Building Code (Attachment 5):

The 2016 California Residential Building Code is adopted by reference.	
• This is an amendment which requires 4 inches of crushed rock beneath residential slab-on-grade construction and allows in addition to a polyethylene vapor retarder, other approved equivalent methods or materials to be used to retard vapor transmission through the floor slab. This region has high water tables and expansive soils and has areas which have experienced moisture and mold problems prior to the introduction of this amendment in past years.	506.2.3

Plumbing Code (Attachment 6):

The 2016 California Plumbing Code is adopted by reference.	
• Administrative regulations for private sewage disposal systems. This administratively allows Sacramento County Environmental Management to maintain regulatory authority over septic systems.	103.9
• Requirement for cathodic protection of buried metallic pipe. This area has certain locations which are highly corrosive to ferrous pipes. Experience has demonstrated premature failures in ferrous pipe.	312.4
• This amendment administratively defines when the public sewer is available and limits the use of septic systems to coordinate with improvement standards and Sacramento County Environmental Management Department design standards.	713.4
• This amendment administratively defines the rainfall design data for use in our geographic location.	D1.0

Energy Code (Attachment 7):

The 2016 California Energy Code is adopted by reference.	
• No local amendments	

Electrical Code (Attachment 8):

The 2016 California Electrical Code is adopted by reference.	
• This amendment requires that common areas in buildings (site lighting, parking lot lighting, lobbies, etc.) be controlled from a house meter and not billed to a tenant.	210-25(A)
• This amendment prohibits electrical equipment and conduit from being installed on any fence, excepting that conduit and equipment shall be permitted on metallic and masonry fences when installed with a continuous support system.	225.22(A)
• This amendment requires a minimum clearance and supporting for raceways installed on roofs.	225.22(B)
• This amendment provides an additional level of safety for unprotected overhead service entrances.	230-28(A) and (B)
• This amendment limits the length of unprotected service entrance conductors. This is a safety issue for firefighters and those involved in building remodeling and construction.	230-70(D)
• This amendment requires a single main disconnect means. This allows firefighters to shut off the power to a building quickly and easily.	230-71
• This amendment increases the depth of cover for an underground service to match SMUD requirements.	300-5(L).
• This amendment administratively requires permitting and labeling of electrical signs. Electric signs are not appropriately covered by model code and are often installed with a lesser degree of electrical expertise. The labeling and permit requirements help maintain a more appropriate level of expertise and enforcement.	600-1(A) and (B)
• This requirement is an agreement with SMUD to allow for easy future installation of electric vehicle charging stations in new homes.	625.1(A)

Mechanical Code (Attachment 9):

The 2016 California Mechanical Code is adopted by reference.	
• No local amendments	

Swimming Pool Code (Attachment 10):

The 2015 Uniform Swimming Pool, Spa and Hot Tub Code is adopted by reference. This code is not subject to California Building Standards Commission selection.	
• Basic requirements are continued to maintain consistency with other local jurisdictions.	16.36.130

Green Building Code (Attachment 11):

The 2016 California Green Building Code is adopted by reference.	
• No local amendments	

Moving Buildings (Attachment 12):

RCMC Chapter 16.40.	
• No amendments – Clarification of position titles, and responsibilities	16.40

ATTACHMENT 2

CITY OF RANCHO CORDOVA

RESOLUTION NO. 109-2016

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DETERMINING THE NEED FOR LOCAL MODIFICATIONS TO THE CALIFORNIA BUILDING STANDARDS CODE

RECITALS

WHEREAS, Title 24 of the California Code of Regulations, also known as the California Building Standards Code ("CBSC"), contains construction standards applicable to local jurisdictions throughout the state including the City of Rancho Cordova ("City"); and

WHEREAS, when reasonably necessary due to local climatic, geological, or topographical conditions, Health and Safety Code Sections 17958.5 and 18941.5 permit the City to establish more restrictive building standards than those set forth in the CBSC; and

WHEREAS, before making changes to the CBSC pursuant to Health and Safety Code Section 17958.5, Health and Safety Code Section 17958.7 requires the City to make express findings that such changes are reasonably necessary because of local climatic, geological or topographical conditions; and

WHEREAS, the City is adopting local amendments to chapters within the California Building Code, California Plumbing Code, California Electrical Code, and the California Residential Code;

WHEREAS, these local amendments have been evaluated and recognized by the City as tools for addressing problems with building construction in the City of Rancho Cordova, which are aimed at establishing and maintaining an environment that will afford the City a high level of fire and life safety to all those who work, live and play within the City's boundaries; and

WHEREAS, once adopted, the City is required to file its local amendments and findings with the California Building Standards Commission.

DECISION

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rancho Cordova hereby declares and finds the following:

A. The City, pursuant to the authority granted it under California Health and Safety Code Sections 17958.5 and18941.5, has determined that there is a need to establish building standards that are more restrictive than those adopted by the state of California and found in Title 24 and Title 25 of the California Code of Regulations. These new building standards have been determined by the City of Rancho Cordova to address the problems, concerns and future direction by which the City can establish and maintain an environment which will afford an appropriate level of fire and life safety to all who live, work and play within its boundary.

B. The City has determined that it is necessary to amend state building standards found in the California Building Standards Code: the California Building Code, the California Plumbing Code, the California Electrical Code, and the California Residential Code. The City's amendments to these codes are set forth in Rancho Cordova Ordinances 12-2016 through 21-2016.

C. Under the provisions of Sections 17958.5 and 18941.5 of the Health and Safety Code, the amendment of state building standards at the local level must be reasonably necessary due to local climatic, topographical and/or geological conditions and the City must make express findings in this regard. The Council has determined that the following findings of fact address and present the local climatic, topographical, and/or geological conditions, which either singularly or in combination, has caused the aforementioned amendments to be adopted:

1. CLIMATIC

a. The Rancho Cordova area has extreme variations in weather patterns: summers are arid and hot, winters are cool to freezing, fall and spring can bring any combination of weather pattern together. As a result, the climate in the Rancho Cordova area can have a great influence on fire behavior and other major emergency events in the City.

b. The City of Rancho Cordova has a mix of urban and rural areas and is undergoing a tremendous amount of developmental and population growth. The population growth has impacted service levels causing a fiscal strain on emergency services and the result is increased response times. In addition, intensive use of land in urban areas means bigger buildings, which can also create complex problems for fire safety.

c. The doubling of average rainfall called an "El Nino" event has occurred from time to time and does cause the grass to mature and grow in excess of six feet high before it dries out. Ten square feet of this type of fuel is equivalent to the energy content of one gallon of gasoline. The building of homes within the weed covered rural areas and the existence of combustible weeds on vacant urban lots coupled with windy conditions creates a recipe for disaster.

d. Average yearly rainfall for the City is approximately 17.87 inches. This rainfall normally occurs from October to April. Low-level fog (tule fog) is present throughout the winter months, which brings visibility to almost zero feet. The fog delays emergency responders and has caused numerous vehicle accidents including the December 11, 1997, Interstate 5 incident in Elk Grove which involved 36 vehicles and caused 31 casualties including 5 fatalities. The fog can also contribute to freezing and slick roadways.

e. During the summer months there is generally no measurable precipitation. Temperatures for this dry period range from 70 to 112 degrees Fahrenheit and are frequently accompanied by light to gusty Delta winds. The relative humidity during summer months ranges from 2 to 30 mmHG, which is arid. The City contains several areas of grasslands, which, in conjunction with the dry and windy conditions create a hazardous situation, which has led to extensive grass and brush fires in recent years. Development is extending from the urban core into the grass-covered areas. Wind-driven fires could and have led to serious consequences in similar areas of the state.

f. In the past, several consecutive years of drought conditions have occurred, thus reducing the available water supply. Ground water as well as surface supplies have been affected. The drought conditions have led to lower water tables, reduced fire flow testing, water contamination, water conservation efforts, and increased demands on water systems due to extreme population growth. These impacts have negatively impacted water use and availability for the fire service. The degradation of water systems reduces the quality of fixed fire protection as well as fire suppression activities. As an example, in 1998, the City of Sacramento lowered its static water pressure from 50 psi. to 30 psi. This change will make many fire protection systems ineffective and corrective measures such as adding pressure increasing booster pumps will be necessary at great cost to the community.

g. The City of Rancho Cordova is in an area with localized pockets of high water tables. Additionally, the semi-arid climate in Rancho Cordova receives 16.4 inches mean rainfall in the 9 months from October to April with an average of 40 days of fog. The combination of effects leaves hot, dry summers, and cool, damp winters. Either or both of these factors can cause prolonged soil saturation, which can cause an increased risk of moisture intrusion into homes.

2. TOPOGRAPHICAL

a. The City is bisected by numerous topographical features including a river, creeks, aqueducts, lakes, sloughs, natural parkways, open space, bridges/overpasses, freeways, railroad tracks; including light rail, drainage canals, and sprawling industrial facilities, such as Gencorp Aerojet and Mather Business Park. Traffic has to be channeled around several of these topographical features and limitations, which creates traffic congestion and delays emergency response. These features are located between many of the fire stations located within the City of Rancho Cordova. As a result of the OSHA "two in-two out" rule, which requires two fire fighters ready to make fire attack only when two others are present, it is imperative that no delays affect the timely response of the fire fighters.

b. Heavy traffic congestion on the City's major streets already acts as a barrier to timely response for fire and emergency vehicles. As a result of increased development, some roadways in the City are expected to have significantly increased traffic flow rates in the future. In the event of an accident, other emergency sections of the City could be isolated or response time could be sufficiently slowed so as to increase the risk of injury or damage.

c. Preservation of wetland areas, natural parkways, riparian corridors along rivers/streams, vernal pools, open space and endangered species habitat have all contributed to access problems as well as exemption from vegetation abatement programs. These situations, though very environmentally important, do increase the demands on the fire service due to the extreme fire hazard created by fuel loading and limited access.

d. Large areas of rural grasslands and rolling hills significantly increase response times to residential development in the City. Available infrastructure features, such as water supplies, do not provide sufficient fire flow in these areas. The rural geographical areas not yet provided with adequate fire protection are subject to a higher degree of risk without mitigating measures.

e. The City of Rancho Cordova is located within the Sacramento Valley. Summer weather conditions often create an inversion layer of high pressure which traps air pollution in the valley, and combines with the hot weather to create unhealthful effects of raising ozone levels. Automobile use has been found to be a major source of air pollution.

f. The City of Rancho Cordova contains several communities for which fire protection efforts are provided through "mutual aid" agreements allowing for each community to support each other. Although this system has its benefits, it can reduce fire station coverage during first and multiple response incidents. For example, a first alarm assignment draws two fire engines, one ladder truck and a water tender in a rural area emptying three fire stations. A home as little as 1,500 sq. ft. can draw a second alarm assignment in some instances. This could take out of service as much as six fire stations. This situation would cause a "move-up" of other fire stations to cover the empty stations. Thus, up to 15 fire stations could ultimately be affected for a second alarm assignment/dispatch. If exacerbated by simultaneous calls/events, long term commitments to emergencies, station brown outs, out of service emergency vehicles, etc., extended response times will occur.

3. **GEOLOGICA**L

a. The Rancho Cordova Area is subject to ground tremors from seismic events as the City is in Seismic Category D. Water inundation has occurred in the portion that lay in river Delta areas. Intricate levee systems hold back a portion of the floodwater, however, development has moved into areas that have the potential for flooding.

b. The City of Rancho Cordova is in an area with localized pockets of clay and expansive soils. These soil conditions have been found to be a source of concern for footing and foundation design. Additionally, expansive soils can hold large amounts of moisture for extended periods of time. Either of these factors or a combination of both has been found to create an increased risk of moisture intrusion under slabs in certain, common construction methods.

c. Rancho Cordova and its surrounding region contain many pockets of “hot” or corrosive soils. Galvanic corrosion is self-generating and occurs on the surface of a metal exposed to an electrolyte (such as moist, salt-laden soil). The action is similar to that which occurs in a wet, or dry, cell battery. Differences in electrical potential between locations on the surface of the metal (pipe) in contact with such soil may occur for a variety of reasons, including the joining of different metals (iron and copper or brass for example). This can be due to the characteristics of the soil in contact with the pipe surface, e.g., pH, soluble salt, oxygen and moisture content, soil resistivity, temperature and presence of certain bacteria. Any one or a combination of these factors may cause a small amount of electrical current to flow through the soil between areas on the pipe or metal surface. Where this current discharges into the soil from such an area, metal is removed from the pipe surface and corrosion occurs. Premature failure of buried metallic pipe due to galvanic action has been experienced in the Rancho Cordova area for decades.

d. The City of Rancho Cordova is situated in Seismic Category D as defined by the International Code Council. This area contains a higher risk of seismic activity than most areas in the country. Catastrophic earthquakes account for 60% of worldwide casualties associated with natural disasters. Economic damage from earthquakes is increasing, even in technologically advanced countries, as shown by the 1989 Loma Prieta, CA, ($ 6 billion), 1994 Northridge, CA, ($ 25 billion), and 1995 Kobe, Japan, (> $ 100 billion) earthquakes. Additionally, a high degree of hazard to occupants has been found to occur from unsupported fixtures, appliances and appurtenances in ceilings. These fixtures, though small in size, have been found to create a significant hazard to occupants in the event of seismic activity.

D. Based upon the local climatic, topographical and geological conditions identified in Section C, the specific amendments identified in Rancho Cordova Ordinances 12-2016, 13-2016, 14-2016, 15-2016, 16-2016, 17-2016, 18-2016, 19-2016, 20-16, 21-2016 are found to be reasonable and necessary modifications to the requirements established pursuant to Sections 17958.5 and 18941.5. While it is clearly understood that the adoption of such amendments may not prevent the incidence failures, the implementation of these various amendments to the code attempt to reduce the severity and potential loss of life, property and protection of the environment.

E. California Health and Safety Code Section 17958.7 requires that building standards modifications or change be expressly marked and identified as to which each finding refers. Therefore, the City Council finds that the following table identifies the sections of the California Building, Residential, Plumbing, and Electrical Codes, that have been amended by the City and the corresponding local climatic, geological and topographical conditions, as identified in Section C, that have necessitated the modification of the state's building standards.

California Building Code Section:	***Local Condition***
1910.1	1g,3b
California Residential Code Section:	
R506.2.3	1g,3b
California Plumbing Code Section:	
313.4	3b,3c
Table 312	3b,3c
312.5	
713.4	
California Electrical Code Section:	
210.25(A)1	1a,1b,1c,1d,1e,1f,2a,2b,2c,2d,2f,3a
225.22 (A) and (B)	1a, 1c, 1d, 1e, 2f, 3a, 3d
230.28(C) and (D)	1a,1b,1c,1d,1e,1f,2a,2b,2c,2d,2f,3a
230.70(D)	1a,1b,1c,1d,1e,1f,2a,2b,2c,2d,2f,3a
230.71	1a,1b,1c,1d,1e,1f,2a,2b,2c,2d,2f,3a
300.5 (L)	
600.1 (A) and (B)	
625.1(A)	2e

ATTACHMENT 2

BE IT FURTHER RESOLVED that a copy of this Resolution and Rancho Cordova Ordinances 12-2016, 13-2016, 14-2016, 15-2016, 16-2016, 17-2016, 18-2016, 19-2016, 20-2016, and 21-2016 shall be filed with the California Building Standards Commission in accordance with Health and Safety Code Section 17958.7, and that a copy of this Resolution and Rancho Cordova Ordinances 12-2016 through 21-2016 shall also be filed with the California State Fire Marshal's Office and the Department of Housing and Community Development.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ________ day of ___________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2711089.1

ATTACHMENT 3

CITY OF RANCHO CORDOVA

ORDINANCE NO. 12-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING RANCHO CORDOVA MUNICIPAL CODE CHAPTER 16.02, "UNIFORM ADMINISTRATIVE CODE," WHICH ADOPTS BY REFERENCE PORTIONS OF CHAPTER 1 – DIVISION II OF THE 2016 CALIFORNIA BUILDING CODE AND CHAPTER 1 – DIVISION II 2016 CALIFORNIA RESIDENTIAL CODE

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.02, "Uniform Administrative Code," is hereby amended to read as follows:

Chapter 16.02
UNIFORM ADMINISTRATIVE CODE

Sections:

16.02.010 Title.

This chapter shall be known and cited as the Rancho Cordova Administrative Code.

16.02.020 Purpose.

The purpose of the Rancho Cordova Administrative Code is to provide for the uniform administration and enforcement of the technical codes adopted by this jurisdiction.

The purpose of the Rancho Cordova Administrative Code and the technical codes is not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of the Rancho Cordova Administrative Code.

16.02.030 Adoption of the Administrative Code.

Sections 101 through 116 of Chapter 1 of the 2016 Edition of the California Building Code, Part 2, and Sections R101 through R114, of the 2016 Edition of the California Residential Code, Part 2.5, Title 24, of the California Code of Regulations, are hereby adopted and incorporated by reference herein.

16.02.040 Scope.

The provisions of the Rancho Cordova Administrative Code shall serve as the administrative, organizational, and enforcement rules and regulations for the technical codes that regulate the site preparation and construction, alteration, moving, demolition, repair, use, and occupancy of buildings and structures including but not limited to docks, harbors, wharves, marinas, boathouses, signs, and building service equipment within this jurisdiction.

16.02.050 Definitions.

For the purposes of this chapter, the following definitions shall apply:

"**California Building Code**" means the current (2016) version of the California Code of Regulations Title 24, Part 2. The terms "California Building Code", "Building Code", and "CBC" are to be considered synonymous.

"**California Residential Code**" means the current (2016) version of the California Code of Regulations Title 24, Part 2.5. The terms "California Residential Code", "Residential Code", "Residential Building Code" and "CRC" are to be considered synonymous.

"**Building Official**" means the officer or other designated authority charged with the administration and enforcement of the Rancho Cordova Administrative Code and the technical codes. The terms "Chief of the Building and Safety Division," "Building and Safety Division," "Administrative Authority," and "City" are to be considered synonymous respectively with the terms "Building Official," "Chief Building Official" and "Building Division" as they appear in the Rancho Cordova Administrative Code or the Technical Codes.

"Building Service Equipment" refers to the plumbing, mechanical, and electrical equipment including piping, wiring, fixtures, and other accessories that provide sanitation, lighting, heating, ventilation, cooling, refrigeration, and firefighting facilities essential for the habitable occupancy of the building or structure for its designated use and occupancy.

"**Technical Codes**" refers to the following chapters of the Rancho Cordova Municipal Code (RCMC) containing the provisions for design, construction, alteration, addition, repair, removal, demolition, use, location, occupancy, and maintenance of all buildings and structures and building service equipment in this jurisdiction:

1. Chapter 16.03 RCMC, Safety Assessment Placards
2. Chapter 16.04 RCMC, Building Code;
3. Chapter 16.06 RCMC, Residential Code;
4. Chapter 16.24 RCMC, Plumbing Code;
5. Chapter 16.26 RCMC, Energy Code;
6. Chapter 16.28 RCMC, Electrical Code;
7. Chapter 16.32 RCMC, Mechanical Code;
8. Chapter 16.36 RCMC, Swimming Pools;
9. Chapter 16.38 RCMC, Green Building Code;
10. Chapter 16.40 RCMC, Moving Buildings
11. Chapter 17.04 RCMC, Fire Code.

"**Temporary**", with some exceptions, refers to buildings and facilities intended for use at one location for not more than one year and seats intended for use at one location for not more than 90 days.

16.02.060 Amendments to the 2016 California Building Code and the 2016 California Residential Code.

Amended sections are referenced by the CBC code section and the CRC code section that is affected; example: "*Section 105.2 / R105.2"* references the CBC code section first, than the CRC code section.

A. Section 105.2 / R105.2, "Work exempt from permit" is amended to read as follows:

105.2 / R105.2 Work exempt from permit. Exemptions from permit requirements of this code shall not be deemed to grant authorization for any work to be done in any manner in violation of the provisions of this code or any other laws or ordinances of this jurisdiction. Permits shall not be required for the following:

105.2 (A) / R105.2 (A) Building Permits. A building permit shall not be required for:

1. One-story detached accessory structures used as tool and storage sheds, playhouses and similar uses, provided the floor area of such structures with walls does not exceed 120 square feet, with a maximum 12 inch overhang or eave, and structures with four open sides do not exceed 120 square feet in roof area. All structures must meet set-back requirements as determined by the City Planning Department.

2. Fences not over 7 feet high.

3. Oil derricks.

4. Retaining walls that:

    a. Are not over 4 feet in height, measured from the bottom of the footing to the top of the wall
    b. Are constructed of reinforced concrete or reinforced masonry and do not retain more than 36 inches of earth.

    c. Are constructed of pre-cast block retaining wall systems installed per the manufacturer's installation instructions and do not retain more than 36 inches of earth.

    d. Are constructed of decay resistant or treated wood and do not retain more than 24 inches of earth.

    e. Are covered under improvement plans prescribed in Chapter 12.03 of the Rancho Cordova code.

    f. Do not impound class I, II or IIIA liquids.

    g. Do not support surcharge loads.

5. Water tanks supported directly on grade if the capacity does not exceed 5,000 gallons and the ratio of height to diameter or width does not exceed 2:1.

6. Sidewalks and driveways not more than 30 inches above adjacent grade and not over any basement or story below, and not part of an accessible route (Non-residential only).

7. Sidewalks, and driveways (Residential only)

8. Decks not exceeding 200 square feet in area, that are not more than 30 inches above grade at any point, are not attached to a dwelling, and do not serve the exit door required by Section R311.4 (Residential only)

9. Painting, papering, tiling, carpeting, cabinets, counter tops and similar finish work.

10. Temporary motion picture, television and theater stage sets and scenery.

11. Prefabricated swimming pools accessory to a Group R-3 occupancy that are less than 24 inches deep, do not exceed 5,000 gallons and are installed entirely above ground. Decking not conforming to number "8" of this section, and electrical pumps are not exempt.

12. Shade cloth structures constructed for nursery or agricultural purposes, not including service systems.

13. Swings and other playground equipment accessory to detached one and two-family dwellings. (Residential only)

14. Window awnings supported by an exterior wall that do not project more than 54 inches from the exterior wall and do not require additional support of Group R-3 and U occupancies. (Residential only)

15. Non fixed and movable fixtures, cases, racks, counters and partitions not over 5 feet 9 inches in height.

105.2 (B) / R105.2 (B) Electrical Permits. An Electrical permit shall not be required for:

1. Replacement of branch circuit overcurrent devices of the required capacity in the same location (Residential Only).

2. Minor repair work, including the replacement of lamps or the connection of approved portable electrical equipment to approved permanently installed receptacles.

3. Listed cord-and-plug connected temporary decorative lighting (Residential Only).

4. Repair or replacement of current-carrying parts of any switch, conductor, or control device.

5. Reinstallation of attachment receptacles but not the outlets therefore.

6. Repair or replacement of electrodes or transformers of the same size and capacity for signs or gas tube systems.

7. Temporary wiring for experimental purposes in suitable experimental laboratories.

8. The wiring for temporary theater, motion picture, or television stage sets.

9. The provisions of this code shall not apply to electrical equipment used for radio and television transmissions, but do apply to equipment and wiring for a power supply and the installations of towers and antennas.

10. Electrical wiring, devices, appliances, apparatus, or equipment operating at less than 25 volts and not capable of supplying more than 50 watts of energy.

11. Low-energy power, control, and signal circuits of Classes I and II as defined in the Rancho Cordova Electrical Code.

12. A permit shall not be required for the installation of any temporary system required for the testing or servicing of electrical equipment.

13. A permit shall not be required for the installation, alteration, or repair of electrical wiring, apparatus, or equipment or the generation, transmission, distribution, or metering of electrical energy or in the operation of signals or the transmission of intelligence by a public or private utility in the exercise of its function as a serving utility.

105.2(C) / R105.2(C) Gas

1. Portable heating, cooking or clothes drying appliances (Residential Only).

2. Portable heating appliance (Non-Residential).

3. Replacement of any minor part that does not alter approval of equipment or make such equipment unsafe.

4. Portable-fuel-cell appliances that are not connected to a fixed piping system and are not interconnected to a power grid (Residential Only).

105.2 (D) / R105.2 (D) Mechanical Permits.

1. Portable heating appliances.

2. Portable ventilation appliances.

3. Portable cooling units.

4. Steam, hot- or chilled-water piping within any heating or cooling equipment regulated by this code.
5. Replacement of any minor part that does not alter approval of equipment or make such equipment unsafe.

6. Portable evaporative coolers.

7. Self-contained refrigeration systems containing 10 pounds (4.54 kg) or less of refrigerant or that are actuated by motors of 1 horsepower (746 W) or less.

8. Portable-fuel-cell appliances that are not connected to a fixed piping system and are not interconnected to a power grid (Residential Only).

105.2 (E) / R105.2 (E) Plumbing Permits.

1. The stopping of leaks in drains, water, soil, waste or vent pipe; provided, however, that if any concealed trap, drainpipe, water, soil, waste or vent pipe becomes defective and it becomes necessary to remove and replace the same with new material, such work shall be considered as new work and a permit shall be obtained and inspection made as provided in this code.

2. The clearing of stoppages or the repairing of leaks in pipes, valves or fixtures, and the removal and reinstallation of water closets, provided such repairs do not involve or require the replacement or rearrangement of valves, pipes or fixtures.

105.2 (F) / R105.2 (F) Sign permits. A sign permit shall not be required for the following:

1. The changing of the advertising copy or message on a painted or printed sign only. Except for theater marquees and similar signs specifically designed for the use of replaceable copy, electrical signs shall not be included in this exemption. Exemption from a building permit may not extend to exemption from requirements of the Rancho Cordova Zoning Code.

2. Painting, repainting, or cleaning of an advertising structure or the changing of the advertising copy or message thereon shall not be considered an erection or alteration that requires a sign permit unless a structural change is made. Exemption from a building permit may not extend to exemption from requirements of the Rancho Cordova Zoning Code.

3. Temporary signs (Exemption from a building permit for a temporary sign may not extend to exemption from requirements of the Rancho Cordova Zoning Code):

    a. Real estate signs allowed per the Zoning Code of Rancho Cordova.

    b. Temporary construction signs, signs identifying architects, landscape architects, engineers, contractors, or builders provided the signs are located on the construction site and the signs do not exceed 4 square feet in area.

    c. Political, religious, and civic campaign signs.

    d. Promotional signs.
    e. Signs identified by the Rancho Cordova Zoning Code as being exempt from the provisions of the Rancho Cordova Zoning Code.

B. Section 105.2.2.1 / R105.2.2.1, “Limits on repair for R-3 and U occupancies”, is added to read as follows:

105.2.2.1 / R105.2.2.1 Limits on repair for R-3 and U occupancies. When the scope of work for R-3 and U Occupancies involves the removal or replacement of 50 percent or greater of the linear length of the walls of the building (exterior plus interior) within a one-year period, the project shall be considered new construction; and the entire building shall comply with all current codes.

C. Section 105.3.2 / R105.3.2, “Time limitation of application,” is amended to read as follows:

105.3.2 / R105.3.2 Time limitation of application. An application for a permit for any proposed work shall be deemed to have been abandoned based on the time frames shown in Table 105, calculated after the date of filing, unless such application has been pursued in good faith or a permit has been issued. The Building Official may extend the time for action for a period not exceeding 180 days upon written request by the applicant showing that circumstances beyond the control of the applicant have prevented action from being taken.

Any application not issued prior to the effective date of any new law, statute, provision, ordinance, or any revision or update to the same, that directly or indirectly applies to code regulation and enforcement, will be deemed void, and a new application shall be made, and new fees shall be calculated and collected at the rates currently in effect at the time of the new application.

D. Section 105.4.1 / R105.4.1, “Certificate of Construction,” is added to read as follows:

105.4.1 / R105.4.1 Certificate of Construction. The Building Official may issue a Certificate of Construction for projects where a building permit is not appropriate. Typical examples of such projects are structures constructed for Rancho Cordova where a building permit would not be issued but a plan review would be performed or a project not under Rancho Cordova’s jurisdiction but where inspection is to be conducted by the City on a contract.

E. Section 105.4.2 / R105.4.2, “Certificate of Release,” is added to read as follows:

105.4.2 / R105.4.2 Certificate of Release. Prior to issuance of a permit, a Certificate of Release shall be obtained from the fire protection district for the following:

1. Any new dwelling when there is no public water supply source with a distribution system conforming to City standards.

2. Any new dwelling, covered porch/patio, and attached garage 3,600 square feet or greater.

3. Any new dwelling with a private access road.

4. Where the furthest point of the habitable structure is more than 150 feet from the public road.

5. Multi-family dwellings.

6. Most commercial projects. The following commercial projects **do not** require Certificate of Release from the fire protection district (list is not all inclusive; contact the Building & Safety Division to verify):

a. Miscellaneous mechanical, plumbing, and electrical permits
b. Re-roofing or roof repairs
c. Public Pools
d. Signs (pole, wall and monument)
e. Partial Permits (with no work effecting structural components or fire suppression)
f. Demolition permits
g. Incidental repairs not effecting fire suppression.

F. Section 105.5 / R105.5, "Expiration," is amended to read as follows:

105.5 / R105.5 Permit Expiration. Every permit issued by the Building Official under the provisions of the Technical Codes shall expire by limitation and become null and void if the building or work authorized by such permit is not completed within the prescribed time frame, as determined in Table 105. Permits where no inspection activity has occurred for a period of 90 days may be expired administratively if no attempt is made by the permittee to retain the permits open status.

Before work can be recommenced, the expired permit shall be renewed. The minimum fee for renewal will be based on a one hour of inspection time, plus one hour of administrative work time, multiplied by the current labor rate for the appropriate position. The maximum renewal fee will not exceed the full permit fee cost, provided no changes have been made or will be made in the original plans and specifications for such work; and provided further that such suspension or abandonment has not exceeded the prescribed expiration date, as determined in Table 105.

Permits deemed to have been expired shall be subject to all permit related fee increases, new fees and code requirements currently in effect at the time of permit renewal as applicable, subject to the discretion of the Building Official.

All permits will become null and void ("closed") 180 days after the prescribed expiration date as described in Table 105.

The Building Official may extend the time for action by the permittee upon written request showing that circumstances beyond the control of the permittee have prevented action from being taken.

ATTACHMENT 3

TABLE 105

Permit Description (and Type)	Expiration Point for Plan Approval and Issuance of Permit
New Commercial Building (C-BLDG)	180 days from plan approval; 720 days from issuance of permit
Commercial Alteration, Tenant Improvement, Remodel (C-BLDG)	180 days from plan approval; 360 days from issuance of permit
Commercial Accessory Structure (C-OTHER)	180 days from plan approval; 360 days from issuance of permit
Commercial Incidental Permits (re-roof, Miscellaneous Plumbing, Electrical, Mechanical, Interior Demolition, etc.) (PME, REROOF, DEMO)	180 days from plan approval; 360 days from issuance of permit
Commercial Exterior Demolition – Full Structure (DEMO)	180 days from plan approval; 360 days from issuance of permit
Commercial Exterior Sign Permit (C-SIGN)	180 days from plan approval; 360 days from issuance of permit
Commercial Pool (POOL)	180 days from plan approval; 360 days from issuance of permit
New Residential Custom Homes (R-BLDG)	180 days from plan approval; 360 days from issuance of permit
New Residential Production Homes (P-BLDG)	180 days from plan approval; 720 days from issuance of permit; Model Homes do not expire as long as they are being used as models
Residential Alteration, Remodel (R-BLDG)	180 days from plan approval; 360 days from issuance of permit
Residential Accessory Structures (R-OTHER)	180 days from plan approval; 360 days from issuance of permit
Residential Incidental Permits (re-roof, Miscellaneous Plumbing, Electrical, Mechanical, Interior Demolition, etc.) (PME, REROOF, DEMO)	180 days from plan approval; 180 days from issuance of permit
Residential Exterior Demolition – Full Structure (DEMO)	180 days from plan approval; 180 days from issuance of permit
Residential Pool and/or Spa (POOL)	180 days from plan approval; 360 days from issuance of permit
Master Plan Review (MASTERPLAN) – REVIEW ONLY	720 days from plan approval; extension of 360 days with written request

G. Section 105.7 / R105.7, "Placement of Permit," is amended to read as follows:

105.7 / R105.7 Placement of permit. Work requiring a permit shall not be commenced until the permit holder or an agent of the permit holder has posted the building permit in a highly visible location on the job site so as to allow the Building Official to conveniently make the required entries thereon regarding inspection of the work. The permit application, or a copy, and all correction notices must be kept with the building permit. This permit shall be maintained available by the permit holder until completion of the work and final approval has been granted by the Building Official.

H. Section 109.2 / R108.2, "Schedule of permit fees," is amended to read as follows:

109.2 / R108.2 Schedule of permit fees. On buildings, structures, electrical, gas, mechanical and plumbing systems or alterations requiring a permit, a fee for each permit shall be paid as required, in accordance with the schedule as prescribed by resolution of the City of Rancho Cordova.

When submittal documents are required by Section 107 or Section R106, a plan review fee shall be paid at the time of submitting the documents for plan review. Said plan review fee shall be prescribed by resolution of the City Council of the City of Rancho Cordova.

The plan review fees specified in this Section are separate fees from the permit fees specified in this Section and are in addition to the permit fees.

When submittal documents are incomplete or changed so as to require additional plan review, or when the project involves a deferred submittal item as defined in Section 107.4 or R106.4, an additional plan review fee shall be charged as prescribed by resolution of the City Council of the City of Rancho Cordova.

I. Section R108.3, "Building permit valuations," is amended to read as follows:

R108.3 Building permit valuations. The applicant for a permit shall provide an estimated permit value at time of application. Permit valuations shall include total value of work, including materials and labor, for which the permit is being issued, such as structures, electrical, gas, mechanical, plumbing equipment and permanent systems. If, in the opinion of the Building Official, the valuation is underestimated on the application, the permit shall be denied, unless the applicant can show detailed estimates to meet the approval of the Building Official. Final building permit valuation shall be set by the Building Official.

J. Section R106.3.4, "Deferred Submittals," is added to read as follows:

R106.3.4 Deferred submittals. For the purposes of this section, deferred submittals are defined as those portions of the design that are not submitted at the time of the application and that are to be submitted to the Building Official within a specified period. Deferral of any submittal items shall have the prior approval of the Building Official. The registered design professional in responsible charge shall list the deferred submittals on the construction documents for review by the Building Official. Documents for deferred submittal items shall be submitted to the registered design professional in responsible charge who shall review them and forward them to the Building Official with a notation indicating that the deferred submittal documents have been reviewed and been found to be in general conformance to the design of the building. The deferred submittal items shall not be installed until the design and submittal documents have been approved by the Building Official.

K. Section 109.6 / R108.5, “Refunds,” is amended to read as follows:

109.6 / R108.5 Refunds. The Building Official may authorize the refunding of any fee paid hereunder that was erroneously paid or collected.

The Building Official may authorize the refunding of not more than 40 percent of the total permit fee paid when no work has been done under a permit issued in accordance with this Code. Where no plan review fee was required, the Building Official may authorize the refunding of not more than 80 percent of the total permit fee paid when no work has been done under a permit issued in accordance with this Code.

The Building Official may authorize the refunding of not more than 80 percent of the plan review fee paid when an application for a permit for which a plan review fee has been paid is withdrawn or canceled before any plan reviewing is done.

The Building Official shall not authorize the refunding of any fee paid except upon written application filed by the original applicant no later than 180 days after the date of fee payment.

L. Section 109.7 / R108.7, “Re-inspection fee,” is added to read as follows:

109.7 / R108.7 Re-inspection fee. A re-inspection fee may be assessed for any of the following reasons:

1. When such portion of work for which inspection is called is not completely ready or when previous corrections called for are not made.

2. When the job address is not clearly posted and visible from the street or the front of the building.

3. When there is a lack of access to the work to be inspected.

4. When the building permit is not posted on the job site.

5. When the approved plans are not readily available to the inspector.

6. When the building permit, or a copy, and any previous correction notice(s) are not readily available.
7. For deviating from plans requiring the approval of the Building Official.

This section is not to be interpreted as requiring re-inspection fees the first time a job is rejected for failure to comply with the requirements of this Code, but as controlling the practice of calling for inspections before the job is completely ready for such inspection.

To obtain a re-inspection, the applicant shall pay any re-inspection fee as prescribed by resolution of the City of Rancho Cordova.

In instances where re-inspection fees have been assessed, no additional inspection of the work will be performed until the required fees have been paid.

M. Section 111.1 / R110.1, “Use and occupancy,” is amended to read as follows:

111.1 / R110.1 Use and occupancy. No building or structure shall be used or occupied, and no change in the existing occupancy classification of a building or structure or portion thereof shall be made, until the Building Official has issued a certificate of occupancy therefor as provided herein. Issuance of a certificate of occupancy shall not be construed as an approval of a violation of this code or other ordinances of the City Council of the City of Rancho Cordova.

Exceptions:

1. Certificates of Occupancy are not required for R-3 One or Two-Family Dwellings or Townhome occupancies.

2. Certificates of occupancy are not required for work exempt from permits under Section R105.2.

3. Accessory buildings or structures (Residential Only).

N. Section 112.1 / R111.1 "Connection of service utilities" is amended to read as follows:

112.1 / R111.1 Connection of service utilities. No person shall make connections from a utility, source of energy, fuel, or power to any building service equipment that is regulated by the Technical Codes and for which a permit is required by this Code until approved by the Building Official.

O. Section 112.2 / R111.2 "Temporary connections" is amended to read as follows:

112.2 / R111.2 Temporary connections. The Building Official may authorize the temporary connection of the building service equipment to the source of energy, fuel, or power for the purpose of testing building service equipment or for use under a Temporary Certificate of Occupancy.

P. Section 112.3 / R111.3 "Authority to disconnect service utilities" is amended to read as follows:

112.3 / R111.3 Authority to disconnect service utilities. The Building Official or an authorized representative shall have the authority to disconnect any utility service or energy supplied to the building, structure, or building service equipment therein regulated by this Code or the Technical Codes when the building owner or occupant knowingly fails to comply with a notice or order, or in case of emergency where necessary to eliminate an immediate hazard to life or property.

The Building Official shall notify the serving utility, and, whenever possible, the owner and occupant of the building, structure, or building service equipment of the decision to disconnect prior to taking such action and shall notify such serving utility, owner, and occupant of the building, structure, or building service equipment, in writing, of such disconnection immediately thereafter.

Q. Section 112.4 / R111.4 "Authority to condemn building service equipment" is added to read as follows:

112.4 / R111.4 Authority to condemn building service equipment. Whenever the Building Official ascertains that any building service equipment regulated in the Technical Codes has become hazardous to life, health, or property or becomes unsanitary, the Building Official shall order, in writing, that such equipment either be removed or restored to a safe or sanitary condition, whichever is appropriate. The written notice shall fix a time limit for compliance with such order. No person shall use or maintain defective building service equipment after receiving such notice.

When such equipment or installation is to be disconnected, a written notice of such disconnection and causes therefore shall be given within 24 hours to the serving utility, the owner, and occupant of such building, structure, or premises.

When any building service equipment is maintained in violation of the Technical Codes and in violation of any notice issued pursuant to the provisions of this section, the Building Official shall institute any appropriate action to prevent, restrain, correct, or abate the violation.

R. Section 114.4 / R113.4, "Violation penalties," is amended to read as follows:

114.4 / R113.4 Violation Fee. Any person who violates a provision of this code or fails to comply with any of the requirements thereof or who erects, constructs, alters or repairs a building or structure in violation of the approved construction documents or directive of the Building Official, or of a permit or certificate issued under the provisions of this code, shall be subject to penalties as prescribed by law.

A violation fee is separate and independent from other fees, shall be collected whether or not a permit is then or subsequently issued, provided, however, that this provision shall not apply to emergency work when it is proved to the satisfaction of the Building Official that such work was urgently necessary and that it was not practical to obtain a permit before commencement of the work. In all such cases, a permit must be obtained as soon as it is practical to do so; and, if there is an unreasonable delay in obtaining such permit, the violation fee as herein provided shall be charged.

The *minimum* violation fee will be based on one hour of inspection time, plus one hour of administrative work time, multiplied by the current labor rate for the appropriate position, plus the Total Permit Fee of any permits necessary to mitigate the violation.

The *maximum* violation fee will not exceed the amount equal to the Total Permit Fee, plus one hour of inspection time and one hour of administrative work time, plus the Total Permit Fee of any permits necessary to mitigate the violation. The payment of such violation fee shall not exempt any person from compliance with other provisions of this Code, the Technical Codes, or from any penalty prescribed by law.

Any person who violates the provisions of this code may also become subject to an Administrative Citation as described in RCMC Chapter 16.18.205(F).

AA. Section 114.3.1 / R113.3.1, "Connection after order to disconnect," is added to read as follows:

114.3.1 / R113.3.1 Connection after order to disconnect. No person shall make connections from any energy, fuel, or power supply nor supply energy or fuel to any building service utilities or equipment that has been disconnected or ordered to be disconnected by the Building Official or the use of which has been ordered to be discontinued by the Building Official until the Building Official authorizes the reconnection and use of such equipment.

ATTACHMENT 3

The Building Official shall have the right to withhold clearing building service utilities or equipment for hookup by the service agency if the owner or contractor refuses to comply with other ordinances affecting the structure as a whole.

Section 2. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of __________, 2016 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710191.2

ATTACHMENT 4

CITY OF RANCHO CORDOVA

ORDINANCE NO. 13-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING RANCHO CORDOVA MUNICIPAL CODE CHAPTER 16.04, "BUILDING CODE," WHICH ADOPTS BY REFERENCE THE 2016 CALIFORNIA BUILDING CODE, AND BY REFERENCE THE 2015 INTERNATIONAL BUILDING CODE

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.04, "Building Code," is hereby amended to read as follows:

Chapter 16.04
BUILDING CODE

Sections:

Code reviser's note: For the statutory provisions adopting certain uniform codes for all buildings used for human habitation, see Section 17922 of the Health and Safety Code.

16.04.010 Title.
This chapter shall be known and cited as the Rancho Cordova Building Code.

16.04.020 Purpose.
The purpose of the Rancho Cordova Building Code is to provide minimum standards to safeguard life or limb, health, property, and public welfare by regulating and controlling the design, construction, installation, quality of materials, use and occupancy, location and maintenance of all buildings and structures within this jurisdiction, and certain equipment specifically regulated herein.

16.04.030 Adoption of building codes.
The 2016 California Building Code, Part 2, Title 24 of the California Code of Regulations (hereinafter referred to as the "CBC"), a portion of the California Building Standards Code, as defined in Section 18901 et seq. of the California State Health and Safety Code (hereinafter referred to as the "State Code"), and any rules and regulations promulgated pursuant thereto, including the International Building Code, 2015 Edition, as published by the International Code Council, and as referenced in and adopted pursuant to Sections 17922 and 18935 of the California State Health and Safety Code (hereinafter referred to as the "IBC"), Appendix C (Agricultural Buildings) and Appendix K (Patio Covers) of the CBC (hereinafter referred to as the "appendix"), are hereby adopted and incorporated by reference herein, excluding Sections 101 through 116 of Chapter 1 of the CBC, which are adopted pursuant to Chapter 16.02 RCMC. Except as otherwise provided by this chapter and Chapter 16.02 RCMC, all construction, alteration, moving, demolition, repair, and use of any building or structure within the city shall be

made in conformance with the State Code and any rules and regulations promulgated pursuant thereto, including the IBC and the appendix.

16.04.040 Amendment of adopted codes.
Notwithstanding the provisions of RCMC 16.04.030, the State Code, the IBC and appendix are amended as follows:

A. Section 1907.1, "General," is amended to read as follows:

1907.1 General. The minimum thickness of concrete floor slabs supported directly on the ground shall not be less than 3 1/2 inches (89 mm). Groups R-1 and R-3 occupancies with concrete floors bearing on the ground shall have provided below the concrete floor a minimum of 4 inches of clean, well graded crushed rock or gravel 3/8 inch minimum to 1 1/2 inches maximum size. A 6-mil (0.006 inch; 0.15 mm) polyethylene vapor retarder with joints lapped not less than 6 inches (152 mm) shall be placed between the base course or subgrade and the concrete floor slab, or other approved equivalent methods or materials shall be used to retard vapor transmission through the floor slab.

Exception: A vapor retarder is not required:

1. For detached structures accessory to occupancies in Group R-3, such as garages, utility buildings or other unheated facilities.

2. For unheated storage rooms having an area of less than 70 square feet (6.5 m^2) and carports attached to occupancies in Group R-3.

3. For buildings of other occupancies where migration of moisture through the slab from below will not be detrimental to the intended occupancy of the building.

4. For driveways, walks, patios and other flatwork which will not be enclosed at a later date.

5. Where approved based on local site conditions.

Section 2. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

ATTACHMENT 4

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____day of _____, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710192.2

ATTACHMENT 5

CITY OF RANCHO CORDOVA

ORDINANCE NO. 14-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING CHAPTER 16.06, "RESIDENTIAL CODE" TO THE RANCHO CORDOVA MUNICIPAL CODE WHICH ADOPTS BY REFERENCE THE 2016 CALIFORNIA RESIDENTIAL CODE, AND BY REFERENCE THE 2015 INTERNATIONAL RESIDENTIAL CODE

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.06, "Residential Code," is hereby amended to read as follows:

Chapter 16.06
RESIDENTIAL CODE

Sections:

16.06.010 Title.
This chapter shall be known and cited as the Rancho Cordova Residential Code.

16.06.020 Purpose.
The purpose of the Rancho Cordova Residential Code is to provide minimum standards to safeguard life or limb, health, property, and public welfare by regulating and controlling the design, construction, installation, quality of materials, use and occupancy, location and maintenance of all buildings and structures within this jurisdiction, and certain equipment specifically regulated herein.

16.06.030 Adoption of building codes.
The 2016 California Residential Code, Part 2.5, (hereinafter referred to as the "CRC") Title 24 of the California Code of Regulations, a portion of the California Building Standards Code, as defined in Section 18901 et seq. of the California State Health and Safety Code (hereinafter referred to as the "State Code"), and any rules and regulations promulgated pursuant thereto, including the International Residential Code, 2015 Edition, as published by the International Code Council, and as referenced in and adopted pursuant to Sections 17922 and 18935 of the California State Health and Safety Code (hereinafter referred to as the "IRC"), Appendix H (Patio Covers) of the CRC (hereinafter referred to as the "appendix"), are hereby adopted and incorporated by reference herein, excluding Sections R102 through R114 of the CRC, which are adopted pursuant to Chapter 16.02 RCMC. Except as otherwise provided by this chapter and Chapter 16.02 RCMC, all construction, alteration, moving, demolition, repair, and use of any building or structure within the city shall be made in conformance with the State Code and any rules and regulations promulgated pursuant thereto, including the IRC and the appendix.

16.06.040 Amendment of adopted codes.
Notwithstanding the provisions of RCMC 16.06.030, the State Code, the IRC and appendix are amended as follows:

A. Section R506.2.3, “Vapor retarder,” is amended to read as follows:

R506.2.3 Vapor retarder. Groups R-1 and R-3 occupancies with concrete floors bearing on the ground shall have provided below the concrete floor a minimum of 4 inches of clean, well graded crushed rock or gravel 3/8 inch minimum to 1 1/2 inches maximum size. A 6-mil (0.006 inch; 0.15 mm) polyethylene vapor retarder with joints lapped not less than 6 inches (152 mm) shall be placed between the concrete floor slab and the base course or the prepared subgrade, or other approved equivalent methods or materials shall be used to retard vapor transmission through the floor slab.

Exception: A vapor retarder is not required:

1. For detached garages, utility buildings or other unheated accessory structures.

2. For unheated storage rooms having an area of less than 70 square feet (6.5 m^2) and carports.

3. For driveways, walks, patios and other flatwork not likely to be enclosed at a later date.

4. Where approved by the Building Official, based on local site conditions.
[Ord. 29-2010 § 1].

Section 2. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

ATTACHMENT 5

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ___ day of _____________, 2016____ by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710202.2

CITY OF RANCHO CORDOVA

ORDINANCE NO. 15-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING RANCHO CORDOVA MUNICIPAL CODE CHAPTER 16.24, "PLUMBING CODE," WHICH ADOPTS BY REFERENCE THE 2016 CALIFORNIA PLUMBING CODE, AND BY REFERENCE THE 2015 UNIFORM PLUMBING CODE

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.24, "Plumbing Code," is hereby amended to read as follows:

Chapter 16.24
PLUMBING CODE

Sections:

16.24.010 Title.
This chapter shall be known and cited as the Rancho Cordova Plumbing Code.

16.24.020 Purpose.
The purpose of the Rancho Cordova Plumbing Code is to provide minimum requirements and standards for the protection of the public health, safety, and welfare.

16.24.030 Adoption of plumbing codes.
The 2016 California Plumbing Code, Part 5, Title 24 of the California Code of Regulations, a portion of the California Building Standards Code, as defined in Section 18901 et seq. of the California State Health and Safety Code (hereinafter referred to as the "State Code") and any rules and regulations promulgated pursuant thereto, including the Uniform Plumbing Code, 2015 Edition, as published by the International Association of Plumbing and Mechanical Officials, and as referenced in and adopted pursuant to Sections 17922 and 18935 of the California State Health and Safety Code (hereinafter referred to as the "UPC"), and Appendix Chapters A, B, D, H, and I (hereinafter referred to as the "appendix") are hereby adopted and incorporated by reference herein. Except as otherwise provided by this chapter and Chapter 16.02 RCMC, all plumbing systems associated with construction, alteration, moving, demolition, repair, and use of any building or structure within the city shall be made in conformance with the State Code and any rules and regulations promulgated pursuant thereto, including the UPC and the appendix.

16.24.040 Amendment of adopted codes.
Notwithstanding the provisions of RCMC 16.24.030, the State Code, the UPC and Appendix D are amended as follows:

A. 103.5, "Private Sewage Disposal Systems," is added to read as follows:

103.5 Private Sewage Disposal Systems. The installation of private sewage disposal systems is under the jurisdiction of the Environmental Health Division of the Sacramento County Environmental Management Department.

B. Section 312.5 is amended to read as follows:

312.5 Each system of buried ferrous piping used for either potable water or gas supply shall have a protective coating of an approved type, machine applied and conforming to recognized standards. Field wrapping shall provide equivalent protection and is restricted to those short sections and fittings necessarily stripped for threading.

All buried ferrous piping shall be provided with cathodic protection installed according to Table 312 of this Section and the following requirements:

1. Galvanic anodes for cathodic protection of ferrous piping shall be buried not less than 3 feet below grade and below the bottom of the pipe to be protected. They shall be not less than 4 feet horizontally from any buried metallic pipe. Before back filling, the anode shall be flooded with a minimum of 5 gallons of water.

When connected to the pipe being protected, less than 6 inches above grade, the anode shall be connected with a thermite weld. Connections 6 inches or more above grade may be made by the use of a listed mechanical clamp.

2. Water supply piping shall be isolated at the connection of the utility or private tap from the water main and at each building foundation line adjacent to the full-way shutoff valve.

3. Gas supply piping shall be isolated adjacent to each foundation line or at the appliance when located outside the building and from the serving gas supplier's service equipment.

4. Approved isolation fittings shall be located a minimum of 6 inches above grade, except that fitting at the water tap.

5. Any piping laid in the same trench with pipe requiring cathodic protection shall be separated laterally a minimum of 12 inches from the protected pipe, and piping installed diagonally above the pipe requiring cathodic protection shall be separated vertically a minimum of 6 inches. All separations shall be maintained with clean earth in accordance with Section 314.0.

C. Table 312 is added to read as follows:

Table 312

ANODE SELECTION CHART

Allowable length of coated and wrapped buried ferrous gas or water pipe for each size anode						
	Pipe Size					
Anode Size	1/2"	3/4" & 1"	1 1/4" & 1 1/2"	2"	3"	4"
1 lb. anode	50'	–	–	–	–	–
3 lb. anode	150'	100'	50'	50'	–	–
9 lb. anode	500'	200'	200'	150'	100'	100'
17 lb. anode	–	500'	350'	300'	250'	150'
32 lb. anode	–	–	500'	500'	450'	350'

D. Section 713.4 is amended to read as follows:

713.4 The public sewer shall be permitted to be considered as not being available when such public sewer or any building or exterior drainage facility connected thereto is located more than two hundred (200) feet (61 m) from the property line.

E. Section D101.1, "Applicability," of Appendix D, is amended to read as follows:

D101.1 Applicability. Roof drains, leaders and rainwater piping shall be designed to carry away rainfall at the rate of at least 3 inches of rainfall per hour.

Section 2. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ___ day of _____________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710200.2

ATTACHMENT 7

CITY OF RANCHO CORDOVA

ORDINANCE NO. 16-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING CHAPTER 16.26, “ENERGY CODE” TO THE RANCHO CORDOVA MUNICIPAL CODE WHICH ADOPTS BY REFERENCE THE 2016 CALIFORNIA ENERGY CODE

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.26, “Energy Code,” is hereby amended to read as follows:

Chapter 16.26
ENERGY CODE

Sections:

16.26.010 Title.
This chapter shall be known and cited as the Rancho Cordova Energy Code.

16.26.020 Purpose.
The purpose of the Rancho Cordova energy code is to provide minimum standards to safeguard life or limb, health, property, and public welfare by regulating and controlling the design, construction, installation, quality of materials, use and occupancy, location and maintenance of all buildings and structures within this jurisdiction.

16.26.030 Adoption of energy codes.
The 2016 California Energy Code, Part 6, Title 24 of the California Code of Regulations, a portion of the California Building Standards Code, as defined in the California State Health and Safety Code Section 18901 et seq. (hereinafter referred to as the “State Code”), and any rules and regulations promulgated pursuant thereto, as published by the International Code Council, and as referenced in and adopted pursuant to California State Health and Safety Code Sections 17922 and 18935, are hereby adopted and incorporated by reference herein. Except as otherwise provided by this chapter and Chapter 16.02 RCMC, all construction, alteration, moving, demolition, repair, and use of any building or structure within the city shall be made in conformance with the State Code and any rules and regulations promulgated pursuant thereto.

Section 2. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ___ day of ___________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710195.2

ATTACHMENT 8

CITY OF RANCHO CORDOVA

ORDINANCE NO. 17-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING RANCHO CORDOVA MUNICIPAL CODE CHAPTER 16.28, "ELECTRICAL CODE," WHICH ADOPTS BY REFERENCE THE 2016 CALIFORNIA ELECTRICAL CODE, AND BY REFERENCE THE 2014 NATIONAL ELECTRICAL CODE

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.28, "Electrical Code," is hereby amended to read as follows:

Chapter 16.28
ELECTRICAL CODE

Sections:

16.28.010 Title.
This chapter shall be known and cited as the Rancho Cordova Electrical Code.

16.28.020 Purpose.
The purpose of the Rancho Cordova Electrical Code is to provide minimum electrical system standards to safeguard life or limb, health, property, and public welfare by regulating and controlling the design, construction, installation, and quality of materials.

16.28.030 Adoption of electrical codes.
The 2016 California Electrical Code, Part 3, Title 24 of the California Code of Regulations, a portion of the California Building Standards Code, as defined in Section 18901 et seq. of the California State Health and Safety Code (hereinafter referred to as the "State Code"), and any rules and regulations promulgated pursuant thereto, including the National Electrical Code, 2014 Edition (excluding Annex G), as published by the National Fire Protection Association, and as referenced in and adopted pursuant to Sections 17922 and 18935 of the California State Health and Safety Code (hereinafter referred to as the "NEC"), are hereby adopted and incorporated by reference herein. Except as otherwise provided by this chapter and Chapter 16.02 RCMC, all electrical systems associated with construction, alteration, moving, demolition, repair, and use of any building or structure within the city shall be made in conformance with the State Code and any rules and regulations promulgated pursuant thereto, including the NEC.

16.28.040 Amendment of adopted codes.
Notwithstanding the provisions of RCMC 16.28.030, the State Code and the NEC are amended as follows:

A. Article 210.25(A)1 is added to read as follows:

ATTACHMENT 8

210.25(A)1 Branch Circuits Serving Common Use Areas. All circuits serving common use areas and public use areas shall be served from house service equipment. Where buildings are multi-metered, a separate meter for house equipment shall be required.

B. Article 225.22(A) and (B) are added as follows:

225.22(A) Fences. Electrical equipment and conduit shall not be installed on any fence.

Exception: Conduit and equipment shall be permitted on metallic and masonry fences when installed with a continuous support system.

225.22(B) Roofs. Raceways installed on or across roofs shall clear the roof a minimum of 1 1/2" and be supported every 4' or less.

C. Article 230.28(C) and (D) are added to read as follows:

230.28(C) Service Entrance or Load Centers located in walls or partitions. When overhead service entrance conductors are installed in walls or partitions, they shall be enclosed in rigid metal or intermediate metal conduit of 1 1/2 inch minimum trade size.

230.28(D) Service Entrance method of attachment. No new or replacement overhead service drop shall be attached to the structure. The service mast shall be used as the support and shall be of minimum 1 1/2" rigid metal or intermediate metal conduit.

D. Article 230.70(D) is added to read as follows:

230.70(D) Ten Foot Limit for Service Raceway. Service entrance conductors shall not extend inside any building for more than ten feet to reach the disconnect or overcurrent protection device except when under a concrete floor.

E. Article 230.71 is amended to read as follows:

230.71 Service Switches. A single main disconnecting means shall be provided for each set of service entrance conductors. The service overcurrent device shall be an integral part of the disconnecting means. It shall be located at the nearest readily accessible location either outside of building or structure or inside nearest the point of entrance of the service conductors.

Exceptions:

1. A main disconnecting means shall not be required on Group R occupancies with not more than six dwelling units.

2. For fire pumps where a separate service is required.

3. For Emergency Electrical systems where a separate service is required.

4. Up to six switches or circuit breakers may be permitted provided not more than one is rated less than 2,000 amperes, 600 volts, and all switches or circuit breakers are installed in a common enclosure or group of enclosures.

5. Up to six switches or circuit breakers may be permitted for unmanned cellular monopole sites not located in or on a building.

F. Article 300.5(L) is added to read as follows:

300.5(L) Depth Requirement. All underground service entrance raceways shall be buried a minimum of 30 inches below grade unless located below a concrete building slab, in which case, the depth may be reduced to 12 inches below grade.

G. Article 600.1(A) and (B) are added to read as follows:

600.1(A) Electric Sign Installation. Electric signs shall be installed in accordance with the provisions of this Code pertaining to the installation of electric signs. The trademark, maker's name, approximate weight, voltage, amperage, Underwriters' label, and permit reference number, shall be permanently and conspicuously marked on the exterior of all electric signs.

600.1(B) Permit Required. An electrical permit shall be required for any of the following:

- A new electric sign installation with new branch wiring.
- A new electrical sign installation with existing branch wiring.
- An electric sign repair and reinstallation.

H. Article 625.1(A) is added as follows:

625.1(A) Charging Circuit required for R.3 Occupancies. Every new group R.3 occupancy building shall provide for a future electric vehicle charging circuit by providing a 3/4 inch raceway or a 3 wire with ground NM or NMC cable rated at a minimum 40 ampere from the service panel to a 2 gang box located in the garage.

Section 2. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California

ATTACHMENT 8

Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ___ day of __________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

ATTACHMENT 9

CITY OF RANCHO CORDOVA

ORDINANCE NO. 18-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING RANCHO CORDOVA MUNICIPAL CODE CHAPTER 16.32, "MECHANICAL CODE," WHICH ADOPTS BY REFERENCE THE 2016 CALIFORNIA MECHANICAL CODE, AND BY REFERENCE THE 2015 UNIFORM MECHANICAL CODE

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.32, "Mechanical Code," is hereby amended to read as follows:

Chapter 16.32
MECHANICAL CODE

Sections:

16.32.010 Title.
This chapter shall be known and cited as the Rancho Cordova Mechanical Code.

16.32.020 Purpose.
The purpose of the Rancho Cordova Mechanical Code is to provide minimum system standards to safeguard life or limb, health, property, and public welfare by regulating and controlling the design, construction, installation, quality of materials, location, operation, and maintenance or use of heating, ventilating, cooling, refrigeration systems, incinerators, and other miscellaneous heat-producing appliances within this jurisdiction.

16.32.030 Adoption of mechanical codes.
The 2016 California Mechanical Code, Part 4, Title 24 of the California Code of Regulations, a portion of the California Building Standards Code, as defined in Section 18901 et seq. of the California State Health and Safety Code (hereinafter referred to as the "State Code"), and any rules and regulations promulgated pursuant thereto, including the Uniform Mechanical Code, 2015 Edition, as published by the International Association of Plumbing and Mechanical Officials, and as referenced in and adopted pursuant to Sections 17922 and 18935 of the California State Health and Safety Code (hereinafter referred to as the "UMC"), are hereby adopted and incorporated by reference herein. Except as otherwise provided by this chapter and Chapter 16.02 RCMC, all mechanical systems associated with construction, alteration, moving, demolition, repair, and use of any building or structure within the city shall be made in conformance with the State Code and any rules and regulations promulgated pursuant thereto, including the UMC and the appendix.

Section 2. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the

ATTACHMENT 9

provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ___ day of _____________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710198.2

ATTACHMENT 10

CITY OF RANCHO CORDOVA

ORDINANCE NO. 19-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING RANCHO CORDOVA MUNICIPAL CODE CHAPTER 16.36, "SWIMMING POOLS," WHICH ADOPTS BY REFERENCE THE 2016 CALIFORNIA BUILDING CODE SECTION 3109 AND SECTIONS OF THE 2015 UNIFORM SWIMMING POOL, SPA & HOT TUB CODE, AND THE CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 115920 TO 115929

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.36, "Swimming Pools," is hereby amended to read as follows:

Chapter 16.36
SWIMMING POOLS

Sections:

16.36.010 Title.
This chapter shall be known and cited as the Rancho Cordova Swimming Pool Code.

16.36.020 Purpose.
The purpose of the Rancho Cordova Swimming Pool Code is to provide minimum requirements and standards for the protection of the public health, safety, and welfare within this jurisdiction, as well as to reference the many different codes that pertain to swimming pool and spa safety.

16.36.030 Adoption of Swimming Pool codes.
2016 California Building Code, Chapter 31, Section 3109, Title 24 of the California Code of Regulations, a portion of the California Building Standards Code, as defined in Section 18901 et seq. of the California State Health and Safety Code (hereinafter referred to as the "State Code"), and Chapters 2 through 10 of the 2015 Uniform Swimming Pool, Spa and Hot Tub Code, as published by the International Association of Plumbing and Mechanical Officials, and Sections 115920 through 115929 of the California State Health and Safety Code, are hereby adopted and incorporated by reference herein. Except as otherwise provided by this chapter and Chapter 16.02 RCMC, all work associated with construction, alteration, moving, demolition, repair, and use of any swimming pool, spa, or hot tub within the city shall be made in conformance with the State Code and any rules and regulations promulgated pursuant thereto, including the Uniform Swimming Pool, Spa and Hot Tub Code.

Section 2. Severability
If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have

adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____day of ___________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710205.2

ATTACHMENT 11

CITY OF RANCHO CORDOVA

ORDINANCE NO. 20-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING CHAPTER 16.38, "GREEN BUILDING CODE" TO THE RANCHO CORDOVA MUNICIPAL CODE, WHICH ADOPTS BY REFERENCE THE 2016 CALIFORNIA GREEN BUILDING STANDARDS CODE

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.38, "Green Building Code," is hereby amended to read as follows:

Chapter 16.38
GREEN BUILDING CODE

Sections:

16.38.010 Title.
This chapter shall be known and cited as the Rancho Cordova Green Building Code.

16.38.020 Purpose.
The purpose of the Rancho Cordova Green Building Code is to provide minimum standards to safeguard life or limb, health, property, and public welfare by regulating and controlling the design, construction, installation, quality of materials, use and occupancy, location and maintenance of all buildings and structures within this jurisdiction.

16.38.030 Adoption of green building codes.
The *mandatory* provisions of the 2016 California Green Building Standards Code, Part 11, Title 24 of the California Code of Regulations, a portion of the California Building Standards Code, as defined in the California State Health and Safety Code Section 18901 et seq. (hereinafter referred to as the "State Code"), and any rules and regulations promulgated pursuant thereto, as published by the California Building Standards Commission, and as referenced in and adopted pursuant to California State Health and Safety Code Sections 17922 and 18935, are hereby adopted and incorporated by reference herein. Except as otherwise provided by this chapter and Chapter 16.02 RCMC, all construction, alteration, moving, demolition, repair, and use of any building or structure within the city shall be made in conformance with the State Code and any rules and regulations promulgated pursuant thereto.

Section 2. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ___ day of ___________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710197.2

ATTACHMENT 12

CITY OF RANCHO CORDOVA

ORDINANCE NO. 21-2016

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING RANCHO CORDOVA MUNICIPAL CODE CHAPTER 16.40, "MOVING BUILDINGS,"

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Title 16, Chapter 16.40, "Moving Buildings," is hereby amended to read as follows:

Chapter 16.40

MOVING BUILDINGS

Sections:

16.40.010 Permit required.
No person shall move or cause to be relocated any building or structure across any public street or highway, or from one property to another, or from one location to another in the city, or from any city or county outside of the city of Rancho Cordova, without first obtaining a moving permit through the procedures provided in this chapter.

16.40.020 Building relocation application.
Application for building relocation shall be filed with the Building Official.

A. Contents of Application. The application shall specify the existing location of the building, size, and character of the building to be relocated, the proposed improvements or changes, if any, the proposed location, the property owner's name and address, the intended use of the building, and two complete sets of plans as required for the building permit with a completed building permit application and completed estimate sheet. The plot plan for the proposed location shall show location of the building, indicating proposed setbacks of the building and size, location, and use of all existing buildings at the proposed location, and site developments. On commercial, industrial, or multifamily developments, the Building Official may accept preliminary plans.

B. Entry and Site Identification. The applicant shall arrange for entry of the buildings proposed to be relocated and provide a stake driven in the ground, protruding four feet above grade, at the front and rear of the proposed location for posting and attaching house numbers as provided by RCMC 16.40.050.

16.40.030 Inspections.
Within five working days of being notified by the applicant, the Building Official shall cause the inspection of the building to be relocated.

16.40.040 Application approval.
After reviewing the application for building relocation and inspection of the building and proposed location, the Building Official shall give his or her approval in writing and so notify the property owner and applicant of the requirements imposed on his approval.

Upon said approval, the Building Official shall cause the building and the proposed location to be posted with an “intent to move” sign as provided in RCMC 16.40.050.

16.40.045 Approval limitation on building relocation application.
Approval of building relocation application shall be limited to 60 days from completion of the posting period when no appeal is filed.

16.40.050 Posting notice of intention to move.
When the building has been approved for relocation to a new site, the Building Official shall cause a “notice of intention to move” sign to be posted, on stakes, for five working days from date of posting, with assigned house number, provided by the applicant, at the front and rear of the proposed site and on the front of the building proposed to be moved; such notice shall not be less than 13 inches by 19 inches in size and shall set forth the character of the building to be moved, the present and proposed site of the building, and the date of posting.

Exception: Buildings being moved from outside the city of Rancho Cordova into the city of Rancho Cordova shall require a 10-day posting period in lieu of five days.

A. The building shall not be moved from the location shown on the application for the duration of the required five-day posting period. If for any reason the posting period has been interrupted, the building and proposed site shall be reposted for an additional five days.

B. No building shall be temporarily relocated on present or other property for temporary storage purposes, except legal contractors’ storage yards, without having written approval of administrative authority having jurisdiction of the property used for this temporary storage. The administrative authority may require a surety bond, cash bond, or other means to insure the removal of the building and may set a time limit as deemed necessary to protect the public and the city of Rancho Cordova.

C. No moving permit shall be issued, nor the building moved from the existing location, until the required posting and appeal period has elapsed.

D. Exemption from Posting. A building being relocated on existing property, when approved by the Building Official, may be exempted from the posting requirements.

16.40.060 Denial of building permit.
A. The application for a building permit shall be denied when:

1. Any unlawful, dangerous, or defective condition of a building proposed to be moved is such that remedy or correction cannot effectively be made; or

2. The relocation of the building to the proposed site would cause appreciable damage to or be materially detrimental to the property or improvements in the district within the immediate vicinity of the proposed new location; or

3. The structure is of a type prohibited at the proposed location by law or regulation of the city.

B. The Building Official, or his or her designees, shall inform the applicant of the denial in writing within 10 working days of the filing of the application. The denial shall set forth the reasons therefor, shall designate the applicable provisions of the law or regulations upon which the denial is predicated.

16.40.070 Appeals – Forms and filing of appeal.
Any person who is dissatisfied with the decision of the Building Official may appeal therefrom to the City Council.

No special form of appeal is required except that the appeal must contain the name and address of the applicant, state the reasons or grounds therefor, and be signed by the appellant.

Appeals shall be filed with the clerk of the city council who shall arrange for a hearing at the next convenient meeting of the city council. A fee of $25.00 shall be paid to the City Clerk by the appellant to defray the cost of hearing the appeal.

16.40.075 Appeal by applicant – Notice.
In the case of an appeal by the applicant for the permit, the appeal must be filed within five working days after the mailing of the notice of denial by the Building Official. Upon notice of appeal by the applicant, the City Clerk shall advise the applicant and the Building Official of the time and place of the hearing and shall cause a notice to be posted on stakes at the front and rear of the proposed location and on the front of the building proposed to be moved. Such notice shall be not less than 13 inches by 19 inches in size and shall set forth the character of the building and the date and place of the hearing of the appeal before the City Council. Such notice shall be posted at least five days prior to the scheduled hearing.

16.40.080 Appeal by person other than applicant – Notice.
In the case of an appeal by any person other than the applicant, the appeal must be filed within five working days of the date of posting by the Building Official of the notice of intention to issue a building permit and moving permit.

The City Clerk shall notify the Building Official, the appellant, and the applicant of the time and place of hearing at least five days prior thereto.

16.40.090 Hearing by city council.
Appeals to the City Council shall be heard at the next convenient meeting after the completion of any required period of giving notice. The City Council shall announce its decision denying the

permit or directing its issuance subject to such conditions it deems appropriate within 20 days after the close of the hearing. The City Clerk shall mail notice of the decision to the appellant, the Building Official, and any other persons making written request for same. The notice shall be mailed within three working days after the decision is announced, as aforesaid.

16.40.100 Issuance of building permit.

A. If a building permit is granted, it shall be granted under conditions which shall require the owner, or agent of the owner, of any building to be moved to comply with the provisions of all applicable state laws and local ordinances, to make such changes or repairs as may be necessary to comply therewith or to fill remaining basements or other subsequent openings on the property.

B. No building relocated in accordance with the provisions of this chapter shall be used or occupied or have utility services connected thereto until said necessary changes or repairs have been completed.

C. Any building relocated in another location shall be brought up to current regulations of the building, plumbing, mechanical, and electrical codes. The Building Official may waive a specific requirement when the requirement met the Rancho Cordova Building Code in effect at the time it was built and does not cause a health or safety hazard.

D. Prior to the issuance of any building permit, the applicant for the moving permit must produce evidence indicating:

1. That they have sealed the sewer line at the site from which the building is being moved in a manner prescribed by the political subdivision having jurisdiction thereof; or

2. That they have properly destroyed the septic tank system in accordance with the county health department requirements.

E. The Building Official shall require the owner or agent to deposit a certificate of deposit or a surety bond with the City to insure compliance with the conditions imposed on the building permit. The surety bond must be issued by a corporate surety authorized to do business in the State of California and shall be filed in the form prescribed by the Building Official and subject to his/her approval. The amount of the bond shall be set at the discretion of the Building Official. At the time of filing the certificate of deposit or surety bond with the City, the property owner must also execute and file a statement in substantially the following language:

> I, ____________________, the applicant and property owner, hereby promise to comply with the conditions imposed on the building permit No. _______. By way of guarantee that this work will be done, I/we herewith deposit with the City a (certificate of deposit, or surety bond) in the sum of $_________ and agree that in the event these conditions are not fulfilled within one hundred eighty (180) days hereafter, the City may use said certificate of deposit, or forfeit the surety bond and apply the proceeds either to cause said conditions to be fulfilled or to demolish the building which was under the authority of said building permit.

F. The condition(s) imposed upon the issuance of the building permit for a moved building shall be met within 180 days. Noncompliance of this requirement shall give cause to forfeit the certificate of deposit or surety bond and to abate as a public nuisance.

G. Building Relocation Application Fee. The applicant shall pay a relocation application fee for each application at the time of issuance. The fee for each permit shall be that fee prescribed by resolution of the City Council.

H. Fee Refund. No refund shall be made where an inspection is made as required by RCMC 16.40.030. The Building Official may authorize the refunding of not more than 80 percent of the application fee when no inspection was made as required by RCMC 16.40.030. The Building Official shall not authorize the refunding of any fee paid except upon written application filed by the original permittee not later than 180 days from the date of fee payment.

I. Exemption from Building Relocation Application Fee.

1. Buildings that are being moved within Rancho Cordova to locations outside the City of Rancho Cordova.

2. Buildings or portions of buildings being moved to or through the City that are approved manufactured buildings.

3. Incidental accessory structures of 125 square feet or less which will not be used for human habitation.

4. Buildings being moved to a storage yard approved by the Rancho Cordova Zoning Code for storage purposes.

16.40.110 Authority to issue building permit.
In the event the decision of the Building Official to grant the building permit is not appealed within the five-day posting period specified in RCMC 16.40.050, and the building proposed to be moved will not come within the scope of the conditions prohibited by RCMC 16.40.060, and the applicant has complied with all other applicable requirements of this chapter, the Building Official shall issue the building permit.

In the event an appeal has been filed, the Building Official shall issue or deny the permit, pursuant to the terms of the final decision of the City Council I and the other applicable provisions of this chapter.

16.40.120 Liability insurance required.
No moving permit shall be issued under the provisions of this chapter unless the permittee shall have first taken out and agreed to maintain at all times public liability insurance in an amount not less than $100,000 for injuries, including wrongful death, to any one person, and subject to the limit for each person, in an amount not less than $200,000 on account of one accident, and unless also they shall take out and agree to maintain at all times property damage insurance in an amount not less than $5,000. Such insurance shall name the City as an insured, and a certificate of insurance shall be filed with the Director of Public Works.

16.40.130 House and building moving requirements – Flags, lights, etc.
Red lights at each corner of the building shall be maintained by the mover from one-half hour after sunset until one-half hour before sunrise.

A. Notice of Emergency Service. Any person moving a building on any city road shall notify the Department of Public Works immediately before and after the movement.

B. Authorized Moving Hours. Movement of buildings on any city road shall be prohibited between the hours of 7:00 a.m. to 9:00 a.m. and 4:00 p.m. to 7:00 p.m. on weekdays.

C. No building shall be moved into a fire district without first giving notice to the fire district into which the building is to be moved 10 working days prior to the move.

16.40.140 Approval of house and building moving equipment and apparatus and route by director of public works – Bond required.
The Director of Public Works, or his or her designees, may, in their discretion, inspect all rollers, trucks, wheels, dollies, tractors, or other apparatus proposed to be used in the moving operation, and shall restrict the use of such apparatus to that which, in their judgment, will not cause injury to highways, bridges, or other property. The Director of Public Works, or his or her designees may also require reasonable changes in the route proposed, even though the route required may be longer than the one proposed, and also require an applicant or his or her agent to file a surety bond issued by a corporate surety authorized to do business in the state of California in such amount of $5,000 or a certificate of insurance in the amount of $10,000 with an oversize, overweight endorsement to guarantee the restoration and repair of city roads damaged by moving equipment and apparatus, in accordance with applicable city standards.

16.40.150 Highway moving permit.
When a building permit has been granted by the Building Official and all provisions of this chapter and other regulations and/or requirements for issuing a building permit for the building have been fulfilled, the Director of Public Works shall issue a highway moving permit. The applicant shall pay an additional fee for this permit. The permit fee shall be $30.00.

Buildings that are being moved from outside the city or from within the city to terminate in a city or county other than Rancho Cordova that qualifies for exemption of building relocation application fee as provided by RCMC 16.40.100(I) and are required to use city roads or highways shall be required to pay the $30.00 fee for a moving permit.

A. Fee for Additional Buildings. The fee for additional buildings or portions of any severed buildings moved at the same time to the same locations as provided herein shall be $10.00.

B. Exemption from Highway Moving Permit. The highway moving permit fee (and fee for additional buildings) shall not be required in the following instances:

1. If the building is being moved from one location to another location and no public road is to be used;

2. Buildings and/or sections of buildings being moved to or through the City that are approved manufactured buildings.

C. The exemption to a highway moving permit does not exempt the buildings in RCMC 16.40.020 from the required wide load highway permit.

16.40.160 Highway moving permit limitations – Time.
Permission to move any building under any moving permit shall expire 60 days after issuance, except that the Director of Public Works may extend the expiration time an additional 60 days.

A. Transfer. Permits issued under this chapter shall not be transferred by the holder thereof to any other person.

All movements of buildings authorized by the moving permit shall be made under the control and supervision of the grantee of the permit.

B. Refunds. No fees required by this chapter shall be refunded if the moving of a building authorized by the moving permit is not made.

16.40.170 Public nuisance.
Any building moved contrary to any of the provisions of this chapter is unlawful and a public nuisance, and the Building Official shall commence action or proceedings for the abatement and removal and enjoinment thereof in a manner provided in this chapter. The remedies provided herein shall be cumulative and not exclusive.

Section 2. Severability
If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 3. Effective Date and Publication

Within fifteen (15) days from and after adoption, this Ordinance shall be published once in the Grapevine Independent, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with California Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ___ day of _______________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2710199.2

MEMORANDUM

DATE: October 3, 2016

TO: Honorable Mayor and Council Members

FROM: Kim Juran-Karageorgiou, Chief Financial Officer

SUBJECT: **RESOLUTIONS AUTHORIZING THE ISSUANCE OF CERTIFICATES OF PARTICIPATION FOR THE PURPOSE OF REFUNDING THE 2005A, 2007A AND 2007B CERTIFICATES OF PARTICIPATION TO ACHIEVE SAVINGS IN THE COST OF INTEREST AND APPROVING THE FORM OF THE PRELIMINARY OFFICIAL STATEMENT, APPROVING THE SALE OF SUCH CERTIFICATES AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS.**

RECOMMENDATION

Adopt Resolution No. 116-2016 and RCFC-01-2016.

RESULT OF RECOMMENDED ACTION

Adoption of these resolutions will authorize the sale of Certificates of Participation (the "2016 COP") for the purpose of refunding the 2005A, 2007A and 2007B Certificates of Participation (together, the "Prior Debt") to achieve savings in the cost of interest associated with the Prior Debt.

BACKGROUND

The City issued Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Taxable Series 2005B to finance the acquisition of the Kilgore property. The City issued Refunding Certificates of Participation (City Hall Facility Acquisition Project), Series 2007A and Taxable Series 2007B in order to refinance the City Hall property to enable leasing of office space to non government agencies. The 2005B obligation was paid off in its entirety during the 2015/16 fiscal year.

The 2005A COPs are callable on any date while the 2007A and 2007B become callable on February 1, 2017. The approaching call date and low municipal borrowing interest rates have created an opportunity for the City to refund (refinance) the Prior Debt to reduce the interest cost associated with the Prior Debt.

The 2016 COPs will be issued to accomplish a current refunding of the Prior Debt. It is anticipated the proposed 2016 COPs will be issued with interest rates substantially lower than the interest rates on the Prior Debt. The reduction in borrowing cost is estimated to reduce total debt service by between $2.21 million and $4.59 million over the life of the COPs – a reduction of between $115,000 and $240,000 annually. The difference depends on whether the City satisfies the Debt Service Reserve Fund Requirement by fully funding it with bond proceeds — which would eventually be used to make the final debt service payment — or instead making a smaller one-time upfront payment to purchase a surety policy from a bond insurer. This decision will depend on the availability and cost of surety policies at the time the 2016 COPs are priced. As a result, the range of cash flow savings described above correspond to a narrower range of Net Present Value savings: approximately $1.59 million (equating to 8.3% of the refunded principal amount) and $2.04 million (equating to 10.6% of the refunded principal amount), respectively. Council should note that due to daily changes in interest rates, the actual level of savings cannot be determined until the proposed 2016 COPs have been priced and sold. The pricing date is tentatively set for the week of October 31, 2016. The proposed 2016 COPs will not be issued if interest rates rise to the point where Net Present Value savings falls below 3%.

In addition to the interest savings that will achieved with the proposed refinance, this refunding will also enable the City to release 2729 Prospect Park Dr. (City Hall building) from the COP debt. Releasing City Hall from debt allows the City to own the building outright, which will provide options to the City to finance future capital projects.

The City is also looking to increase the taxable COP series with this refunding to enable flexibility in the future to lease City Hall office space to non-government entities.

The Resolution approves the sale of the 2016 COPs in an amount not to exceed $22 million, approves the Preliminary Official Statement and the Certificate Purchase Agreement, and authorizes related documents on behalf of the City. Descriptions of these documents are as follows:

- Site and Facility Lease and Lease Agreement: The City will lease existing City properties (the “Leased Property”) to the Rancho Cordova Financing Corporation (the “Corporation”) under a Site and Facilities Lease, and the Corporation will lease the Leased Property back to the City under a Lease Agreement, in consideration of the payment by the City to the Corporation of semi-annual lease payments. The Leased Property is expected to include 2701 Prospect Park Dr. (McKesson/Children’s Museum), 2897 Kilgore Rd. (Police Department) and 2880 Gold Tailings (Code Enforcement).

- Trust Agreement and Assignment Agreement: The Corporation will assign its right to receive the semi-annual lease payments under the Lease Agreement to a corporate trustee (“Trustee”), under an Assignment Agreement, and in consideration of such assignment the Trustee will execute and deliver the 2016 COPs, each evidencing a fractional interest in the City’s semi-annual lease payments, in accordance with a Trust Agreement. The City is not a party to the Assignment Agreement.

- Purchase Contract: The Purchase Contract is a legally binding document between the issuer (the City) and an underwriter (Piper Jaffray & Co.) establishing the terms of the sale. After the issuer delivers the certificates to the underwriter and the underwriter pays the issuer for them, the underwriter will put the certificates on the market at the price and yield established during the pricing call, currently scheduled for the week of October 31, and investors will purchase the certificates from the underwriter.

- Preliminary Official Statement: The preliminary Official Statement is a document which serves as the prospectus for municipal debt. It is a disclosure of the finances surrounding the current issuance. The Official Statement is the offering document used by the underwriter to market the certificates and indicated how investors in the certificates will be repaid.

Should the City Council approve this financing, staff will work with the financing team to determine the sizing and structuring of the 2016 COPs, then the preliminary Official Statement will be finalized and posted electronically for investors to review. Assuming the market remains stable, the City, Public Financial Management, Inc. (the City's Financial Advisor), and Piper Jaffray, Co. (the underwriter), will hold a pre-pricing call around October 31 to review the market conditions and the preliminary interest rates, after which the certificates will be sold. The Chief Financial Officer will enter into a Certificate Purchase Agreement with Piper Jaffray, Co. finalizing the pricing which is anticipated to close the week of November 14, 2016.

FISCAL IMPACT

The refunding would create debt service savings, freeing up net revenues of the General Fund to be used for ongoing operations and other capital projects.

ATTACHMENTS

1. Resolution No. 116-2016.
2. Resolution No. RCFC-01-2016.
3. Site and Facilities Lease.
4. Lease Agreement.
5. Trust Agreement.
6. Assignment Agreement.
7. Purchase Contract.
8. Preliminary Official Statement.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 116-2016

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AUTHORIZING THE ISSUANCE OF CERTIFICATES OF PARTICIPATION FOR THE PURPOSE OF REFUNDING THE 2005A, 2007A AND 2007B CERTIFICATES OF PARTICIPATION TO ACHIEVE SAVINGS IN THE COST OF INTEREST AND APPROVING THE FORM OF THE PRELIMINARY OFFICIAL STATEMENT, APPROVING THE SALE OF SUCH CERTIFICATES AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS

RECITALS

WHEREAS, in order to finance and/or refinance the acquisition of certain capital improvements, the City Rancho Cordova Financing Corporation (the "Corporation") have previously caused to be executed and delivered the (i) 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Taxable Series 2005B and (ii) the Refunding Certificates of Participation (City Hall Facility Acquisition Project) Series 2007A and Taxable Series 2007B; and

WHEREAS, the Taxable Series 2005B Certificates have previously been repaid in full and are no longer outstanding, while portions of the other three series of Certificates remain outstanding (such outstanding Certificates, the "Prior Certificates");

WHEREAS, the City has determined that it is in the best financial interests of the City at this time to provide for the refinancing of the Prior Certificates; and

WHEREAS, in order to provide funds for such purpose, the City desires to lease certain real property and improvements owned by the City (the "Leased Premises") to the Corporation as provided in a Site and Facility Lease, by and between the City as lessor and the Corporation as lessee (the "Site Lease"), and to sublease the Leased Premises back from the Corporation pursuant to a Lease Agreement, by and between the Corporation as sublessor and the City as sublessee (the "Lease Agreement"), which Leased Premises is comprised of a portion of the property leased in connection with the Prior Certificates; and

WHEREAS, the Corporation proposes to assign and transfer certain of its rights under the Lease Agreement to a financing trustee (the "Trustee") pursuant to an Assignment Agreement by and between the Corporation and the Trustee, and, in consideration of such assignment and the execution of a Trust Agreement among the City, the Corporation and the Trustee (the "Trust Agreement"), the Trustee will execute and deliver certificates of participation, each evidencing a direct, undivided fractional interest in the lease payments to be paid by the City pursuant to the Lease Agreement, in one or more series; and

WHEREAS, for purposes of the sale of the Certificates, the City has caused to be prepared a Preliminary Official Statement describing the certificates of participation, the security therefor and other matters, the form of which is on file with the City Clerk and the Members of the City Council, with the aid of their staff, have undertaken such review of the Preliminary Official Statement as is necessary to assure proper disclosure of all material facts relating to the certificates that are within the personal knowledge of Council members and the staff.

DECISION

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

Section 1. Execution and Delivery of Certificates. The City hereby authorizes the execution and delivery of certificates of participation, each evidencing a direct, undivided fractional interest in the lease payments to be paid by the City pursuant to the Lease Agreement (the "Certificates"), in one or more series, and the execution and delivery of the following agreements (collectively, the "Agreements"):

(a) the Site Lease;

(b) the Lease Agreement; and

(c) the Trust Agreement.

The City hereby approves and separately authorizes the City Manager, the Assistant City Manager, the Chief Financial Officer and their respective designees (each, an "Authorized Officer") to execute the Agreements, and the City Clerk is hereby authorized and directed, if required, to attest to said Agreements, in substantially the forms on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the Authorized Officer executing the same, whose execution thereof shall be conclusive evidence of approval of any such additions and changes. Such changes or additions may include, but is not limited to, designating the City assets to be subject to the Lease Agreement and providing that payment of the Certificates be insured by a financial guaranty policy from a bond insurance company and/or secured by a reserve surety policy, if in the judgment of the City Manager or the Chief Financial Officer such insurance and/or reserve surety policy is in the best interest of the City.

Section 2. Sale of Certificates. The City hereby approves the sale of the Certificates by negotiation with Piper Jaffray & Co., as underwriter (the "Underwriter"), pursuant to the Certificate Purchase Contract, by and between the City and the Underwriter, in substantially the form on file with the City Clerk, together with any changes therein or additions thereto approved by the Authorized Officer executing the same, whose execution thereof shall be conclusive evidence of approval of any such additions. The Certificate Purchase Contract shall be executed in the name and on behalf of the City by an Authorized Officer, each of whom are hereby separately authorized and directed to execute and deliver said Certificate Purchase Contract on behalf of the City; provided, however, that the issuance shall achieve savings satisfactory to an Authorized Officer (whose execution of the Certificate Purchase Contract shall be conclusive evidence of approval of such savings), and aggregate principal amount of the Certificates shall not exceed $22 million or result in a net present value savings of at least 3% calculated on a net present value basis.

Section 3. Official Statement. The City hereby approves the Preliminary Official Statement describing the Certificates, in substantially the form on file with the City Clerk. The Authorized Officers, each acting alone, are hereby authorized and directed to (a) approve any changes in or additions to cause such Preliminary Official Statement to be put in final form prior to distributing to potential investors of the Certificates, (b) execute and deliver to the Underwriter a certificate deeming the Preliminary Official Statement to be final, within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as of its date, and (c) execute a final Official Statement for and in the name and on behalf of the City following the pricing of the Certificates. The City hereby authorizes and directs the Underwriter to distribute copies of said Preliminary Official Statement to persons who may be potential investors in the Certificates and to deliver copies of the final Official Statement to all actual purchasers of the Certificates from the Underwriter.

Section 4. Official Actions. The Authorized Officers, the Mayor, the City Clerk and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents (including specifically a continuing disclosure undertaking), which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 5. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ________ day of ___________, 2016 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

ATTACHMENT 2

CITY OF RANCHO CORDOVA

RESOLUTION NO. RCFC-01-2016

A RESOLUTION OF THE RANCHO CORDOVA FINANCING CORPORATION AUTHORIZING THE ISSUANCE OF CERTIFICATES OF PARTICIPATION FOR THE PURPOSE OF REFUNDING THE 2005A, 2007A AND 2007B CERTIFICATES OF PARTICIPATION TO ACHIEVE SAVINGS IN THE COST OF INTEREST AND APPROVING THE FORM OF THE PRELIMINARY OFFICIAL STATEMENT, APPROVING THE SALE OF SUCH CERTIFICATES AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS

RECITALS

WHEREAS, the Corporation has been formed to, among other things, assist the City of Rancho Cordova (the "City") in financing public property and public facilities necessary or desirable to meet the needs of the City and the citizens of the City; and

WHEREAS, in order to finance and/or refinance the acquisition of certain capital improvements, the City has previously caused to be executed and delivered the (i) 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Taxable Series 2005B and (ii) the Refunding Certificates of Participation (City Hall Facility Acquisition Project) Series 2007A and Taxable Series 2007B; and

WHEREAS, the Taxable Series 2005B Certificates have previously been repaid in full and are no longer outstanding, while portions of the other three series of Certificates remain outstanding (such outstanding Certificates, the "Prior Certificates");

WHEREAS, the City has determined that it is in the best financial interests of the City at this time to provide for the refinancing of the Prior Certificates and the Corporation desires to assist in such refinancing; and

WHEREAS, in order to provide funds for such purpose, the City desires to lease certain real property and improvements owned by the City (the "Leased Premises") to the Corporation as provided in a Site and Facility Lease, by and between the City as lessor and the Corporation as lessee (the "Site Lease"), and to sublease the Leased Premises back from the Corporation pursuant to a Lease Agreement, by and between the Corporation as sublessor and the City as sublessee (the "Lease Agreement"); and

WHEREAS, the Corporation proposes to assign and transfer certain of its rights under the Lease Agreement to a financing trustee (the "Trustee") pursuant to an Assignment Agreement by and between the Corporation and the Trustee (the "Assignment Agreement"), and, in consideration of such assignment and the execution of a Trust Agreement among the City, the Corporation and the Trustee (the "Trust Agreement"), the Trustee will execute and deliver certificates of participation, each evidencing a direct, undivided fractional interest in the lease payments to be paid by the City pursuant to the Lease Agreement, in one or more series.

DECISION

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Rancho Cordova Financing Corporation as follows:

Section 1. Execution and Delivery of Certificates. The Corporation hereby authorizes the execution and delivery of certificates of participation, each evidencing a direct, undivided fractional interest in the lease payments to be paid by the City pursuant to the Lease Agreement (the "Certificates"), in one or more series, and the execution and delivery of the following agreements (collectively, the "Agreements") :

(a) the Site Lease;

(b) the Lease Agreement;

(c) the Assignment Agreement; and

(d) the Trust Agreement.

The Corporation hereby approves and separately authorizes the President, the Executive Director, the Treasurer and their respective designees (each, an "Authorized Officer") to execute the Agreements, and the Secretary is hereby authorized and directed, if required, to attest to said Agreements, in substantially the forms on file with the Secretary, together with any changes therein or additions thereto deemed advisable by the Authorized Officer executing the same, whose execution thereof shall be conclusive evidence of approval of any such additions and changes. Such changes or additions may include, but is not limited to, providing that payment of the Certificates be insured by a financial guaranty policy from a bond insurance company and/or secured by a reserve surety policy.

Section 2. Official Statement. The Corporation hereby approves the Preliminary Official Statement describing the Certificates, in substantially the form on file with the Secretary. The Authorized Officers, each acting alone, are hereby authorized and directed to, if requested by the City and/or the Underwriter: (a) approve any changes in or additions to cause such Preliminary Official Statement to be put in final form prior to distributing to potential investors in the Certificates, (b) execute and deliver to the Underwriter a certificate deeming the Preliminary Official Statement to be final, within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as of its date, and (c) execute a final Official Statement for and in the name and on behalf of the Corporation following the pricing of the Certificates. The Corporation hereby authorizes and directs the Underwriter to distribute copies of said Preliminary Official Statement to persons who may be potential investors in the Certificates and to deliver copies of the final Official Statement to all actual purchasers of the Certificates from the Underwriter.

Section 3. Official Actions. The Authorized Officers, the Secretary and all other officers of the City are each authorized and directed in the name and on behalf of the Corporation to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents (including specifically a continuing disclosure undertaking and escrow or refunding agreements as needed), which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this resolution any officer of the Corporation is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 4. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ________ day of ___________, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
David M. Sander, Director
Rancho Cordova Financing Corporation

ATTEST:

____
Mindy Cuppy, Secretary
Rancho Cordova Financing Corporation

WHEN RECORDED, RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: David T. Fama, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11928 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE (this "Site Lease"), dated as of ________ 1, 2016, is by and between the CITY OF RANCHO CORDOVA, a municipal corporation organized and existing under the laws of the State of California (the "City"), as lessor, and the RANCHO CORDOVA FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), as lessee;

W I T N E S S E T H :

WHEREAS, in order to finance and/or refinance the acquisition of certain capital improvements, the City has previously caused to be executed and delivered the (i) 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Taxable Series 2005B and (ii) the Refunding Certificates of Participation (City Hall Facility Acquisition Project) Series 2007A and Taxable Series 2007B; and

WHEREAS, the Taxable Series 2005B Certificates have previously been repaid in full and are no longer outstanding, while portions of the other three series of certificates of participation remain outstanding (such outstanding certificates, the "Prior Certificates");

WHEREAS, in order to provide funds to allow the City to refinance the Prior Certificates, the City has agreed to lease the real property and improvements, as more particularly described in Exhibit A attached hereto and incorporated herein (the "Leased Premises"), to the Corporation as provided in this Site Lease, and has further agreed to sublease the Leased Premises back from the Corporation pursuant to the Lease Agreement dated as of the date hereof, by and between the Corporation as sublessor and the City as sublessee (the "Lease Agreement"), a Memorandum of which is being recorded concurrently herewith; and

WHEREAS, the Corporation proposes to assign and transfer certain of its rights under the Lease Agreement to U.S. Bank National Association, as trustee (the "Trustee") pursuant to an Assignment Agreement dated as of the date hereof between the Corporation and the Trustee, which is being recorded concurrently herewith, and, in consideration of such assignment and the execution of the Trust Agreement dated as of the date hereof among the

City, the Corporation and the Trustee (the "Trust Agreement"), the Trustee has agreed to execute and deliver Refunding Certificates of Participation (City Hall and City Operations Facility Refinancing), in two series, in the aggregate principal amount of $__________ (collectively, the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments to be paid by the City pursuant to the Lease Agreement; and

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Site Lease. The City hereby leases the Leased Premises to the Corporation, and the Corporation hereby leases the Leased Premises from the City, on the terms and conditions hereinafter set forth.

SECTION 2. Term; Possession. The term of this Site Lease shall commence, and the Corporation shall become entitled to possession of the Leased Premises hereunder, on the date of execution, delivery and recordation hereof in the Office of the County Recorder of Sacramento County. This Site Lease shall end, and the right of the Corporation hereunder to possession of the Leased Premises shall thereupon cease, on the date on which the Lease Agreement is terminated as a result of the payment in full of all Lease Payments or of the deposit by the City of security for such Lease Payments as provided in the Lease Agreement.

SECTION 3. Rental. As consideration for the lease of the Leased Premises by the City to the Corporation hereunder, the Corporation hereby agrees to cause to be deposited with U.S. Bank National Association, as trustee for the Prior Certificates, the amounts set forth in Section 3.01 of the Trust Agreement.

The Corporation and the City hereby find and determine that the amount required to be paid by the Corporation as rental for the Leased Premises under this Section 3 does not exceed the fair market value of the leasehold interest in the Leased Premises which is conveyed hereunder by the City to the Corporation. No other amounts of rental shall be due and payable by the Corporation for the use and occupancy of the Leased Premises under this Site Lease.

SECTION 4. Sublease back to City. The Corporation shall sublease the Leased Premises back to the City pursuant to the Lease Agreement.

SECTION 5. Assignments and Subleases. Unless the City shall be in default under the Lease Agreement, the Corporation may not assign its rights under this Site Lease or sublet all or any portion of the Leased Premises, except as provided in the Lease Agreement.

SECTION 6. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Leased Premises, or any portion thereof, at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

SECTION 7. Termination. The Corporation agrees, upon the termination of this Site Lease, to quit and surrender the Leased Premises in the same good order and condition as the Leased Premises was in at the time of commencement of the term hereof, reasonable wear and tear excepted, and agrees that all buildings, improvements and structures then existing upon the Leased Premises shall remain thereon and title thereto shall vest thereupon in the City for no additional consideration.

SECTION 8. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease Agreement shall be deemed to occur as a result thereof; *provided, however*, that so long as the Lease Agreement remains in effect, the lease payments payable by the City under the Lease Agreement shall continue to be paid to the Trustee.

SECTION 9. Quiet Enjoyment. The Corporation at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Leased Premises, subject to the provisions of the Lease Agreement and subject only to Permitted Encumbrances.

SECTION 10. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Corporation are solely corporate liabilities of the Corporation as a public corporation, and the City hereby releases each and every member and officer of the Corporation of and from any personal or individual liability under this Site Lease. No member or officer of the Corporation or its governing board shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Corporation hereunder.

SECTION 11. Taxes. The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Leased Premises and any improvements thereon.

SECTION 12. Eminent Domain. In the event the whole or any part of the Leased Premises or any improvements thereon shall be taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid principal components of the lease payments payable under the Lease Agreement and the balance of the award, if any, shall be paid to the City.

SECTION 13. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 14. Notices. Any notice, request, demand or other communication under this Site Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The City and the Corporation may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, California 95670
Attention: Chief Financial Officer
Fax: 916-853-1691

If to the Corporation:	Rancho Cordova Financing Corporation 2729 Prospect Park Drive Rancho Cordova, California 94577 Attention: Treasurer Fax: 916-853-1691
If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, California 94111 Attention: Corporate Trust Department Fax: (415) 677-3768 Reference: City of Rancho Cordova Refunding COP

SECTION 15. Governing Law. This Site Lease shall be construed in accordance with and governed by the Constitution and laws of the State of California.

SECTION 16. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the Corporation, the City and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 17. Severability of Invalid Provisions. If any one or more of the provisions contained in this Site Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Site Lease and such invalidity, illegality or unenforceability shall not affect any other provision of this Site Lease, and this Site Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Corporation and the City each hereby declares that it would have entered into this Site Lease and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Site Lease may be held illegal, invalid or unenforceable.

SECTION 18. Defined Terms. Capitalized terms appearing in this Site Lease and not otherwise defined shall have the respective meanings given such terms in the Lease Agreement.

SECTION 19. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

SECTION 20. Execution in Counterparts. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this Site Lease may be separately executed by the Corporation and the City, all with the same force and effect as though the same counterpart had been executed by both the Corporation and the City.

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

CITY OF RANCHO CORDOVA, *as lessor*

By: ___________________________________
Kim Juran,
Chief Financial Officer

RANCHO CORDOVA FINANCING CORPORATION, *as lessee*

By: ___________________________________
Kim Juran,
Treasurer

EXHIBIT A

LEGAL DESCRIPTION

The Leased Premises referred to herein consists of the real property and improvements thereon that is situated in the State of California, County of Sacramento, and is described as follows:

LEASE AGREEMENT

Dated as of __________ 1, 2016

by and between the

RANCHO CORDOVA FINANCING CORPORATION,
as Sublessor

and the

CITY OF RANCHO CORDOVA,
as Sublessee

Relating to

Refunding Certificates of Participation
(City Hall and City Operations Facility Refunding)

$___________
Series 2016A

and

$___________
Taxable Series 2016B

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LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease"), dated as of __________ 1, 2016, is between the RANCHO CORDOVA FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), as sublessor, and the CITY OF RANCHO CORDOVA, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the "City"), as sublessee;

WITNESSETH:

WHEREAS, in order to finance and/or refinance the acquisition of certain capital improvements, the City has previously caused to be executed and delivered the (i) 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Taxable Series 2005B and (ii) the Refunding Certificates of Participation (City Hall Facility Acquisition Project) Series 2007A and Taxable Series 2007B; and

WHEREAS, the Taxable Series 2005B Certificates have previously been repaid in full and are no longer outstanding, while portions of the other three series of certificates of participation remain outstanding (such outstanding certificates, the "Prior Certificates");

WHEREAS, in order to provide funds to allow the City to refinance the Prior Certificates, the City has agreed to lease the real property and improvements, as more particularly described in Exhibit A attached hereto and incorporated herein (the "Leased Premises"), to the Corporation as provided in a Site and Facility Lease, dated as of the date hereof, by and between the City as lessor and the Corporation as lessee (the "Site Lease"), which is being recorded concurrently herewith, and has further agreed to sublease the Leased Premises back from the Corporation pursuant to this Lease, a Memorandum of which is being recorded concurrently herewith; and

WHEREAS, the Corporation proposes to assign and transfer certain of its rights under the Lease Agreement to U.S. Bank National Association, as trustee (the "Trustee") pursuant to an Assignment Agreement dated as of the date hereof between the Corporation and the Trustee, which is being recorded concurrently herewith, and, in consideration of such assignment and the execution of the Trust Agreement dated as of the date hereof among the City, the Corporation and the Trustee, the Trustee has agreed to execute and deliver Refunding Certificates of Participation (City Hall and City Operations Facility Refunding), Series 2016A in the aggregate principal amount of $_________ and Taxable Series 2016B in the aggregate principal amount of $__________ (together, the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments to be paid by the City pursuant to the Lease Agreement; and

WHEREAS, the Corporation and the City have each duly authorized the execution and delivery of this Lease; and

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

ARTICLE I

DEFINITIONS; COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease shall have the respective meanings specified in Exhibit A to the Trust Agreement.

Section 1.2. Covenants, Representations and Warranties of the City. The City makes the following covenants, representations and warranties to the Corporation that as of the date of the execution of this Lease and as of the Closing Date:

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

(b) Authorized Execution. The representatives of the City executing the Site Lease, the Trust Agreement and this Lease are fully authorized to execute the same.

(c) Binding Obligations. This Lease has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding agreement of the City, enforceable against the City in accordance with its terms.

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

(e) Consents Not Required. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Site Lease, the Trust Agreement or this Lease, or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.

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

(g) Essentiality. The City represents that the Leased Premises is essential to the operations of the City.

SECTION 1.3. Covenants, Representations and Warranties of the Corporation. The Corporation makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) Due Organization and Existence. The Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State. The Corporation has the power to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder. By proper action of its governing body, the Corporation has been duly authorized to execute, deliver and duly perform this Lease, the Site Lease, the Assignment Agreement and the Trust Agreement.

(b) Authorized Execution. The representatives of the Corporation executing this Lease are fully authorized to execute the same.

(c) Assignment to Trustee. To finance the amounts referred to in Section 2.2 hereof, the Corporation has assigned its rights hereunder to the Trustee pursuant to the Assignment Agreement as security for payment of the principal, premium, if any, and interest represented by the Certificates, and has caused the Trustee to execute the Certificates in accordance with the Trust Agreement.

(d) No Defaults. The Corporation is not in default under any of the provisions of the laws of the State which default would affect its existence or its powers referred to in subsection (a) of this Section 1.3.

(e) Authorized Purposes. The Corporation has found and determined and hereby finds and determines that all requirements of law with respect to the execution of this Lease have been complied with and that the entering into this Lease, the Site Lease, the Assignment Agreement and the Trust Agreement will be in furtherance of the purposes of the Corporation.

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

(g) Consents Not Required. No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, the Site Lease, the Trust Agreement and the Assignment Agreement, or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.

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

ARTICLE II

DELIVERY OF CERTIFICATES; APPLICATION OF PROCEEDS; RIGHT OF SUBSTITUTION AND RELEASE OF LEASED PREMISES

Section 2.1. The Certificates. The proceeds of the Certificates shall be deposited with the Trustee and shall be applied in accordance with Article III of the Trust Agreement. The City hereby approves the assignment to the Trustee of the rights of the Corporation assigned or purported to be assigned under and pursuant to the Assignment Agreement.

Section 2.2. Application of Proceeds. The Corporation hereby agrees that the proceeds of the Certificates shall be held and administered in accordance with the provisions of the Trust Agreement, and that the net proceeds thereof shall be applied as provided therein.

Section 2.3. Substitution of Leased Premises. The City shall have, and is hereby granted, the option at any time and from time to time, to substitute other land, facilities, improvements, equipment or other property (the "Substitute Leased Premises") for the Leased Premises or any portion thereof (the "Former Leased Premises"), provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(a) No Event of Default shall have occurred and be continuing;

(b) The City shall file with the Corporation and the Trustee, and (in the case of Substitute Leased Premises consisting of real property) cause to be recorded in the Office of the Sacramento County Recorder sufficient memorialization of, an amended Exhibit A to the Assignment Agreement, the Site Lease and this Lease which adds thereto a description of such Substitute Leased Premises and deletes therefrom the description of such Former Leased Premises;

(c) In the case of Substitute Leased Premises consisting of real property, the City shall obtain a CLTA policy of title insurance insuring the City's leasehold estate hereunder in such Substitute Leased Premises, in an amount at least equal to the aggregate principal amount of the Outstanding Certificates;

(d) The City shall certify in writing to the Corporation and the Trustee that such Substitute Leased Premises serves the municipal purposes of the City , constitutes property which is essential to the operations of the City and constitutes property which the City is permitted to lease under the laws of the State;

(e) The City certifies in writing to the Corporation and the Trustee that such Substitute Leased Premises has a useful life at least equal to the remaining term of any Outstanding Certificates;

(f) The City shall provide evidence of value to the Corporation and the Trustee which states that the estimated fair market value and the estimated fair rental value of such Substitute Leased Premises are at least equal to the estimated fair market value and the estimated fair rental value, respectively, of such Former Leased Premises.

(g) The Substitute Leased Premises shall not have any pre-existing liens, other than Permitted Encumbrances.

(h The Substitute Leased Premises shall not cause the City to violate any of its covenants, representations and warranties made herein;

(i) The City shall obtain an opinion of Special Counsel that the Substitute Leased Premises shall not adversely affect the exclusion from gross income for purposes of federal income taxation of the interest component of the Lease Payments; and

(j) Written notice of such substitution shall be given by the City to any Rating Agency then rating the Certificates.

Upon the satisfaction of all such conditions precedent, the Term of this Lease shall thereupon end as to the Former Leased Premises and shall thereupon commence as to the Substitute Leased Premises. The Corporation and the City shall execute, deliver and cause to be recorded all documents required to discharge this Lease of record against the Former Leased Premises.

Section 2.4. Release of Leased Premises. The City shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Leased Premises, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(a) The City shall file with the Corporation and the Trustee an amended Exhibit A to the Site Lease which describes the Leased Premises, as revised by such release;

(b) The City shall file with the Corporation and the Trustee an amended Exhibit A to this Lease Agreement which describes the Leased Premises, as revised by such release;

(c) The City delivers to the Trustee and the Corporation evidence in the form of a written appraisal that the Leased Premises, as revised by such release, is of a value at least equal to the principal amount of the Outstanding Certificates and has a useful life at least equal to the remaining term of any Outstanding Certificates;

(d) The City shall obtain an amendment to the title insurance policy required pursuant to Section 4.6 hereof which describes the Site, as revised by such release and evidencing that the existing title insurance policy is not affected by such release; and

(f) Written notice of such release shall be given by the City to any Rating Agency then rating the Certificates.

ARTICLE III

SUBLEASE OF LEASED PREMISES; LEASE PAYMENTS

Section 3.1. Lease of Leased Premises. The Corporation hereby subleases the Leased Premises to the City, and the City hereby subleases the Leased Premises from the Corporation, in accordance with the terms and provisions of this Lease. The City shall be entitled to, and shall, take possession of the Leased Premises on the date of execution, delivery and recordation hereof.

Section 3.2. Term. The Term of this Lease shall commence on the date of recordation hereof in the Office of the Sacramento County Recorder and shall end on February 1, 20__, unless such term is extended or sooner terminated as hereinafter provided. If on February 1, 20__, the Trust Agreement shall not be discharged by its terms, or if the Lease Payments payable hereunder shall have been abated at any time pursuant to Sections 5.1 or 5.3, then the Term of this Lease shall be extended until the Trust Agreement shall be discharged by its terms, but not beyond February 1, 20__. If prior to February 1, 20__, the Trust Agreement shall be discharged by its terms, the Term of this Lease shall thereupon end. The provisions of this Section 3.2 are subject in all respects to any other provisions of this Lease relating to the termination hereof.

Section 3.3. Possession. The City shall be entitled to, and shall, take possession of the Leased Premises on the date of execution, delivery and recordation hereof. The City shall be entitled to possession of the Leased Premises at all times during the Term of this Lease, subject to the terms and provisions hereof.

Section 3.4. Lease Payments.

(a) *Obligation to Pay*. Subject to the provisions of Sections 5.1 and 5.3 and the provisions of Article IX hereof, the City agrees to pay to the Corporation the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Exhibit B hereto, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Exhibit B, and to be deposited by the City with the Trustee on each said date. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to Article IX and other than amounts required for payment of past due principal or interest represented by any Certificates not presented for payment) shall be credited towards the Lease Payment then required to be paid hereunder; and no Lease Payment need be deposited with the Trustee on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Rental Period shall be for the use of the Leased Premises during such Rental Period.

(b) *Effect of Prepayment*. In the event that the City prepays all Lease Payments in full pursuant to Article IX, the City's obligations under this Lease shall thereupon cease and terminate, including but not limited to the City's obligation to pay Lease Payments under this Section 3.4. In the event that the City prepays the Lease Payments in part but not in whole pursuant to Article IX, the principal components of the remaining Lease Payments shall be reduced in integral multiples of $5,000 as determined by the City; and the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby prepaid pursuant to Sections 4.01(a) or 4.01(b) of the Trust Agreement, as the case may be.

(c) *Rate on Overdue Payments*. In the event the City should fail to make any of the payments required in this Section 3.4, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment.

(d) *Fair Rental Value*. The Lease Payments during each Rental Period shall constitute the total rental for the Leased Premises for such Rental Period, and shall be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Premises during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments does not exceed the fair rental value of the Leased Premises. In making such determination, consideration has been given to the estimated fair market value of the Leased Premises, other obligations of the parties under this Lease, the uses and purposes which may be served by the Leased Premises and the benefits therefrom which will accrue to the City and the general public.

(e) *Source of Payments; Budget and Appropriation*. The Lease Payments shall be payable from any source of available funds of the City, subject to the provisions of Sections 5.1, 5.3 and 9.3. The City covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease and to make the necessary annual appropriations for all such Lease Payments. Annually, the City will furnish to the Trustee a certificate of the City Representative stating that the Lease Payments have been included in the final budget of the City for the current Fiscal Year, to the full extent required hereunder, such certificate to be filed within thirty (30) days after the adoption of such budget and in any event no later than September 1 in the calendar year in which the City adopts such budget. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the City.

(f) *Assignment.* The City understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Owners of the Certificates, and the City hereby assents to such assignment. The Corporation hereby directs the City, and the City hereby agrees to pay to the Trustee at its Office, all payments payable by the City pursuant to this Section 3.4 and all amounts payable by the City pursuant to Article IX.

Section 3.5. Quiet Enjoyment. From and after the Closing Date, and continuing throughout the Term of this Lease, the Corporation shall provide the City with quiet use and enjoyment of the Leased Premises and the City shall peaceably and quietly have and hold and enjoy the Leased Premises, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease. The Corporation will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation shall have the right to inspect the Leased Premises as provided in Section 6.2.

Section 3.6. Title; No Merger. At all times during the term of the Site Lease and subject to all of the terms and provisions thereof, the City shall hold either a leasehold interest in or fee title to the Leased Premises. Upon the termination of this Lease, other than upon the termination hereof pursuant to Section 8.2, all right, title and interest of the Corporation hereunder in and to the Leased Premises shall be transferred to and vested in the City. Upon the payment in full of all Lease Payments allocable to the Leased Premises, or upon the deposit by the City of security for such Lease Payments as provided in Section 9.1, all interest of the Corporation hereunder in and to the Leased Premises shall be terminated. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the City to consummate the termination of its interests hereunder.

It is the express intention of the parties hereto that this Lease and the obligations of the parties hereunder, shall be and remain separate and distinct from the Site Lease, and the obligations of the parties thereunder, and that, during the term of the Site Lease, no merger of title or interest shall occur or be deemed to occur as a result of the position of the City as lessor under the Site Lease and as sublessee hereunder, or the position of the Corporation as lessee under the Site Lease and as sublessor under this Lease.

Section 3.7. Additional Payments. In addition to the Lease Payments, the City shall pay when due all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), indemnification and annual compensation due to the Trustee and all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement, and all costs and expenses of attorneys, auditors, engineers and accountants. Such costs and expenses shall be payable as additional amounts of rental hereunder in consideration of the right of the City to the use and occupancy of the Leased Premises.

ARTICLE IV

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 4.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Premises, all improvement, repair and maintenance of the Leased Premises shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Premises, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Premises resulting from ordinary wear and tear. In exchange for the City's undertakings hereunder, the Corporation agrees to provide only the Leased Premises, as hereinbefore more specifically set forth. The City waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the City under the terms of this Lease.

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

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the City that, in the opinion of counsel to the Corporation, by nonpayment of any such items, the interest of the Corporation in the Leased Premises will be materially endangered or the Leased Premises or any part thereof will be subject to loss or forfeiture, or unless the Trustee shall notify the City of its determination that any such items shall be required to be paid by the City, in which event the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment, in form satisfactory to the Trustee.

Section 4.2. Modification of Leased Premises. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Leased Premises. All additions, modifications and improvements to the Leased Premises shall thereafter comprise part of the Leased Premises and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the Leased Premises or cause the Leased Premises to be used for purposes other than those authorized under the provisions of State and federal law; and the City shall file with the Trustee and the Corporation a Written Certificate of the City stating that the Leased Premises, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 4.2, shall be of a value which is not substantially less than the value of the Leased Premises immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Leased Premises for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section 4.2; provided that if any such lien is established and the City shall first notify or cause to be notified the Corporation of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Premises, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the City.

Section 4.3. Liability Insurance. The City shall maintain or cause to be maintained throughout the Term of this Lease a standard comprehensive general insurance policy or policies in protection of the City, and its members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Premises. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City shall deem reasonable and customary. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of Section 4.7(b), or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Section 4.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained throughout the Term of this Lease, insurance against loss or damage to any improvements constituting any part of the Leased Premises by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and earthquake insurance (but with respect to such earthquake insurance, only if and to the extent available at reasonable cost from reputable insurers in the reasonable determination of the City, whose determination is final and conclusive). Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in a loss recoverable amount at least equal to the lesser of (a) the aggregate principal amount of the Outstanding Certificates, or (b) the replacement cost of the Leased Premises insured thereunder. Such insurance may be subject to such deductibles as the City deems prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such insurance may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance shall be applied as provided in Section 5.2(a).

Section 4.5. Rental Interruption Insurance. The City shall procure, and maintain throughout the Term of this Lease, for the benefit of the Corporation, rental interruption insurance to cover loss, total or partial, of the rental payments as a result of any of the hazards covered in the insurance required by Section 4.4, in an amount at least equal to the maximum Lease Payments payable with respect to the improvements during the current or any future twenty-four (24) consecutive month period. Such insurance shall name the Leased Premises as the insured property and may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such insurance may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance shall be paid to the Trustee and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable.

Section 4.6. Recordation Hereof; Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Assignment Agreement, the Site Lease and this Lease, or a memorandum hereof or thereof in form and substance approved by Special Counsel, to be recorded in the office of the Sacramento County Recorder with respect to the Leased Premises, and (b) obtain a title insurance policy insuring the City's leasehold estate hereunder in the Leased Premises, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate original principal amount of the Certificates. Self-insurance is not permitted with respect to the requirements for title insurance. All Net Proceeds received under any such title insurance policy shall be deposited with the Trustee in the Lease Payment Fund and shall be credited towards the prepayment of the remaining Lease Payments pursuant to Section 9.3.

Section 4.7. Insurance Net Proceeds; Form of Policies.

(a) Each policy of insurance required by Sections 4.4, 4.5 and 4.6 shall name the Corporation, the City and the Trustee as insureds and the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. Each policy of insurance required by Sections 4.4 and 4.5 shall be provided by a commercial insurer rated A by AM Best & Company or in the two highest rating categories of S&P or Moody's. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease. All such policies shall provide that the Trustee shall be given thirty (30) days' prior notice of expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered to the Trustee annually, within sixty (60) days following the close of each Fiscal Year, a certificate executed by a City Representative stating whether the insurance policies required by this Lease are in full force and effect.

(b) In the event that any insurance required pursuant to Sections 4.3 or 4.4 shall be provided in the form of self-insurance, the following conditions shall apply:

a. The self-insurance program shall be approved by an independent insurance consultant;

b. The self-insurance program shall be maintained on an actuarially sound basis as determined by the City;

c. The self-insurance fund shall be held in a separate trust fund by an independent trustee;

d. In the event the self-insurance program shall be discontinued, the actuarial soundness of the claim reserve fund must be maintained.

Section 4.8. Advances. If the City shall fail to perform any of its obligations under this Article IV, the Corporation or the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and in such event the City shall be obligated to repay all such advances as soon as possible, with interest at a rate equal to the rate or rates of interest then represented by the Outstanding Certificates.

Section 4.9. Installation of Personal Property. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Premises. All such items shall remain the sole property of the City, in which neither the Corporation nor the Trustee shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Leased Premises resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent the City from purchasing or leasing items to be installed pursuant to this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Premises.

Section 4.10. Liens. Neither the City nor the Corporation shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to all or any portion of the Leased Premises, other than the respective rights of the Corporation and the City as herein provided and Permitted Encumbrances. Except as expressly provided in this Article, the Corporation and the City shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 4.11. Tax Covenants.

(a) Private Activity Bond Limitation. The City and the Corporation shall assure that proceeds of the Series 2016A Certificates are not used so as to cause the obligations represented by the Series 2016A Certificates to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The City and the Corporation shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the obligations represented by the Series 2016A Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(c) Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2016A Certificates.

(d) No Arbitrage. The Corporation and the City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2016A Certificates which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of execution of the Lease would have caused the portion of the Lease corresponding to the Series 2016A Certificates to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

(e) Maintenance of Tax-Exemption. The City will take all actions necessary to assure the exclusion of interest with respect to the Series 2016A Certificates from the gross income of the Owners of the Series 2016A Certificates to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of delivery of this Lease.

(f) Record Retention. The City will retain its records of all accounting and monitoring it carries out with respect to the Series 2016A Certificates for at least 3 years after the Series 2016A Certificates mature or are prepaid (whichever is earlier); however, if the Series 2016A Certificates are prepaid and refunded, the City will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Series 2016A Certificates.

(g) Compliance with Tax Certificate. The City will comply with the provisions of the tax certificate and the use of proceeds certificate to be delivered with respect to the Series 2016A Certificates, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Series 2016A Certificates.

ARTICLE V

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF PROCEEDS

Section 5.1. Eminent Domain; Abatement. If all of the Leased Premises shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease shall cease with respect to the Leased Premises as of the day possession shall be so taken. If less than all of the Leased Premises shall be taken permanently, or if all of the Leased Premises or any part thereof shall be taken temporarily, under the power of eminent domain, (a) this Lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be an abatement of Lease Payments payable with respect to Leased Premises in an amount agreed upon by the City and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining portions of the Leased Premises. Notwithstanding the foregoing, there shall be no abatement of the Lease Payments under this Section 5.1 in the event and to the extent that amounts in the Insurance and Condemnation Fund or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

Section 5.2. Application of Proceeds.

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Premises by fire or other casualty shall be paid to the Trustee. In accordance with the Trust Agreement, the Trustee shall deposit such Net Proceeds in the Insurance and Condemnation Fund established under the Trust Agreement, to be applied as set forth in Section 6.01 of the Trust Agreement.

(b) From Eminent Domain Award. The Net Proceeds of any eminent domain award resulting from any event described in Section 5.1 shall be paid to the Trustee. In accordance with the Trust Agreement, the Trustee shall deposit such Net Proceeds in the Insurance and Condemnation Fund established under the Trust Agreement, to be applied as set forth in Section 6.02 of the Trust Agreement.

Section 5.3. Abatement of Rental in the Event of Damage or Destruction.

(a) Lease Payments shall be abated during any period in which, by reason of damage, destruction or other event (other than by eminent domain which is hereinbefore provided for), there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof. The extent of such abatement shall be agreed upon by the City and the Corporation, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Premises not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the City. Such abatement shall continue for the period commencing with such damage, destruction or other event and ending with the substantial completion of the work of repair or reconstruction or of completion of the Leased Premises or of the regained availability of use and occupancy. In the event of any such damage, destruction, non-completion or non-availability, this Lease shall continue in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage, destruction, non-completion or unavailability.

(b) Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 5.3 by reason of damage, destruction or unavailability of all or a portion of the Leased Premises to the extent that:

> (i) the value of the portions of the Leased Premises not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the City (giving due consideration to the factors identified in the last sentence of Section 3.4(d)), based upon a written appraisal, is equal to or greater than the Outstanding Certificates; or
>
> (ii) the proceeds of rental interruption insurance or amounts in the Insurance and Condemnation Fund or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under this Section 5.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS

Section 6.1. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE CITY OF THE LEASED PREMISES OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PREMISES OR ANY PORTION THEREOF. THE CITY ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PREMISES OR A DEALER THEREIN, THAT THE CITY LEASES THE LEASED PREMISES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Corporation be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease or the Trust Agreement for the existence, furnishing, functioning or City's use of the Leased Premises.

Section 6.2. Rights of Access. The City agrees that any authorized representative of the Corporation, or the Trustee, shall have the right at all reasonable times to enter upon and to examine and inspect the Leased Premises. The City further agrees that any such authorized representative shall have such rights of access to the Leased Premises as may be reasonably necessary to cause the proper maintenance of the Leased Premises in the event of failure by the City to perform its obligations hereunder.

Section 6.3. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Corporation and the Trustee and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of or in connection with (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Premises by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Lease, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Premises, (d) any negligence or willful misconduct of any sublessee of the City with respect to the Leased Premises, (e) the payment and application of the proceeds of the Certificates, (f) the presence on, under or about, or the release from, the Leased Premises of any substances, materials or wastes which are, or which become, regulated or classified as toxic under relevant federal, state or local law, or (g) the delivery of the Certificates and the acceptance or administration of the trust of the Trust Agreement by the Trustee. No indemnification is made under this Section or elsewhere in this Lease for willful misconduct, negligence, or breach of duty under this Lease by the Corporation or the Trustee, their officers, agents, employees, successors or assigns. The indemnification furnished by this Section shall survive the payment in full of the Lease Payments and Additional Payments, and the discharge of the Certificates and the Trust Agreement.

ARTICLE VII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 7.1. Assignment by the Corporation. The Corporation's rights under this Lease, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease have been pledged and assigned to the Trustee pursuant to the Assignment Agreement, to which pledge and assignment the City hereby consents.

Section 7.2. Assignment and Subleasing by the City. This Lease may not be assigned by the City. The City may sublease the Leased Premises, or portion thereof, subject to all of the following conditions:

(a) This Lease and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City; and

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

(c) No such sublease by the City shall cause the Leased Premises to be used for a purpose other than as may be authorized under the provisions of the laws of the State; and

(d) The City shall furnish the Corporation and the Trustee with a written opinion of Special Counsel, stating that such sublease does not cause the interest represented by the Certificates to become subject to federal or State personal income taxes.

Section 7.3. Amendment of this Lease. The Corporation and the City may at any time amend or modify any of the provisions of this Lease with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; or (b) without the consent of the Trustee or any of the Certificate Owners, but only if such amendment or modification is for any one or more of the following purposes-

(i) to add to the covenants and agreements of the City contained in this Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Corporation and the City may deem necessary or desirable, provided that, in the opinion of Special Counsel, such modifications or amendments shall not materially adversely affect the interests of the Owners of the Certificates;

(iii) to amend any provision thereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by the Certificates under the Tax Code, in the opinion of Special Counsel;

(iv) to amend the description of the Leased Premises set forth in Exhibit A hereto, as permitted by Section 2.3 or Section 2.4, or otherwise to more precisely identify the Leased Premises originally intended to be leased hereunder; or

(v) to obligate the City to pay additional amounts of rental hereunder for the use and occupancy of the Leased Premises (other than as described in clause (v) above) provided that (A) such additional amounts of rental do not cause the total rental payments made by the City hereunder to exceed the fair rental value of the Leased Premises, as set forth in a certificate of the City filed with the Trustee and the Corporation, (B) the City shall have obtained and filed with the Trustee and the Corporation an appraisal of the Leased Premises showing that the estimated fair market value thereof is not less than the aggregate principal amount of the Outstanding Certificates and the aggregate principal components of such additional amounts of rental, and (C) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the construction or acquisition of land, facilities or other improvements which are authorized pursuant to the laws of the State.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default Defined. The following events shall be Events of Default hereunder:

(a) Failure by the City to pay any Lease Payment when due and payable hereunder.

(b) Failure by the City to pay any Additional Payment when due and payable hereunder, and the continuation of such failure for a period of ten (10) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder or under the Trust Agreement, other than as referred to in the preceding clause (a) or clause (b) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation or the Trustee; *provided, however,* if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Corporation and the Trustee shall not unreasonably withhold their consent to an extension of the period of time to remedy such failure if corrective action is instituted by the City within the applicable period and diligently pursued until such failure is corrected.

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

Section 8.2. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Corporation may exercise any and all remedies available pursuant to law or granted pursuant to this Lease; *provided, however,* that notwithstanding any contrary implication herein or in the Trust Agreement, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights of entry and re-entry upon the Leased Premises, and also, at its option, with or without such entry, may terminate this Lease; provided, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence of an Event of Default and notwithstanding any re-entry by the Corporation, the Corporation may commence an action for damages and the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease and the performance of all conditions herein contained and, in any event such rent and/or damages shall be payable to the Corporation at the time and in the manner as herein provided, to wit:

(a) The City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Premises, or, in the event the Corporation is unable to re-lease the Leased Premises, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Premises or the exercise of any other remedy by the Corporation.

(b) The City hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Premises in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Leased Premises to place such personal property in storage or other suitable place in the County of Sacramento, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Premises and the removal and storage of such personal property by the Corporation or its duly authorized agents in accordance with the provisions herein contained.

(c) The City hereby waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Leased Premises as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Premises and all claims for damages to or loss of any property belonging to the City that may be in or upon the Leased Premises.

(d) The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Premises in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

(e) The City further waives the right to any rental obtained by the Corporation in excess of the Lease Payments and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-leasing the Leased Premises.

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

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party, the Trustee or the Owner of any Certificates should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party, the Trustee or such owner, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

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

Section 8.6. Exercise of Rights. Such rights and remedies as are given to the Corporation under this Article VIII have been assigned by the Corporation to the Trustee pursuant to the Assignment Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Certificates solely as provided in the Trust Agreement, notwithstanding anything herein to the contrary.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Lease, the City may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Trust Agreement, is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit B, or (b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due pursuant to Section 3.4(a) or when due on any optional prepayment date pursuant to Section 9.2, as the City shall instruct at the time of said deposit. In the event of a security deposit pursuant to this Section with respect to all unpaid Lease Payments, and notwithstanding the provisions of Section 3.2, (a) the Term of this Lease shall cease, (b) all obligations of the City under this Lease, and all security provided by this Lease for said obligations, shall thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of the Lease Payments from such security deposit, and title to the Leased Premises shall vest in the City on the date of said deposit automatically and without further action by the City or the Corporation. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease. Upon said deposit, the Corporation will execute or cause to be executed any and all documents as may be necessary to confirm title to the Leased Premises in accordance with the provisions hereof. In addition, the Corporation hereby appoints the City as its agent to prepare, execute and file or record, in appropriate offices, such documents as may be necessary to place record title to the Leased Premises in the City.

Section 9.2. Optional Prepayment. The City shall have the right, on any date on which the Certificates are subject to optional prepayment pursuant to Section 4.01(a) of the Trust Agreement, to prepay the principal components of the Lease Payments from any source of legally available funds, in whole or in part in any integral multiple of an Authorized Denomination, and the Corporation agrees that the Trustee shall accept such prepayments when the same are tendered by the City. The amount to be prepaid by the City pursuant to this Section 9.2 shall be equal to the principal components of the Lease Payments to be prepaid, together with (a) the interest component of the Lease Payment required to be paid on such Lease Payment Date and (b) a premium equal to the amount of premium (if any) required to be paid upon the corresponding redemption of such Certificates under Section 4.01(a) of the Trust Agreement. Notwithstanding any such prepayment, as long as any Lease Payments or any Additional Payments remain unpaid, the City shall not be relieved of its obligations hereunder.

Section 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City shall be obligated to prepay the Lease Payments in whole or in part in any integral multiple of an Authorized Denomination, on any date on which the Certificates are subject to prepayment pursuant to Section 4.01(b) of the Trust Agreement, from and to the extent of any Net Proceeds of an insurance award or a condemnation award theretofore deposited in the Lease Payment Fund for such purpose pursuant to Article V hereof and Article VI of the Trust Agreement. The City and the Corporation hereby agree that such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the City's obligations under this Section 9.3.

Section 9.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Lease Payments in full under this Article IX, such that the Trust Agreement shall be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Lease Payment Fund shall be credited towards the amounts then required to be so prepaid.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth in Section 13.03 of the Trust Agreement, or by facsimile, at its number set forth in Section 13.03 of the Trust Agreement. Notice shall be effective either (a) upon transmission by facsimile, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The City, the Corporation, the Trustee or S&P may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Governing Law. This Lease shall be construed in accordance with and governed by the Constitution and laws of the State.

Section 10.3. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Corporation, the City and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 10.4. Severability of Invalid Provisions. If any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Lease and such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, and this Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Corporation and the City each hereby declares that it would have entered into this Lease and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Lease may be held illegal, invalid or unenforceable.

Section 10.5. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Lease. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 10.6. Net-net-net Lease. This Lease shall be deemed and construed to be a “net-net-net lease” and the City hereby agrees that the Lease Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.7. Execution of Counterparts. This Lease may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 10.8. Waiver of Personal Liability. No officer, agent or employee of the City shall be individually or personally liable for the payment of Lease Payments or Additional Payments or be subject to any personal liability or accountability by reason of this Lease; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law or by this Lease.

Section 10.9. Further Assurances. The City agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Corporation or the Trustee to carry out the intention or to facilitate the performance of this Lease, including, without limitation, to perfect and continue the security interests herein intended to be created.

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

CITY OF RANCHO CORDOVA,
as sublessee

By: ________________________________
Kim Juran,
Chief Financial Officer

RANCHO CORDOVA FINANCING CORPORATION, *as sublessor*

By: ________________________________
Kim Juran,
Treasurer

EXHIBIT A

LEGAL DESCRIPTION

The Leased Premises referred to herein consists of the real property and improvements thereon that is situated in the State of California, County of Sacramento, and is described as follows:

EXHIBIT B

SCHEDULE OF LEASE PAYMENTS

Lease Payment Date (Business Day Preceding each)	Principal Component	Interest Component	Total Lease Payment

TRUST AGREEMENT

Dated as of ______ 1, 2016

by and among

U.S. BANK NATIONAL ASSOCIATION,
as Trustee,

RANCHO CORDOVA FINANCING CORPORATION

and

CITY OF RANCHO CORDOVA

Relating to

Refunding Certificates of Participation
(City Hall and City Operations Facility Refunding)

$______________
Series 2016A

and

$_____________
Taxable Series 2016B

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TRUST AGREEMENT

This TRUST AGREEMENT (this "Trust Agreement"), dated as of __________ 1, 2016, is by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the "Trustee"), the RANCHO CORDOVA FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), and the CITY OF RANCHO CORDOVA, a municipal corporation organized and existing under the constitution and laws of the State of California (the "City");

W I T N E S S E T H :

WHEREAS, in order to finance and/or refinance the acquisition of certain capital improvements, the City has previously caused to be executed and delivered the (i) 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Taxable Series 2005B and (ii) the Refunding Certificates of Participation (City Hall Facility Acquisition Project) Series 2007A and Taxable Series 2007B; and

WHEREAS, the Taxable Series 2005B Certificates have previously been repaid in full and are no longer outstanding, while portions of the other three series of certificates of participation remain outstanding (such outstanding certificates, the "Prior Certificates"); and

WHEREAS, in order to provide funds to allow the City to refinance the Prior Certificates, the City has agreed to lease the real property and improvements, as more particularly described in Exhibit A to each of the Site Lease and Lease Agreement described herein (the "Leased Premises"), to the Corporation as provided in the Site Lease described herein, and has further agreed to sublease the Leased Premises back from the Corporation pursuant to the Lease Agreement described herein; and

WHEREAS, the City proposes to assign and transfer certain of its rights under the Lease Agreement to the Trustee and, in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver Refunding Certificates of Participation (City Hall and City Operations Facility Refunding), Series 2016A in the aggregate principal amount of $_________ and Taxable Series 2016B in the aggregate principal amount of $__________ (together, the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments to be paid by the City pursuant to the Lease Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; AUTHORIZATION; EXHIBITS

Section 1.01. Definitions. The terms defined in Exhibit A attached hereto and by this reference incorporated herein, as used and capitalized herein, shall, for all purposes of this Trust Agreement, have the meanings ascribed to them in said Exhibit A, unless the context clearly requires some other meaning.

Section 1.02. Interpretation.

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

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

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

Section 1.03. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.04. Exhibits. The following Exhibits are attached to, and by reference made a part of, this Trust Agreement:

Exhibit A: Definitions.

Exhibit B: Form of Certificate of Participation

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trustee is hereby authorized and directed upon written request from the Corporation to register, execute and deliver, to the Original Purchaser identified in such written request, 2016A Certificates in an aggregate principal amount of _________________ Dollars ($_____________) and Taxable 2016B Certificates in an aggregate principal amount of ______________ Dollars ($__________), evidencing direct, undivided fractional interests of the Owners thereof in the Lease Payments.

Section 2.02. Date; Payment of Interest. Each Certificate shall be dated ________, 2016, and interest represented thereby shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest represented thereby shall be payable from such Interest Payment Date; or (ii) it is executed after a Record Date and before the following Interest Payment Date, in which event interest represented thereby shall be payable from such Interest Payment Date; or (iii) it is executed before the close of business on the first Record Date, in which event interest with respect thereto shall be payable from __________ 15, 20__; *provided, however*, that if, as of the date of execution of any Certificate, interest represented by such Certificate is in default or interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates.

Section 2.03. Terms of Certificates. Principal represented by the Certificates shall be payable on February 1 in each of the respective years and in the respective amounts, and interest represented thereby shall be computed at the respective rates, as follows:

2016A Certificates

Maturity (Feb. 1)	Principal Amount	Interest Rate	Maturity (Feb. 1)	Principal Amount	Interest Rate
	$	%		$	%

2016B Certificates

Maturity (Feb. 1)	Principal Amount	Interest Rate	Maturity (Feb. 1)	Principal Amount	Interest Rate
	$	%		$	%

The Certificates shall be delivered in the form of fully registered Certificates without coupons in the authorized denominations of $5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The Certificates shall be assigned such alphabetical and numerical designation as shall be deemed appropriate by the Trustee.

Section 2.04. Payment of Certificates. Interest represented by the Certificates shall be payable on each Interest Payment Date, and shall represent the portion of Lease Payments designated as interest and coming due on such Interest Payment Date pursuant to the Lease Agreement. The share of the portion of Lease Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (calculated on the basis of a 360-day year of twelve 30-day months).

Interest represented by each Certificate shall be paid on each Interest Payment Date by check of the Trustee mailed on such Interest Payment Date by first class mail, postage prepaid, to the person appearing on the Registration Books as the Owner thereof as of the close of business on the preceding Record Date, at such Owner's address as it appears on the Registration Books; *provided, however,* that at the written request of the Owner of Certificates in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, interest represented by such Certificates shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request.

The principal and prepayment price represented by any Certificate at maturity or upon prior prepayment shall be payable in lawful money of the United States of America upon presentation and surrender of such Certificate at the Office of the Trustee.

Section 2.05. Form of Certificates. The Certificates shall be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein. The Certificates shall be delivered in printed, lithographed or engraved form, subject to the provisions of Section 2.11.

Section 2.06. Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized signatory of the Trustee. If any officer whose signature appears on any Certificate ceases to be such officer before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if the signatory had remained in office until such date. Any Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Certificate shall be the proper signatory of the Trustee.

Section 2.07. Transfer and Exchange.

(a) Transfer of Certificates. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his attorney duly authorized in writing upon surrender of such Certificate for cancellation at the Principal Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer any Certificate (i) during the period established for selection of Certificates for prepayment, or (ii) if such Certificates shall have been selected for prepayment.

(b) Exchange of Certificates. Certificates may be exchanged, upon surrender thereof, at the Principal Office of the Trustee for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. Whenever any Certificate or Certificates shall be surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange any Certificate (i) during the period established for selection of Certificates for prepayment, or (iii) if such Certificates shall have been selected for prepayment.

Section 2.08. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor, maturity and amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed in accordance with its retention policy then in effect, with a certificate of destruction furnished to the City. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to it shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor, maturity and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.08. Any Certificate executed and delivered under the provisions of this Section 2.08 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and fractionally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Certificate in exchange for a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured or has been called for prepayment, the Trustee may make payment with respect to such Certificate upon receipt of the aforementioned indemnity.

Section 2.09. Execution of Documents and Proof of Ownership.

(a) Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(i) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(ii) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of his holding the same shall be proved by the Registration Books.

(b) Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee pursuant to such request or consent.

Section 2.10. Registration Books. The Trustee shall keep or cause to be kept, at its Principal Office, sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times be open to inspection by the City, and the Corporation during regular business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as hereinbefore provided. The City, the Corporation, and the Trustee shall be entitled to treat the Owner of a Certificate as the absolute owner thereof for all purposes.

Section 2.11. Use of Depository for Certificates. Notwithstanding any provision of this Trust Agreement to the contrary:

(a) The Certificates shall be initially executed and delivered and registered in the name of "Cede & Co.", as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one Certificate for each maturity of the certificates. Registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the City, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the City that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the City that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the City and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.11, upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the City to the Trustee, a single new Certificate shall be executed and delivered for each maturity of such Certificate then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of the City. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.11, upon receipt of all Outstanding Certificates by the Trustee together with a written request of the City, new Certificates shall be executed and delivered in such denominations and registered in the names of such persons as are requested in a written request of the City provided the Trustee shall not be required to deliver such new Certificates within a period less than sixty (60) days from the date of receipt of such a written request of the City.

(c) In the case of partial prepayment of any Certificates evidencing all of the principal maturing in a particular year, The Depository Trust Company shall deliver the Certificates to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The City and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the absolute Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the City; and the City and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Certificates. Neither the City nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Certificate.

(e) So long as all Outstanding Certificates are registered in the name of Cede & Co. or its registered assign, (i) all payments of principal and interest represented by the Certificates shall be made in accordance with the letter of representations which is executed and delivered on the Closing Date among the City, the Trustee (if required by The Depository Trust Company) and The Depository Trust Company (the "Letter of Representations"), and (ii) the City and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and prepayment premium, if any, and interest due with respect to the Certificates by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due. Upon any such payment to Cede & Co., or its registered assign, of principal or prepayment premium, if any, or interest due with respect to an Outstanding Certificate, all liability with respect to the amount so paid shall be satisfied.

(f) So long as all Outstanding Certificates are registered in the name of Cede & Co. or its registered assign (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Certificates' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner and to the telephone numbers (in the case of notice by telecopy) and addresses as set forth in the Letter of Representations or to such other telephone numbers and addresses designated by the Owner to the Trustee.

(iii) The Owner shall in writing provide the Trustee with examples of signatures of those authorized to act on its behalf, which shall be subject to change and the Trustee shall accept direction in writing from such persons or their designated successors on behalf of the registered Certificate.

(g) Reference is hereby made to the Letter of Representations for certain actions by the City and the Trustee under specified circumstances.

ARTICLE III

APPLICATION OF PROCEEDS; TRANSFER OF FUNDS

Section 3.01. Application of Proceeds; Transfer of Funds The proceeds received by the Trustee from the sale of the Certificates in the aggregate amount of $________________, as to the 2016A Certificates, $________ (being an amount equal to the principal amount of the 2016A Certificates, less a net original issue discount of $_________ and less an underwriter's discount of $______), and, as to the 2016B Certificates, $________ (being an amount equal to the principal amount of the 2016B Certificates, less a net original issue discount of $________ and less an underwriter's discount of $_________), [add re wire to insurer if applicable] shall forthwith be set aside by the Trustee in the following respective funds and/or transferred as follows:

(a) The Trustee shall deposit the amount of $__________ in the Reserve Fund, constituting the full amount of the Reserve Requirement as of the Closing Date, and from such amount the Trustee shall deposit the amount of $_______ in the 2016A Reserve Fund Subaccount and $________ in the 2016B Reserve Fund Subaccount;

(b) The Trustee shall deposit the amount of $________ in the Costs of Issuance Fund [(provided that $_________ of such amount, representing the premium for the Insurance Policy, may be paid directly to the Insurer from the Original Purchaser)]; and

(c) The Trustee shall transfer the amount of $__________, constituting the remainder of the proceeds of the Certificates, to the Escrow Agent, to be deposited under the Escrow Agreement for the defeasance, payment and prepayment of the Prior Certificates.

Section 3.02. Costs of Issuance Fund. The Trustee shall establish a special fund designated as the "Costs of Issuance Fund"; shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as provided herein. There shall be deposited in the Costs of Issuance Fund the proceeds of sale of the Certificates required to be deposited therein pursuant to Section 3.01(b) and any other funds from time to time deposited with the Trustee for such purpose and identified in writing to the Trustee.

Amounts on deposit in the Costs of Issuance Fund shall be disbursed by the Trustee to pay the Costs of Issuance, upon a receipt by the Trustee from time to time of a Written Request, with bills, invoices or statements attached, setting forth the amounts to be disbursed for payment or reimbursement of Costs of Issuance and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Costs of Issuance properly chargeable to the Costs of Issuance Fund.

The Trustee shall be responsible for the safekeeping and investment (in accordance with Section 7.02) of the moneys held in the Costs of Issuance Fund and the payment thereof in accordance with this Section 3.02, but the Trustee shall not be responsible for such requisitions. The Trustee shall, however, be entitled to rely on the representations made in such requisitions without independent investigation.

Upon receipt by the Trustee of a Written Certificate stating that all Costs of Issuance have been paid, but in any event not later than __________ 1, 20__, the Trustee shall transfer any moneys then remaining in the Costs of Issuance Fund to the Lease Payment Fund. Thereupon, the Trustee shall close the Costs of Issuance Fund.

Section 3.03. [Reserved].

Section 3.04. Reserve Fund. The Trustee shall establish a special fund designated as the "Reserve Fund" to be held by the Trustee, separate and apart from all other funds and moneys held by it, in trust for the benefit of the City and the Owners of the Certificates, and applied solely as provided herein, and within the Reserve Fund, the Trustee shall establish two special subaccounts designated as the "2016A Reserve Fund Subaccount" and the "2016B Reserve Fund Subaccount". Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the City. All amounts on deposit in the Reserve Fund in excess of the Reserve Requirement, and all amounts derived from the investment of amounts in the Reserve Fund which are not required to be retained therein to maintain the Reserve Requirement, shall be transferred by the Trustee to the Lease Payment Fund on or before each Interest Payment Date. The subaccounts within the Reserve Fund are for accounting purposes only, all withdrawals and deposits to such subaccounts shall be on a pro-rata basis and no withdrawals or deposits to either subaccount have priority over the other subaccount.

If on any Interest Payment Date the moneys in the Lease Payment Fund do not equal the amount of the Lease Payment then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund (on a pro-rata basis with respect to moneys in the 2016A Reserve Fund Subaccount and the 2016B Reserve Fund Subaccount) to make such payments by transferring the amount necessary for this purpose to the Lease Payment Fund. Upon receipt of any delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment shall be deposited in the Reserve Fund to the extent of such advance.

If on any Interest Payment Date the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal, interest and prepayment premium, if any, represented by any Certificates theretofore having come due but not presented for payment) are sufficient to pay or prepay all Outstanding Certificates, including all principal, interest and prepayment premiums (if any) represented thereby, the Trustee shall, upon a Written Request, transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be applied for such purpose to the payment of the Lease Payments on behalf of the City. Any amounts remaining in the Reserve Fund on the date of payment in full, or provision for such payment as provided in Section 13.01, of all obligations represented by the Outstanding Certificates and upon all amounts then due and owing to the Trustee, shall, upon the Trustee's receipt of a Written Request, be withdrawn by the Trustee and applied towards such payment or paid to the City.

The City shall have the right at any time to cause the Trustee to release funds from the Reserve Fund, in whole or in part, by tendering to the Trustee: (1) a Qualified Reserve Fund Credit Instrument, and (2) an opinion of Special Counsel stating that such release will not, of itself, cause the portion of the Lease Payments designated as and comprising interest attributable to the 2016A Certificates to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, the Trustee shall transfer such funds from the Reserve Fund to the City. Prior to the expiration of any Qualified Reserve Fund Credit Instrument, the City shall be obligated either (a) to replace such Qualified Reserve Fund Credit Instrument with a new Qualified Reserve Fund Credit Instrument, or (b) to deposit

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or cause to be deposited with the Trustee an amount of funds such that the funds on deposit in the Reserve Fund, together with all Qualified Reserve Fund Credit Instruments held by the Trustee, is at least equal to the Reserve Requirement.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

Section 4.01. Prepayment.

(a) (i) *Optional Prepayment – 2016A Certificates*. The 2016A Certificates maturing on or after February 1, 20__, are subject to optional prepayment in whole or in part, on any date on or after February 1, 20__, from prepayments of the Lease Payments made at the option of the City pursuant to Section 9.2 of the Lease, at a prepayment price equal to the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

(ii) *Optional Prepayment – 2016B Certificates*. The 2016B Certificates maturing on or after February 1, 20__, are subject to optional prepayment in whole or in part, on any date on or after February 1, 20__, from prepayments of the Lease Payments made at the option of the City pursuant to Section 9.2 of the Lease, at a prepayment price equal to the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

(b) (i) *Prepayment From Net Proceeds of Insurance or Eminent Domain*. The Certificates are also subject to mandatory prepayment on any date, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments pursuant to Section 9.3 of the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

(c) *Sinking Fund Payment – 2016A Certificates.* The Term 2016A Certificates maturing on February 1, 20__ and February 1, 20__, are also subject to mandatory sinking fund payment by lot on February 1 in each year beginning February 1, 20__ and February 1, 20__, respectively, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term 2016A Certificates Maturing February 1, 20__

Prepayment Date (February 1)	Principal Amount of Term 2016A Certificates To Be Paid
	$
(maturity)	

Term 2016A Certificates Maturing February 1, 20__

Prepayment Date (February 1)	Principal Amount of Term 2016A Certificates To Be Paid
	$
(maturity)	

Notwithstanding the foregoing provisions of this subsection (c), in the event that some but not all of the Term 2016A Certificates have been prepaid pursuant to any of the preceding provisions of this Section 4.01, the aggregate principal amount of such Term 2016A Certificates to be prepaid in each year thereafter pursuant to this subsection (c) shall be reduced by the aggregate principal amount of such Term 2016A Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis as directed by the City in integral multiples of $5,000 such that the resulting amount of principal represented by such Term 2016A Certificates subject to prepayment on any date pursuant to this subsection (c) is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

(ii) *Sinking Fund Payment – 2016B Certificates.* The Term 2016B Certificates maturing on February 1, 20__ are also subject to mandatory sinking fund payment by lot on February 1 in each year beginning February 1, 20__, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term 2016B Certificates Maturing February 1, 20__

Prepayment Date (February 1)	Principal Amount of Term 2016B Certificates To Be Paid
	$
(Maturity)	

Notwithstanding the foregoing provisions of this subsection (c), in the event that some but not all of the Term 2016B Certificates have been prepaid pursuant to any of the preceding provisions of this Section 4.01, the aggregate principal amount of such Term 2016B Certificates to be prepaid in each year thereafter pursuant to this subsection (c) shall be reduced by the aggregate principal amount of such Term 2016B Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis as directed by the City in integral multiples of $5,000 such that the resulting amount of principal represented by such Term 2016B Certificates subject to prepayment on any date pursuant to this subsection (c) is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

Section 4.02. Selection of Certificates for Prepayment. Whenever provision is made in this Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, the Trustee shall select Certificates for prepayment among series and maturities designated by the City in any manner as directed by the City, and by lot within a maturity. For the purposes of such selection, Certificates shall be deemed to be composed of $5,000 portions, and any such portion may be separately prepaid. The Trustee shall promptly notify the City and the Corporation in writing of the Certificates or portions thereof so selected for prepayment.

Section 4.03. Notice of Prepayment. When prepayment is authorized or required pursuant to Section 4.01, the Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the City. Such notice shall state the mailing date, the Trustee's name and address, the date of issue, the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates are to be called for prepayment, shall designate the CUSIP numbers, the Certificate numbers, and the amounts of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment, and shall require that such Certificates be surrendered on the prepayment date at the Office of the Trustee for prepayment at said prepayment price, giving notice also that further interest represented by the Certificates will not accrue from and after the prepayment date. Such notice shall further state that on the prepayment date there shall become due and payable, the principal and premium, if any, represented by each Certificate together with accrued interest represented thereby to said date, and that from and after such date interest represented thereby shall cease to accrue and be payable.

Notice of such prepayment shall be mailed by first class mail with postage prepaid, to the Securities Depositories and to the Municipal Securities Rulemaking Board (MSRB), and to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least thirty (30) days but not more than sixty (60) days prior to the prepayment date. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid; *provided, however,* that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

The City has the right to rescind any notice of the optional prepayment of Certificates under Section 4.01(a) by written notice to the Trustee on or prior to the dated fixed for prepayment. Any notice of optional prepayment shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation shall not constitute an Event of Default. Neither the City, the Corporation nor the Trustee have no liability to the Owners or any other party related to or arising from such rescission of prepayment. The Trustee shall mail notice of such rescission of prepayment to the respective Owners of the Certificates designated for prepayment at their respective addresses appearing on the Registration Books, and to the Securities Depositories and the Municipal Securities Rulemaking Board (MSRB).

Section 4.04. Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

Section 4.05. Effect of Notice of Prepayment. Moneys for the prepayment (including acrrued interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Principal Office of the Trustee, said Certificates shall be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, and shall be held by the Trustee in cash uninvested.

All Certificates paid at maturity or prepaid prior to maturity shall be cancelled upon surrender thereof and destroyed in accordance with the Trustee's retention policy then in effect.

Section 4.06. Purchase of Certificates. In lieu of prepayment of Certificates as provided in this Article IV, amounts held by the Trustee for such prepayment shall, upon receipt of a Written Request at least 90 days before the date of prepayment of the Certificates, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment.

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01. Assignment of Rights in Lease. The Corporation has, in the Assignment Agreement, transferred, assigned and set over to the Trustee certain of its rights in the Lease, including but not limited to all of the Corporation's rights to receive and collect all of the Lease Payments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease or pursuant hereto. All Lease Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee, and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund.

Section 5.02. Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the City and the Owners of the Certificates. So long as any Certificates are Outstanding, neither the City nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee (except as provided in Section 3.04), including any moneys received by the Trustee for deposit therein pursuant to Sections 4.01(a) or 5.01 or pursuant to Article VI hereof, or Article IX of the Lease, and any other moneys required to be deposited therein pursuant to the Lease or pursuant to this Trust Agreement.

Section 5.04. Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and prepayment premiums (if any) represented by the Certificates as the same shall become due and payable, in accordance with the provisions hereof.

Section 5.05. Surplus. Any surplus remaining in the Lease Payment Fund, after prepayment and payment of all Certificates, including premiums and accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE VI

INSURANCE AND CONDEMNATION FUND; APPLICATION OF INSURANCE AND EMINENT DOMAIN PROCEEDS

Section 6.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award.

(a) Any Net Proceeds of insurance against accident to or destruction of any part of the Leased Premises collected by the City in the event of any such accident or destruction shall be paid to the Trustee by the City pursuant to Section 5.2(a) of the Lease and deposited by the Trustee promptly upon receipt thereof in a special fund to be established when deposits are required to be made therein and designated as the "Insurance and Condemnation Fund."

(b) Within ninety (90) days following the date of such deposit, the City shall determine and notify the Trustee in writing of its determination either (i) that the replacement, repair, restoration, modification or improvement of the Leased Premises is not economically feasible or in the best interest of the City, or (ii) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Premises. Notwithstanding the foregoing, in the event that the Net Proceeds, together with other available funds then held by the Trustee for such purpose, are insufficient to prepay Certificates pursuant to Section 4.01(b) in an aggregate principal amount such that the Lease Payments which are payable following such prepayment will not be subject to abatement pursuant to Section 5.3 of the Lease, the City shall be obligated to apply such Net Proceeds to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Premises.

(c) In the event the City's determination is as set forth in clause (i) of paragraph (b) above, such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund, for prepayment of Lease Payments pursuant to Section 9.3 of the Lease and applied to the prepayment of Certificates as provided in Section 4.01(b); *provided, however,* that in the event of damage or destruction of the Leased Premises in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments allocable to the Leased Premises pursuant to Section 9.3 of the Lease; *provided further, however*, that in the event of damage or destruction of the Leased Premises in part, such Net Proceeds may be transferred to the Lease Payment Fund and applied to the prepayment of Lease Payments only if the resulting Lease Payments represent fair consideration for the remaining portions of the Leased Premises, evidenced by a Written Certificate delivered to the Trustee.

(d) In the event the City's determination is as set forth in clause (ii) of paragraph (b) above or in Section 6.02(b) below, Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Premises by the City, and disbursed by the Trustee upon receipt of a Written Request stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. The Trustee shall not be responsible for such requisitions and may conclusively rely thereon. Any balance of the Net Proceeds remaining after such work has been completed and a certificate of completion has been delivered by the City to the Trustee, shall be paid to the City.

Section 6.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Leased Premises shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 5.2(b) of the Lease and shall be applied and disbursed by the Trustee as follows:

(a) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease, and (ii) such proceeds are not needed for repair or rehabilitation of the Leased Premises, the City shall so certify to the Trustee and the Trustee, upon receipt of a Written Request, shall transfer such proceeds to the Lease Payment Fund for the prepayment of the Lease Payments pursuant to Section 9.3 of the Lease and applied to the prepayment of Certificates in the manner provided in Section 4.01(b).

(b) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Leased Premises, the City shall so certify to the Trustee and the Trustee, upon receipt of a Written Request, shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation, in accordance with Section 6.01(d).

(c) If (i) less than all of the Leased Premises shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease or (ii) all of the Leased Premises shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be applied to the prepayment of the Lease Payments pursuant to Section 9.3 of the Lease and applied to the prepayment of Certificates in the manner provided in 4.01(b).

(d) In making any determination under this Section 6.02, the City may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be sent to the Trustee. Any such determination by the City shall be final.

Section 6.03. Cooperation. The Corporation and the Trustee shall cooperate fully with the City, at the expense of the City, in filing any proof of loss with respect to any insurance policy maintained pursuant to Article IV of the Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Premises or any portion thereof. The Trustee shall not be obligated to join in such action if it believes it will be exposed to liability or has not been indemnified to its satisfaction from any loss, liability or expense including, but not limited to, attorneys fees.

ARTICLE VII

MONEYS IN FUND; INVESTMENT

Section 7.01. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the City and the Owners of the Certificates, in accordance with the terms hereof, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee or the City or any Owner of Certificates, except as provided in this Trust Agreement.

Section 7.02. Investments Authorized.

(a) Moneys held by the Trustee hereunder shall, upon a Written Request received by the Trustee at least two Business Days prior to the making of an investment, be invested and reinvested by the Trustee in Permitted Investments held in the name of the Trustee. If no such Written Request is received, the Trustee shall hold such moneys uninvested. Such investments, if registrable, shall be registered in the name of and held by the Trustee or its nominee, as trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 7.02. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as principal or agent in the making or disposing of any investment.

(b) The Trustee may, in its sole discretion, commingle any of the funds held by it pursuant to this Trust Agreement into a separate fund or funds for investment purposes only, *provided, however*, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 7.03. Accounting. The Trustee shall furnish to the City, at least monthly, an accounting which may be in the form of its customary accounting statements of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Trust Agreement.

The Trustee or any of its affiliates may act as sponsor or advisor in connection with any Permitted Investments.

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

Section 7.04. Allocation of Earnings. All income or profit on any investments of funds held by the Trustee under the Trust Agreement shall be deposited in the respective funds from which such investments were made. Amounts retained or deposited in the Lease Payment Fund shall be applied as a credit against the Lease Payment due by the City pursuant to the Lease on the Lease Payment Date following the date of deposit.

Section 7.05. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 7.05, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement related to the 2016A Certificates, or otherwise containing gross proceeds of the 2016A Certificates (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Trust Agreement or the Tax Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at their present value (within the meaning of Section 148 of the Tax Code).

ARTICLE VIII

THE TRUSTEE

Section 8.01. Appointment of Trustee. Other than the Trustee initially appointed, which appointment is hereby confirmed, the Corporation and the City agree that they will maintain a Trustee which shall have (or, in the case of a commercial bank with trust powers or a trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least Fifty Million Dollars ($50,000,000), and subject to supervision or examination by federal or State authority, so long as any Certificates are Outstanding. If such commercial bank with trust powers or a trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 8.01, the combined capital and surplus of such commercial bank with trust powers or a trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.01, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.04.

The Trustee is hereby authorized and directed, and the Trustee hereby agrees, to pay the Certificates when duly presented for payment, at maturity or on prepayment, and to cancel all Certificates upon payment thereof. The Trustee shall keep records in accordance with industry standards of all funds administered by it and of all Certificates paid and discharged. The Trustee shall have the right to create from time to time such accounts and subaccounts as it shall deem necessary or advisable to enable it to carry out its obligations hereunder. The Trustee shall be compensated by the City for its services rendered pursuant to the provisions of this Trust Agreement.

Section 8.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Trust Agreement and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

No provision in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Trustee shall not be responsible for any recital herein, in the Assignment Agreement or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates delivered hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Corporation or the City under the Lease.

The Trustee shall not be accountable for the use of any Certificates delivered hereunder or the proceeds thereof. The Trustee, in its individual or any other capacity, may become the Owner or pledgee of Certificates secured hereby with the same rights which it would have if it were not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in principal amount of the Certificates then Outstanding.

In the absence of bad faith on its part, the Trustee shall be protected in acting or refraining from acting upon any notice, request, consent, requisition, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper person or persons and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may, in the absence of bad faith on its part, accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the City, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates executed and delivered in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee.

As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by a Corporation Representative or a City Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient but may, at its discretion, secure such further evidence deemed necessary or advisable but shall in no case be bound to secure the same. The Trustee may accept a certificate of a Corporation Representative or a City Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation or the City, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default except failure by the City to make any of the Lease Payments to the Trustee required to be made by the City pursuant to the Lease or failure by the Corporation or the City to file with the Trustee any document required by this Trust Agreement or the Lease to be so filed subsequent to the delivery of the Certificates, unless the Trustee shall be specifically notified in writing of such default by the Corporation, the City or by the Owners of at least five percent (5%) in aggregate principal amount of Certificates then Outstanding. All notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

Notwithstanding anything elsewhere in this Trust Agreement with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Trust Agreement, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition so that by the terms hereof required as a condition of such action, by the Trustee deemed desirable for the purpose of establishing the right of the City to the withdrawal of any cash, or the taking of any other action by the Trustee.

All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall have no liability for interest on any money received, except as may be agreed upon with the City.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

Before taking any action under Article XII or this Section 8.02 at the request or direction of the Certificate Owners, the Trustee may require that an indemnity bond or other indemnity satisfactory to the Trustee be furnished to the Trustee by the Certificate Owners for the reimbursement of all fees and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

The Trustee shall not be accountable for the use or application by the City or the Corporation or any other party of any funds which the Trustee has released in accordance with the terms of this Trust Agreement.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City or the Corporation of the Leased Premises. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease or this Trust Agreement for the existence, furnishing or use of the Leased Premises.

The Trustee makes no representations as to the validity or sufficiency of the Certificates and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall not be responsible for the validity or sufficiency of the Lease or the assignment under the Assignment Agreement. The Trustee shall not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease (except as provided in this Trust Agreement), its right to receive moneys pursuant to the Lease, or the value of or title to the premises upon which the Leased Premises is located or the Leased Premises. The Trustee makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Certificates.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the City or the Corporation having any claim against the Trustee arising from this Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein.

The Trustee shall not be personally liable, in case of entry by it or the Corporation upon the Leased Premises, for debts contracted or liabilities or damages incurred in the management or operation of the Leased Premises by the Corporation or it.

Whether or not therein expressly so provided, every provision of this Trust Agreement and the Assignment Agreement relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article VIII.

The Trustee shall not be under any duty to check or verify any financial or other statements or reports furnished pursuant to any provision hereof, or to check, verify or compare any of such statements or reports previously or subsequently furnished, and shall be under no other duty in respect to the same.

The Trustee is authorized and directed to execute in its capacity as Trustee hereunder the Assignment Agreement.

Notwithstanding any other provision of this Trust Agreement, in determining whether the rights of the Certificate Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Certificate Owners as if there were no Insurance Policy.

Section 8.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to (and the City shall pay to the Trustee) payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, if any, including interest on all such advances at its (or its banking affiliates) prime rate then in effect, plus two percent, counsel fees (including expenses), fees and expenses of independent appraisers, accountants, consultants, agents and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, including but not limited to advances to any such fees and expenses and, in the Event of Default, the Trustee shall have a first and prior lien on the funds held hereunder to secure the same; *provided, however*, that in no event shall the Trustee have a lien on premiums paid in connection with an optional prepayment of Certificates. The Trustee's rights hereunder, including its rights under Section 11.03, shall survive its resignation or removal and final payment of the Certificates.

Section 8.04. Removal of Trustee. The City and the Corporation may by written agreement between themselves so long as no Event of Default shall have occurred and be continuing, or the Owners of a majority in aggregate principal amount of all Certificates Outstanding may by written request, at any time and for any reason, remove the Trustee and any successor thereto, and shall thereupon appoint a successor or successors thereto.

The Trustee may at any time resign by giving written notice to the City and the Corporation and by giving to the Certificate Owners notice by mailing such notice to the registered owners of the Certificates. Upon receiving such notice of resignation, the City shall promptly, appoint a successor Trustee by an instrument in writing, *provided, however*, that in the event that the City has not appointed a successor Trustee who has accepted its appointment within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Section 8.05. Appointment of Agent. The Trustee may appoint an agent to exercise any of the powers, rights or remedies granted to the Trustee under this Trust Agreement, and to hold title to property or to take any other action which may be desirable or necessary.

Section 8.06. Merger or Consolidation. Any company, corporation or association into which the Trustee may be merged or converted, or with which it may be consolidated, or any company, corporation or association resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be eligible under Section 8.01) shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 8.07. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to this Article VIII, the City shall promptly appoint a successor Trustee. In the event the City shall, for any reason whatsoever, fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in Section 8.04 or within thirty (30) days following the receipt of notice by the City pursuant to Section 8.04, the Trustee may apply to a court of competent jurisdiction at the expense of the City for the appointment of a successor Trustee meeting the requirements of Section 8.01. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the City purporting to appoint a successor Trustee following the expiration of such thirty (30) day period.

Section 8.08. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also the Corporation and the City an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the City, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Upon such acceptance, the City shall mail, or cause the mailing of, notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article VIII, shall be filed or recorded by the successor Trustee in each recording office where the Assignment Agreement shall have been filed or recorded.

ARTICLE IX

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 9.01. Amendments Permitted. This Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 9.03, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

This Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement without the consent of any such Owners, but only to the extent permitted by law and only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein or therein and which shall not adversely affect the interests of the Owners of the Certificates, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable, (4) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest with respect to the 2016A Certificates; (5) to the extent necessary to obtain a rating with respect to the Certificates from Moody's or S&P, or both; (6) to substitute the Leased Premises in accordance with the provisions of the Lease; (7) to add to the rights of the Trustee; provided that no such amendment shall, in the opinion of Special Counsel delivered to the Corporation, the City and the Trustee, materially adversely affect the interests of the Owners of the Certificates or shall impair the right of any Owner to receive, in any case, such Owner's fractional share of any Lease Payment in accordance with such Owner's Certificate. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be.

Section 9.02. Procedure for Amendment with Written Consent of Certificate Owners. This Trust Agreement and the Lease may be amended by supplemental agreement as provided in this Section 9.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 9.01 (subject to Section 13.13). A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Certificate at his address as set forth on the Registration Books, but failure to receive copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section 9.02 provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 9.03) (subject to Section 13.13) and a notice shall have been mailed as hereinafter provided in this Section 9.02. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.08. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter provided in this Section 9.02 has been mailed. Any revocation received after such notice has been mailed shall be of no effect.

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section 9.02 for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section 9.02 (but failure to receive copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 9.02 to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of sixty (60) days after such mailing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 9.03. Disqualified Certificates. Certificates owned or held by or for the account of the City or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with the City (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement.

Section 9.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article IX, this Trust Agreement or the Lease, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Lease, as the case may be, for any and all purposes.

The Trustee may require each Certificate Owner, before his consent provided for in this Article IX shall be deemed effective, to reveal whether the Certificates as to which such consent is given are disqualified as provided in Section 9.03.

Section 9.05. Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand on the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for the purpose at the Principal Office of the Trustee, a suitable notation shall be made on such Certificate. The Trustee may determine that the delivery of substitute Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owners' action, which substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand on the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Principal Office of the Trustee, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

Section 9.06. Amendatory Endorsement of Certificates. The provisions of this Article IX shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him.

ARTICLE X

COVENANTS

Section 10.01. Compliance With and Enforcement of Lease. The City covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease.

The City will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease by the Corporation thereunder. The Corporation and the City, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Leased Premises, which may or can in any manner affect such estate of the City, will deliver the same, or a copy thereof, to the Trustee.

Section 10.02. Observance of Laws and Regulations. The City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a city, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 10.03. Prosecution and Defense of Suits. The Corporation and the City shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Premises, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 10.04. Recordation and Filing. The City shall record and file, or cause to be recorded and filed, the Site Lease, the Lease (or a memorandum thereof), the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 10.05. Further Assurances. The Corporation and the City will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Lease, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

Section 10.06. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee, at the request of any Participating Underwriter the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, to the extent indemnified to its satisfaction, or any holder or beneficial owner of the Certificates may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 10.07. Satisfaction of Conditions Precedent. The City hereby certifies, recites and declares that all acts, conditions and things required by the constitution and statutes of the State of California, the Lease and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

ARTICLE XI

LIMITATION OF LIABILITY

Section 11.01. Limited Liability of City. Except for the payment of Lease Payments and Additional Payments when due in accordance with the Lease and the performance of the other covenants and agreements of the City contained in the Lease and this Trust Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth herein.

Section 11.02. No Liability for Trustee Performance. Neither the City nor the Corporation shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 11.03. Indemnification. The City agrees to indemnify and save the Trustee, its officers, employees, directors and agents, harmless from and against all claims, suits and actions brought against them, or any of them, or to which they, or any of them, are made a party, and from all losses and damages suffered by them as a result thereof, including, but not limited to, attorneys fees and expenses, including where and to the extent such claim, suit or action arises out of the actions of any party to this Trust Agreement including but not limited to the ownership, operation or use of the Leased Premises by the City. Such indemnification shall not extend to claims, suits and actions brought against the Trustee arising out of any such party's negligence or willful misconduct. In the event the City is required to indemnify the Trustee, as herein provided, the City shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity. The obligations of the City under this paragraph shall survive the discharge of this Trust Agreement and the Certificates and the resignation or removal of the Trustee under this Trust Agreement.

Section 11.04. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the City, the Corporation, the Trustee, and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Corporation, the Trustee and said Owners.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

Section 12.01. Assignment of Rights. Pursuant to the Assignment Agreement the Corporation has transferred, assigned and set over to the Trustee certain of the Corporation's rights under the Lease, including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation pursuant to the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 12.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and to the extent indemnified to its satisfaction upon request of the Owners as provided in Section 8.2 of the Lease shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease; *provided, however*, that notwithstanding anything herein or in the Lease to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates.

Section 12.03. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XII or Article VIII of the Lease or otherwise shall be applied by the Trustee in the order following upon presentation of the several Certificates, and the execution and delivery of new Certificates if only partially paid, or upon the surrender thereof if fully paid -

> *First*, to the payment of the fees, costs and expenses of the Trustee and of the Certificate Owners in declaring such Event of Default (although the Trustee shall have no claim to amounts for the payment of premiums upon an optional prepayment), including reasonable compensation to its or their agents, attorneys and counsel; and
>
> *Second*, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at a rate per annum equal to the rate then payable with respect to the Certificates to the extent permitted by law (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 12.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee, in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 12.05. Non-waiver. Nothing in this Article XII or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the City to pay or prepay the Lease Payments in accordance with and subject to the terms and provisions of the Lease, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XII to the Trustee or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 12.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 12.07. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Certificates Outstanding.

Section 12.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of at least twenty-five percent (25%) in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 12.08 or any other provision of this Trust Agreement.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Defeasance. If and when all Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) with respect to all Certificates Outstanding, as and when the same become due and payable; or

(b) by depositing with the Trustee or other fiduciary, security for the payment of Lease Payments as more particularly described in Section 9.1 of the Lease, said security to be held by the Trustee or other fiduciary to be applied by the Trustee to pay or prepay the Lease Payments as the same become due, pursuant to Section 9.1 of the Lease,

notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the City with respect to all Outstanding Certificates shall cease and terminate, except only the obligation to pay or cause to be paid, from funds deposited pursuant to paragraph (b) of this Section 13.01, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraph (b), the Certificates shall continue to represent direct and proportionate interests of the Owners thereof in Lease Payments under the Lease.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (a) or (b) of this Section 13.01, which are not required for the payment to be made to Owners or for any outstanding fees and expenses of the Trustee, shall be paid over to the City.

Section 13.02. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the City, the Corporation and any Owner, or the agent of any of them, at any time during regular business hours with reasonable prior notice.

Section 13.03. Notices.

(a) All written notices to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon actual receipt:

If to the City:	City of Rancho Cordova 2729 Prospect Park Drive Rancho Cordova, California 95670 Attention: Chief Financial Officer

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If to the Corporation: Rancho Cordova Financing Corporation
2729 Prospect Park Drive
Rancho Cordova, California 95670
Attention: Treasurer

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Corporate Trust Department

[[If to Insurer: _______________
____
____
____
Attention: _______________]]

Section 13.04. Payment Procedure Under Insurance Policy. [To come, if applicable]

Section 13.05. Rights of Insurer. [To come, if applicable]

Section 13.06. Parties Interested Herein. Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Corporation, the Trustee, and the Certificate Owners, any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Corporation, the Trustee and the Certificate Owners.

Section 13.07. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 13.08. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Corporation, the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Corporation, the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.09. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 13.10. Destruction of Canceled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the City of any Certificates, the Trustee may, in lieu of such cancellation and delivery, destroy such Certificates as may be allowed by law and deliver a certificate of such destruction to the City, unless otherwise requested in a Written Request.

Section 13.11. Unclaimed Moneys. Notwithstanding any provisions of this Trust Agreement, any moneys held by the Trustee in trust for the payment of the principal or prepayment price, or interest with respect to, any Certificates appertaining thereto and remaining unclaimed for one (1) year after the date such principal or prepayment price or interest with respect to any of the Certificates become due and payable (whether at maturity or upon call for prepayment as provided in this Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when the principal or prepayment price, or interest with respect to any of the Certificates became due and payable, shall be repaid to the City, free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the City as aforesaid, the Trustee shall (at the cost of the City) first mail to the Owners of any Certificate which has not been paid at the addresses shown on the Registration Books maintained by the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

Section 13.12. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.13. Severability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

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IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

CITY OF RANCHO CORDOVA

By: ___________________________________
Chief Financial Officer

RANCHO CORDOVA FINANCING CORPORATION

By ___________________________________
Treasurer

U.S. BANK NATIONAL ASSOCIATION, *as Trustee*

By: ___________________________________
Vice President

EXHIBIT A

DEFINITIONS

"Additional Payments" means the payments required to be made pursuant to and as described in Section 3.7 of the Lease.

"Assignment Agreement" means the Assignment Agreement, dated as of __________ 1, 2016, by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

"Corporation" means the Rancho Cordova Financing Corporation, a nonprofit corporation organized and existing under the laws of the State.

"Authorized Denomination" means the amount of $5,000 or any integral multiple thereof.

"Corporation Representative" means the President, the Executive Director, the Assistant Executive Director, the Treasurer or any other person authorized by resolution of the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to the Trust Agreement, the Site Lease, the Lease, and the Assignment Agreement.

"Business Day" means a day other than a Saturday, a Sunday or a day on which banks in the city in which the principal office of the Trustee is located are authorized or obligated by law or executive order to close.

"Certificates" means, collectively, the 2016A Certificates and the 2016B Certificates.

"City" means the City of Rancho Cordova, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State.

"City Representative" means the Mayor, City Manager, the Assistant City Manager, Chief Financial Officer, Administrative Services Director or any other person authorized by resolution of the City Council to act on behalf of the City under or with respect to the Trust Agreement, the Lease and the Site Lease.

"Closing Date" means _____________, the date upon which there is physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate (or agreement) executed by the City and dated the date of execution and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Corporation or the City and related to the authorization, execution, sale and delivery of the Certificates, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of the Trustee, consultants and professionals, rating agency fees, title insurance premiums, Certificate insurance premiums, fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.02.

"Escrow Agent" means Wells Fargo Bank, National Association, as escrow agent for the Prior Certificates.

"Escrow Agreement" means the Escrow Agreement by and among the Escrow Agent, the City and the Corporation, dated _________, 2016 relating to the defeasance, payment and prepayment of the Prior Certificates.

"Event of Default" means an event of default under the Lease, as defined in Section 8.1 of the Lease.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Year" means the twelve-month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the City.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.01.

["Insurance Policy" means the ____________.]

["Insurer" means _____________, and, its successors and assigns, as issuer of the Insurance Policy.]

"Interest Payment Date" means with respect to any Certificate, each February 1 and August 1, commencing __________ 1, 20____, to and including the date of maturity or prepayment of such Certificate.

"Lease" means the Lease Agreement, dated as of __________ 1, 2016, by and between the Corporation, as sublessor, and the City, as sublessee, together with any duly authorized and executed amendments thereto.

"Lease Payment Date" means the Business Day preceding each Interest Payment Date.

"Lease Payment Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.02.

"Lease Payments" means all payments required to be paid by the City pursuant to Section 3.4 of the Lease, including any prepayment thereof pursuant to Article IX of the Lease.

"Leased Premises" means the land and improvements described in Exhibit A attached to the Lease from time-to-time, including following any substitution pursuant to Section 2.3 of the Lease.

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

"Net Proceeds" means any insurance proceeds or condemnation award, paid with respect to the Leased Premises, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Original Purchaser" means Piper Jaffray & Co., as the first purchaser of the Certificates.

"Outstanding," when used with reference to the Certificates and as of any particular date, means all Certificates theretofore delivered except: (a) any Certificate canceled by the Trustee or surrendered for cancellation at or before said date, (b) Certificates for the payment or prepayment of which funds or eligible securities in the necessary amount, including accrued interest represented thereby, shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice shall have been given as provided in Section 4.03, or provision satisfactory to the Trustee shall have been made for the giving of such notice, and (c) any Certificate in lieu of, in substitution for or in exchange for which another Certificate shall have been delivered pursuant to the Trust Agreement.

"Owner" when used with respect to a Certificate means the person in whose name the ownership of such Certificate shall be registered on the Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Encumbrances" means, as of any particular time: (i) the Site Lease, the Lease and the Assignment Agreement; (ii) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of the Lease, permit to remain unpaid; (iii) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law, provided that either the City or the Corporation diligently proceeds to remove such right or claim of record; (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which the City certifies in writing will not materially impair the use of the Leased Premises or to which the Corporation and the City consent in writing; and (v) the exceptions disclosed in the title insurance policy with respect to the Leased Premises issued as of the Closing Date by Stewart Title Company of California, Inc. (or its affiliate).

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) obligations of any federal agency which either (i) represent full faith and credit of the United States of America, or (ii) are rated "AA" or better by S&P;

(c) U.S. dollar denominated deposit accounts federal funds and banker's acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "A" or better by S&P, maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;

(d) commercial paper which is rated at the time of purchase in the single highest classification, "A" or better by S&P, and which matures not more than 270 calendar days after the date of purchase;

(e) investments in a money market fund, including those of an affiliate of the Trustee, rated in the highest short-term rating category by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services;

(f) investment agreements with financial institutions whose long-term general credit rating is A or better from S&P, by the terms of which the Trustee may withdraw funds if such rating falls below "A";

(g) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee; and

(h) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

"Principal Office" means, with respect to the Trustee, the office of the Trustee in San Francisco, California, or additional offices as may be specified in writing to the Corporation, and the City by the Trustee, as designated by the Trustee.

"Prior Certificates" means the (a) 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and (b) the Refunding Certificates of Participation (City Hall Facility Acquisition Project) Series 2007A and Taxable Series 2007B.

"Qualified Reserve Fund Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 3.04; *provided, however*, that all of the following requirements are met: (a) at the time of issuance, the long-term credit rating of such bank or insurance company is within the two highest Rating Categories by Moody's or S&P; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 3.04; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Lease Payment Fund for the purpose of making payments required pursuant to Section 3.04.

"Rating Category" means any generic rating category of a rating agency, without regard to any refinement of such category by plus or minus sign or by numerical or other qualifying designation.

"Record Date" means with respect to any Interest Payment Date except a payment of defaulted interest, the date which is the fifteenth (15th) day of the calendar month preceding each Interest Payment Date.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.10 for registration and transfer of ownership of the Certificates.

"Rental Period" means each period commencing on February 1 in each year during the Term of this Lease and ending on the next succeeding January 31, both dates inclusive; except that the first Rental Period for the Leased Premises shall be the period commencing on the date of recordation of this Lease and ending on January 31, 20__.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

"Reserve Requirement" means as of any date of calculation the least of (a) maximum annual debt service on the Outstanding Certificates; (b) 125% of average annual debt service; or (c) ten percent (10%) of the original principal amount of the Certificates.

"S&P" means S&P Global Ratings, its successors and assigns.

"Securities Depositories" means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City designates in written notice filed with the Trustee.

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

"Special Counsel" means an attorney or a firm of attorneys, acceptable to the City, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"State" means the State of California.

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

"Term Certificates" means the Certificates maturing on February 1, 20__ and February 1, 20___, as to the 2016A Certificates, and February 1, 20__, as to the 2016B Certificates.

"Term of the Lease" means the time during which the Lease is in effect, as provided in the Lease.

"Trust Agreement" means the Trust Agreement, dated as of __________ 1, 2016, by and among the City, the Corporation and the Trustee, together with any amendments or supplements hereto permitted to be made thereunder.

"Trustee" means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor and assigns under the provisions of this Trust Agreement.

"2016A Certificates" means the $_________ aggregate principal amount of Refunding Certificates of Participation (City Hall and City Operations Facility Refunding) Series 2016A, executed and delivered pursuant to this Trust Agreement.

"2016A Reserve Fund Subaccount" means the subaccount to the Reserve Fund by that name established and held by the Trustee pursuant to Section 3.04.

"2016B Certificates" means the $__________ aggregate principal amount of Refunding Certificates of Participation (City Hall and City Operations Facility Refunding) Taxable Series 2016B, executed and delivered pursuant to this Trust Agreement.

"2016B Reserve Fund Subaccount" means the subaccount to the Reserve Fund by that name established and held by the Trustee pursuant to Section 3.04.

"Written Certificate" or "Written Request" of the City mean, respectively, a certificate or request executed by a City Representative.

EXHIBIT B

FORM OF CERTIFICATE OF PARTICIPATION

Form of Series 2016A Certificate:

No. R- *****$________*****

REFUNDING CERTIFICATE OF PARTICIPATION
(CITY HALL AND CITY OPERATIONS FACILITY REFUNDING)
SERIES 2016A

Evidencing the Direct, Undivided Fractional Interest of the Owner Hereof in Lease Payments to be Made by the

CITY OF RANCHO CORDOVA
to the
RANCHO CORDOVA FINANCING CORPORATION

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
_____%		______, 2016	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: *** Dollars***

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (the "Certificate" or the "2016A Certificate") is the owner of a direct, undivided fractional interest in lease payments (the "Lease Payments") payable under the Lease Agreement, dated as of __________ 1, 2016 (the "Lease"), by and between the RANCHO CORDOVA FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), as sublessor, and the CITY OF RANCHO CORDOVA, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), as sublessee, with respect to certain land and existing improvements which are used for the municipal purposes of the City (the "Leased Premises"). The Lease Payments and certain other rights and interests under the Lease have been assigned to U.S. Bank National Association, as trustee (the "Trustee"), having a corporate trust office in the locations described in the Trust Agreement referred to below.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the Maturity Date identified above, or any earlier prepayment date, the Principal Amount identified above representing a direct, undivided fractional share of the portion of the Lease Payments designated as principal, and to receive on each February 1 and August 1, commencing _______ 1, 20__ (the "Interest Payment Dates") until payment in full of said principal, the Registered Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (a "Record Date") and on or before such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (b) unless this Certificate is executed on or before _________ 15, 20__, in which event interest shall be payable from the Dated Date identified above. The Registered Owner's share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid share of the portion of the Lease Payments designated as principal by the Rate of Interest per annum identified above, calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the office of the Trustee in San Francisco, California, and interest represented hereby is payable by check mailed by first class mail by the Trustee on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the registration books of the Trustee as of the preceding Record Date; *provided, however,* that at the written request of the Registered Owner of Certificates in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, interest represented by such Certificates shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement, dated as of __________ 1, 2016 (the "Trust Agreement"), by and among the Trustee, the Corporation and the City. The City has certified that it is authorized to enter into the Lease and the Trust Agreement under the laws of the State of California, for the purpose of paying and reimbursing the payment of the costs of certain public capital improvements. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Lease, to all of the provisions of the Lease and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The City is obligated under the Lease to pay the Lease Payments for the Leased Premises from any source of available funds, subject to certain exceptions as set forth in the Lease. As more fully described in the Lease, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction to the Leased Premises in whole or in part, or by reason of eminent domain proceedings with respect to the Leased Premises in whole or in part, there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof; such abatement shall be in an amount agreed upon by the City and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining portions of the Leased Premises. The obligation of the City to pay the Lease Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay the Lease Payments does not constitute a debt of the City, the State of California or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The 2016A Certificates maturing on or after February 1, 20__, are subject to optional prepayment in whole or in part, on any date on or after February 1, 20__, from prepayments of the Lease Payments made at the option of the City pursuant to Section 9.2 of the Lease, at a prepayment price equal to the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificates are subject to mandatory prepayment on any date, in whole, or in part, among maturities in the manner directed by the City and by lot within a maturity, from the net proceeds of insurance or eminent domain proceedings with respect to the Leased Premises, which are credited towards the prepayment of the Lease Payments pursuant to the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Term 2016A Certificates maturing on February 1, 20__ and February 1, 20__, are also subject to mandatory sinking fund payment by lot on February 1 in each year beginning February 1, 20__ and February 1, 20__ respectively, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term 2016A Certificates Maturing February 1, 20__

Prepayment Date (February 1)	Principal Amount of Term 2016A Certificates To Be Paid
	$
(maturity)	

Term 2016A Certificates Maturing February 1, 20__

Prepayment Date (February 1)	Principal Amount of Term 2016A Certificates To Be Paid
	$
(maturity)	

As provided in the Trust Agreement, notice of prepayment shall be mailed by the Trustee by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the registered owners of the Certificates to be prepaid, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided herefor as specified in the

Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest and maturity date, will be delivered to the transferee in exchange herefor. The City, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the City, the Corporation and the Trustee shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal, premium, if any, or interest with respect to the Certificates except from amounts on deposit for such purposes with the Trustee. The Trustee's sole obligations are to administer for the benefit of the registered owners of the Certificates the various funds and accounts established under the Trust Agreement and to perform the other duties expressly imposed upon it under the Trust Agreement.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company ("DTC") to the City or the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or 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.

The City has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Lease and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

U.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by U.S. BANK NATIONAL ASSOCIATION, as trustee, acting pursuant to the Trust Agreement.

Execution Date: __________, 2016

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ________________________________
Authorized Officer

U.

STATEMENT OF INSURANCE

U.

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

____

____

____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) ____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _________________

Signature Guaranteed:

____

Note: Signature(s) must be guaranteed by an eligible guarantor.

____

Note: The signature(s) on this Assignment must correspond with the name (s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

U.

Form of Taxable Series 2016B Certificate:

No. R- *****$________*****

REFUNDING CERTIFICATE OF PARTICIPATION
(CITY HALL AND CITY OPERATIONS FACILITY REFUNDING)
TAXABLE SERIES 2016B

Evidencing the Direct, Undivided Fractional Interest of the
Owner Hereof in Lease Payments to be Made by the

CITY OF RANCHO CORDOVA
to the
RANCHO CORDOVA FINANCING CORPORATION

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
_____%		______, 2016	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: *** Dollars***

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (the "Certificate" or the "2016B Certificate") is the owner of a direct, undivided fractional interest in lease payments (the "Lease Payments") payable under the Lease Agreement, dated as of __________ 1, 2016 (the "Lease"), by and between the RANCHO CORDOVA FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), as sublessor, and the CITY OF RANCHO CORDOVA, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), as sublessee, with respect to certain land and existing improvements which are used for the municipal purposes of the City (the "Leased Premises"). The Lease Payments and certain other rights and interests under the Lease have been assigned to U.S. Bank National Association, as trustee (the "Trustee"), having a corporate trust office in the locations described in the Trust Agreement referred to below.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the Maturity Date identified above, or any earlier prepayment date, the Principal Amount identified above representing a direct, undivided fractional share of the portion of the Lease Payments designated as principal, and to receive on each February 1 and August 1, commencing ________ 1, 20__ (the "Interest Payment Dates") until payment in full of said principal, the Registered Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (a "Record Date") and on or before such Interest Payment

Date, in which event interest shall be payable from such Interest Payment Date, or (b) unless this Certificate is executed on or before ________ 15, 20__, in which event interest shall be payable from the Dated Date identified above. The Registered Owner's share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid share of the portion of the Lease Payments designated as principal by the Rate of Interest per annum identified above, calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the office of the Trustee in San Francisco, California, and interest represented hereby is payable by check mailed by first class mail by the Trustee on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the registration books of the Trustee as of the preceding Record Date; *provided, however,* that at the written request of the Registered Owner of Certificates in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, interest represented by such Certificates shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement, dated as of __________ 1, 2016 (the "Trust Agreement"), by and among the Trustee, the Corporation and the City. The City has certified that it is authorized to enter into the Lease and the Trust Agreement under the laws of the State of California, for the purpose of paying and reimbursing the payment of the costs of certain public capital improvements. Reference is hereby made to the Lease and the Trust Agreement (copies of which are on file at the office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Lease, to all of the provisions of the Lease and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The City is obligated under the Lease to pay the Lease Payments for the Leased Premises from any source of available funds, subject to certain exceptions as set forth in the Lease. As more fully described in the Lease, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction to the Leased Premises in whole or in part, or by reason of eminent domain proceedings with respect to the Leased Premises in whole or in part, there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof; such abatement shall be in an amount agreed upon by the City and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining portions of the Leased Premises. The obligation of the City to pay the Lease Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay the Lease Payments does not constitute a debt of the City, the State of California or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificates maturing on or after February 1, 20__, are subject to optional prepayment in whole or in part, on any date on or after February 1, 20__, from prepayments of the Lease Payments made at the option of the City pursuant to Section 9.2 of the Lease, at a prepayment price equal to the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificates are subject to mandatory prepayment on any date, in whole, or in part, among maturities in the manner directed by the City and by lot within a maturity, from the net proceeds of insurance or eminent domain proceedings with respect to the Leased Premises, which are credited towards the prepayment of the Lease Payments pursuant to the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificates maturing on February 1, 20__ are also subject to mandatory sinking fund payment by lot on February 1 in each year beginning February 1, 20__, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Prepayment Date (February 1)	Principal Amount of Term 2016B Certificates To Be Paid
	$
(maturity)	

As provided in the Trust Agreement, notice of prepayment shall be mailed by the Trustee by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the registered owners of the Certificates to be prepaid, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided herefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest and maturity date, will be delivered to the transferee in exchange herefor. The City, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the City, the Corporation and the Trustee shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal, premium, if any, or interest with respect to the Certificates except from amounts on deposit for such purposes with the Trustee. The Trustee's sole obligations are to administer for the benefit of the registered owners of the Certificates the various funds and accounts established under the Trust Agreement and to perform the other duties expressly imposed upon it under the Trust Agreement.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company ("DTC") to the City or the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or 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.

The City has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Lease and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by U.S. BANK NATIONAL ASSOCIATION, as trustee, acting pursuant to the Trust Agreement.

Execution Date: __________, 2016

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ________________________________
Authorized Officer

U.

STATEMENT OF INSURANCE

U.

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

____

____

____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) ____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _________________

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.	Note: The signature(s) on this Assignment must correspond with the name (s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

WHEN RECORDED, RETURN TO:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: David T. Fama, Esq.

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

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT (this "Assignment Agreement") dated as of _______ 1, 2016, by and between the RANCHO CORDOVA FINANCING CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, in order to finance and/or refinance the acquisition of certain capital improvements, the City of Rancho Cordova (the "City") has previously caused to be executed and delivered the (i) 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Taxable Series 2005B and (ii) the Refunding Certificates of Participation (City Hall Facility Acquisition Project) Series 2007A and Taxable Series 2007B; and

WHEREAS, the Taxable Series 2005B Certificates have previously been repaid in full and are no longer outstanding, while portions of the other three series of certificates of participation remain outstanding (such outstanding certificates, the "Prior Certificates");

WHEREAS, in order to provide funds to allow the City to refinance the Prior Certificates, the Corporation and the City have entered into a Lease Agreement, by and between the Corporation and the City, dated the date hereof, a Memorandum of which is recorded concurrently herewith (together with any amendments or supplements thereto, the "Lease Agreement"), whereby the Corporation has agreed to sublease to the City, and the City has agreed to sublease from the Corporation, the real property and improvements, as more particularly described in Exhibit A attached hereto and incorporated herein (the "Leased Premises"), in the manner and on the terms set forth in the Lease Agreement; and

WHEREAS, under the Lease Agreement, the Corporation is required to deposit or cause to be deposited with the Trustee certain moneys to be credited, held and applied in accordance with a trust agreement by and among the Trustee, the Corporation and the City, dated as of the date hereof (together with any amendments or supplements thereto, the "Trust Agreement"); and

WHEREAS, upon delivery of the Lease Agreement and the deposit of moneys by the Corporation with respect thereto, the City is obligated to pay certain lease payments to the Corporation or its assignee; and

WHEREAS, for the purpose of obtaining the moneys required to be deposited with the Trustee, the Corporation is willing to assign and transfer its right, title and interest under the Lease Agreement to the Trustee for the benefit of the owners of the certificates of participation (the "Certificates") to be executed and delivered under the Trust Agreement, and in consideration of such assignment, the Trustee is executing and delivering the Certificates to the initial purchasers thereof, the proceeds of which sale are anticipated by the Corporation to be sufficient to provide the moneys required to be deposited by the Corporation pursuant to the Lease Agreement; and

WHEREAS, each of the parties hereto has authority to enter into this Assignment Agreement and has taken all actions necessary to authorize its officers to enter into it.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

SECTION 1. *Defined Terms*. All terms defined in the Lease Agreement and not otherwise defined herein shall have the respective meanings given such terms in the Lease Agreement, including terms defined therein by reference.

SECTION 2. *Assignment*. The Corporation hereby transfers, assigns and sets over to the Trustee, for the benefit of the Insurer and of the Owners of the Certificates, all of the Corporation's rights under the Lease Agreement (excepting only the Corporation's rights under Sections 4.8, 4.10, 6.3 and 8.4 of the Lease Agreement), including without limitation (a) the right to receive and collect all of the Lease Payments paid by the City under the Lease Agreement, and (b) the right to exercise such rights and remedies conferred on the Corporation pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in any of the funds or accounts established under the Trust Agreement, or (ii) otherwise to protect the respective interests of the Trustee in the event of a default by the City under the Lease Agreement. All rights assigned by the Corporation to the Trustee shall be administered by the Trustee for the equal and proportionate benefit of the Insurer and of the owners of the Certificates in accordance with the Trust Agreement. The assignment made under this Section 2 shall be absolute and irrevocable.

SECTION 3. *Acceptance*. The Trustee hereby accepts the assignments made herein for the purpose of securing, equally and fractionally, the payments due pursuant to the Lease Agreement and the Trust Agreement to, and the rights under the Lease Agreement and Trust Agreement of, the Owners of the Certificates delivered pursuant to the Trust Agreement.

SECTION 4. *Conditions*. This Assignment Agreement shall confer no rights or impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement. The Trustee does not warrant the accuracy of the recitals hereto.

SECTION 5. *Execution in Counterparts*. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same agreement. It is also agreed that separate counterparts of this Assignment Agreement may be separately executed by the Trustee and the Corporation, all with the same force and effect as though the same counterpart had been executed by both the Trustee and the Corporation.

SECTION 6. *Binding Effect*. This Assignment Agreement shall inure to the benefit of and shall be binding upon the Corporation and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 7 *Governing Law*. This Assignment Agreement shall be construed in accordance with and governed by the Constitution and laws of the State.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

RANCHO CORDOVA FINANCING CORPORATION

By: ___________________________________
Kim Juran,
Treasurer

U.S. BANK NATIONAL ASSOCIATION, *as Trustee*

By: ___________________________________
_____________,
Vice President

EXHIBIT A

LEGAL DESCRIPTION

The Leased Premises referred to herein consists of the real property and improvements thereon that is situated in the State of California, County of Sacramento, and is described as follows:

PURCHASE CONTRACT

REFUNDING CERTIFICATES OF PARTICIPATION
(City Hall and City Operations Facility Acquisition Project)

$____________* **Series 2016A**

$____________* **Taxable Series 2016B**

________________, 2016

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, California 95670

Ladies and Gentlemen:

The undersigned, Piper Jaffray & Co., as underwriter (the "Underwriter") hereby offers to enter into this Purchase Contract with you, the City of Rancho Cordova (the "City"), for the purchase by the Underwriter and the delivery by you of the City of Rancho Cordova Refunding Certificates of Participation (City Hall and City Operations Facility Acquisition Project), Series 2016A and Taxable Series 2016B (together, the "Certificates"). The proceeds of the Certificates will be used to refund the outstanding aggregate principal amount of (i) Certificates of Participation (City Hall Facility Acquisition Project) Series 2007A and Taxable Series 2007B, and (ii) 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A, and to (iii) pay costs of issuing the Certificates. This offer is made subject to acceptance by you prior to 11:59 p.m., California time, on the date hereof. Upon such acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Trust Agreement (defined below).

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase for offering to the public, and the City hereby agrees to cause the Trustee (defined below) to execute and deliver to the Underwriter, all (but not less than all) of the $____________ aggregate principal amount of the Certificates to be dated the Closing Date (and more fully described in the Official Statement defined below), evidencing proportionate undivided interests of the Owners thereof in Lease Payments to be made by the City to the Rancho Cordova Financing Corporation (the "Corporation") pursuant to the Lease Agreement dated as of ______________ 1, 2016 (the "Lease") between the Corporation and the City, at a price of $___________ (being the principal amount of the Certificates, less an Underwriter's discount of $___________, and plus net original issue premium of $___________).

The Underwriter agrees to make a bona fide public offering of all the Certificates at the initial public offering price or prices (or yields) set forth on Exhibit A attached hereto and made a part hereof; provided, however, the Underwriter reserves the right to change such initial public offering price as the Underwriter deems necessary or desirable, in its sole discretion in connection with the marketing of the Certificates, and to sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the initial offering prices or higher than the yields set forth in the Official Statement relating to the Bonds, dated as of _____________, 2016 (the "Official Statement"). The Underwriter also reserves the right (a) to over-allot or effect transactions that stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market, and (b) to discontinue such stabilizing, if commenced, at any time. A "bona fide public offering" shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the Certificates are sold.

The City acknowledges and agrees that: (i) the purchase and sale of the Certificates (defined below) pursuant to this Purchase Contract is an arm's-length commercial transaction between the City and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a "municipal advisor" (as defined in section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iv) the Underwriter has financial and other interests that differ from those of the City; and (v) the City has consulted their own legal, financial and other advisors, including Public Financial Management, Inc. as financial advisor to the City to the extent they have deemed appropriate with respect to this transaction. The City also acknowledges that it previously received from the Underwriter a letter regarding Municipal Securities Rulemaking Board ("MSRB") Rule G-17 Disclosures, and that it has provided to the Underwriter an acknowledgement of such letter.

The Certificates evidence the proportionate undivided interest of the owners thereof in Lease Payments to be paid with respect to the Leased Premises (as described in the Lease defined below) by the City (the "Lease Payments") pursuant to the Lease. The Corporation's rights to receive Lease Payments and to exercise remedies upon an Event of Default under the Lease have been assigned to U.S. Bank National Association, as trustee (the "Trustee") for the benefit of the Certificate owners pursuant to the Assignment Agreement, dated as of ______________ 1, 2016, between the Corporation and the Trustee (the "Assignment Agreement").

The Certificates shall be as described in and shall be secured under and pursuant to the Trust Agreement, dated as of ______________ 1, 2016 (the "Trust Agreement"), among the City, the Corporation and the Trustee.

2. The City has authorized the Underwriter to use and distribute, in connection with the offer and sale of the Certificates, the Preliminary Official Statement dated ______________, 2016 relating to the Certificates, which, together with the cover page and all appendices thereto, is herein called the "Preliminary Official Statement." The City hereby certifies such Preliminary Official Statement to be final as of its date for purposes of SEC Rule 15c2-12 adopted by the Securities and Exchange Commission on August 28, 1986, as amended (the "Rule"), with the exception of certain final pricing and related information as is permitted to be omitted therefrom as provided in the Rule. The Underwriter acknowledges that the City will provide the Preliminary Official Statement in an electronic format only. The Underwriter agrees to provide a copy of the Preliminary Official Statement to any potential customer on request in accordance with the Rule.

3. The City shall deliver to the Underwriter a final Official Statement, which may be in an electronic format only, within seven (7) business days after the execution of this Purchase Contract and in sufficient time to accompany or precede any sales confirmation that requests payment from any customer of the Underwriter. The City further agrees that until the End Date (defined below) it will deliver one or more supplements to the Official Statement to the Underwriter in accordance with Section 5(j) below. The Underwriter shall inform the City in writing of the End Date, and covenants to file the Official Statement with the MSRB promptly upon its receipt from the City.

"End Date" as used herein is that date which is the earlier of:

(a) ninety (90) days after the end of the underwriting period (as defined in the Rule; or

(b) the time when the Official Statement becomes available from the MSRB, but in no event less than twenty-five (25) days after the underwriting period (as defined in the Rule) ends.

4. At 9:00 A.M., California time, on ___________, 2016, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter, the City will deliver (i) the Certificates to, or otherwise in care of, The Depository Trust Company ("DTC"), and (ii) the closing documents hereinafter mentioned at the offices of Jones Hall, A Professional Law Corporation, San Francisco, California, or another place to be mutually agreed upon by the City and the Underwriter. The Underwriter will pay the purchase price of the Certificates as set forth in Section 1 hereof by wire transfer of immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

5. The City represents, warrants and covenants to the Underwriter that:

(a) The City is a municipal corporation, duly organized and validly existing pursuant to the Constitution and laws of the State of California (the "State"), and has all necessary power and authority to enter into and perform its duties under the Lease, the Trust Agreement, the Site Lease dated as of ______________ 1, 2016 (the "Site Lease"), between the City and the Corporation, and the Continuing Disclosure Certificate, dated the Closing Date, and executed by the City (the "Continuing Disclosure Certificate"), and this Purchase Contract (collectively, the "City Documents").

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

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

(d) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the City required for the execution and delivery of the Certificates or the consummation by the City of the other transactions contemplated by the Official Statement and this Purchase Contract.

(e) Except as otherwise disclosed in the Official Statement, to the best of the knowledge of the City, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the delivery of any of the Certificates, or the payments to be made pursuant to the Lease, or in any way contesting or affecting the validity of the City Documents or the Certificates or the authority of the City to approve this Purchase Contract, or enter into the City Documents or contesting the powers of the City to enter into or perform its obligations under any of the foregoing or in any way contesting the powers of the City in connection with any action contemplated by this Purchase Contract or to restrain or enjoin the execution, sale and delivery of the Certificates or, except as described in the Preliminary Official Statement and the Official Statement, the payment of Lease Payments, nor, to the best knowledge of the City, is there any basis for any such action, suit, proceeding or investigation.

(f) The Preliminary Official Statement provided to the Underwriter has been deemed final by the City, as required by the Rule. As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the City, the Certificates, the Leased Premises, the use of proceeds and the City Documents contained in the Official Statement was and will be materially complete for its intended purposes. As of the date thereof, the information relating to the City, the Certificates, the Leased Premises, the use of proceeds and the City Documents contained in the Preliminary Official Statement and Official Statement was, and at all times subsequent thereto up to the Closing will be, true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(g) The City agrees to cooperate with the Underwriter in endeavoring to qualify the Certificates for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign corporation in any jurisdiction where it is not so qualified.

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

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

(j) If between the date of this Purchase Contract and the End Date an event occurs, of which the City has knowledge, which might or would cause the information relating to the City, the Leased Premises, or the City's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect, the City will notify the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld and all expenses thereby incurred will be paid for by the City.

(k) If the information relating to the Leased Premises, the City, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect.

(l) The City covenants that it will comply with all tax covenants relating to it in the City Documents and the Tax Certificate of the City.

(m) Substantially all the proceeds from the sale of the Certificates (after deducting the expenses of issuance and sale of the Certificates paid for from such proceeds) will be used to finance the Project, and the City will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Certificates to be applied in a manner contrary to that provided in the Trust Agreement and the Lease, as amended from time to time.

(n) The City will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Contract.

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

(p) As of the time of acceptance hereof and as of the Closing the City does not and will not have outstanding any indebtedness which is secured by a lien on the City's general fund except as disclosed in the Preliminary Official Statement and Official Statement.

(q) Between the date of this Purchase Contract and the date of Closing, the City will not, without the prior written consent of the Underwriter, and except as disclosed in the Official Statement, offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by a lien on the City's general fund.

(r) The financial statements of, and other financial information regarding, the City contained in the Official Statement fairly presents the financial position and results of the operations of the City as of the dates and for the periods therein set forth and except as set forth in the Official Statement, such other financial information regarding the City contained in the Official Statement has been determined on a basis substantially consistent with that of the City's audited financial statements included in the Official Statement.

(s) Since June 30, _____, no material adverse change has occurred in the financial condition, assets, properties or results of operation of the City which is not described in the Preliminary Official Statement or Official Statement.

(t) No event affecting the City has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(u) At or prior to the Closing, the City shall have duly authorized, executed and delivered the Continuing Disclosure Certificate. The Continuing Disclosure Certificate shall be substantially in the form attached to the Official Statement. Based on a review of its prior undertakings with respect to the Rule, and except as otherwise described in the Preliminary Official Statement and Official Statement, neither the City, nor any agency of which the City Council serves as the governing body, has failed in any material respect to comply with any undertaking of the City under the Rule in the previous five years.

6. [Reserved].

7. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the City contained herein, and the opinions of Special Counsel, Counsel to the Trustee, Counsel to the City, Counsel to the Corporation and

Counsel to the Underwriter required hereby. The Underwriter's obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) At the time of Closing, this Purchase Contract, the Trust Agreement, the Site Lease, the Assignment Agreement, the Continuing Disclosure Certificate and the Lease (collectively the "Legal Documents") all as described in the Official Statement, shall be in full force and effect as valid and binding agreements between or among the various parties thereto and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Jones Hall, a Professional Law Corporation (herein called "Special Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to them and their counsel:

(1) The unqualified approving opinion of Special Counsel, dated the date of Closing, addressed to the City, the Trustee and the Underwriter (or a reliance letter to the Underwriter and the Trustee), in substantially the form attached as APPENDIX D to the Official Statement;

(2) A supplemental opinion of Special Counsel, addressed to the Underwriter, in form and substance to the effect that:

(i) The statements and information contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE CERTIFICATES", "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES" and "TAX MATTERS," and in APPENDICES C, D, and E insofar as such statements purport to summarize certain provisions of the Certificates, the Legal Documents and such counsel's opinion with respect to the validity of, and certain Federal and State of California tax matters relating to, the Certificates, are true and accurate in all material respects;

(ii) The Certificates are exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Agreement is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) The Legal Documents have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding agreements of the City enforceable against it in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and limitations on remedies against cities, except that no opinion is expressed as to any provisions with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) An opinion of the City Attorney, dated as of the Closing and addressed to Bond Counsel and the Underwriter, in form and substance acceptable to Bond Counsel and counsel for the Underwriter, to the following effect:

(i) The City is a municipal corporation, duly organized and validly existing under the Constitution and the laws of the State of California.

(ii) The City Resolution approving and authorizing the execution and delivery of the Site Lease, the Lease, the Trust Agreement, the Continuing Disclosure Certificate, and this Purchase Contract and approving the Official Statement was duly adopted at a meeting of the City Council which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

(iii) Except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending, or to the best of such counsel's knowledge, threatened, against or affecting the City, which would materially and adversely impact the City's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under the Lease or in any way contesting or affecting the validity of the City Documents, the City Resolution or the Certificates or the transactions relating to the Leased Premises as described and defined in the Official Statement.

(iv) The execution and delivery of the City Documents, the adoption of the City Resolution and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject.

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

(vi) No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California, other than the City Council, is required for the valid authorization, execution and delivery of the City Documents and the approval of the Official Statement.

(vii) To the best of such counsel's knowledge, the information in the Official Statement under the caption "LITIGATION" does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) The opinion of Counsel to the Corporation, dated the date of Closing, in form and substance satisfactory to the Underwriter, addressed to the Underwriter, to the effect that:

(i) The Corporation is a non-profit public corporation organized under the laws of the State of California.

(ii) The resolution of the Corporation (the "Corporation Resolution") approving and authorizing the execution and delivery by the Corporation of the Lease, the Trust Agreement, the Site Lease and the Assignment Agreement (collectively, the "Corporation Documents") was duly adopted at a regular meeting of the Governing Board of the Corporation which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

(iii) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel threatened, against the Corporation, to restrain or enjoin the receipt of or assignment of the Lease Payments under the Corporation Documents, or in any way contesting or affecting the validity of the Certificates or the Corporation Documents.

(iv) The execution and delivery of the Corporation Documents, the adoption of the Corporation Resolution, and compliance by the Corporation with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Corporation a breach or default under any agreement or other instrument to which the Corporation is a party or by which it is bound or, to the best knowledge of such counsel, any existing law, regulation, court order or consent decree to which the Corporation is subject.

(v) The Corporation Documents have been duly authorized, executed and delivered by the Corporation, and, assuming due authorization, execution and delivery by the other parties thereto constitute legal, valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California.

(vi) No authorization, approval, consent, or other order of the State or any other governmental authority or agency within the State having jurisdiction over the Corporation is required for the valid authorization, execution, delivery and performance by the Corporation of the Corporation Documents, or for the adoption of the Corporation Resolution, which has not been obtained.

(5) The opinion of counsel to the Trustee (the "Bank"), dated the date of Closing and addressed to the City and the Underwriter, to the effect that:

(i) the Bank is a national banking association, duly organized and validly existing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Trust Agreement and the Assignment Agreement, and to execute and deliver the Certificates;

(ii) the Trust Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Bank and constitute the valid and binding obligations of the Bank in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(iii) the execution and delivery of the Certificates has been duly authorized by the Bank and the Bank has duly executed and delivered the Certificates in accordance with the Trust Agreement; and

(vi) No authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Trust Agreement, or the Assignment Agreement or the execution and delivery of the Certificates.

(6) A letter of Jones Hall, A Professional Law Corporation, as disclosure counsel to the City, addressed to the City and the Underwriter, to the effect that without passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and making no representation that they have independently verified the accuracy, completeness or fairness of any such statements, based upon the information made available to them in the course of their participation in the preparation of the Official Statement, nothing has come to such counsel's attention which would lead them to believe that the Official Statement, as of its date or as of the Closing Date, including the cover page (in each case except for financial statements, the information set forth in the Appendices to the Official

Statement, any CUSIP numbers, financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information about book-entry, tax-exemption, or The Depository Trust Company included or referred to therein, which disclosure counsel expressly excludes from the scope of such letter and as to which disclosure counsel expresses no opinion or view) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) An opinion, dated the date of the Closing addressed to the Underwriter, of ___________, counsel to the Underwriter, in such form as may be acceptable to the Underwriter.

(8) A certificate, dated the date of Closing, signed by a duly authorized official of the City satisfactory in form and substance to the Underwriter, (a) confirming as of such date the representations and warranties of the City contained in this Purchase Contract; (b) certifying that the City has complied with all agreements, covenants and conditions to be complied with by the City at or prior to the Closing under the Legal Documents; (c) certifying that to the best of such official's knowledge, no event affecting the City has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and (d) certifying that the City has authorized and consented to the inclusion in the Official Statement of the City's financial report and accountant's opinion for the year ended June 30, ________, and no further consent of any party is required for such inclusion.

(9) A certificate, dated the date of Closing, signed by a duly authorized official of the Corporation satisfactory in form and substance to the Underwriter, to the effect that:

(i) The Corporation is a non-profit pubic benefit corporation, duly organized and existing under the Constitution (the "Constitution") and laws of the State, with full right, power and authority to enter into, execute and deliver the Corporation Documents and to perform its obligations thereunder.

(ii) By all necessary official action, the Corporation has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations on its part contained in the Corporation Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties hereto, the Corporation Documents will constitute the legally valid and binding obligations of the Corporation enforceable upon the Corporation in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditor's rights generally. The Corporation has complied, and will at the Closing be in compliance in all respects, with the terms of the Corporation Documents.

(iii) As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Corporation is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on the Corporation's ability to perform its obligations under the Corporation Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Corporation Documents and compliance by the Corporation with the provisions thereof do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument except as provided in the Corporation Documents.

(iv) As of the date hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending (notice of which has been received by the Corporation), or to the best knowledge of the Corporation threatened against the Corporation: (i) in any way questioning the existence of the Corporation as a public corporation or the titles of the officers of the Corporation to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Certificates, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest with respect to the Certificates, or in any way contesting or affecting the validity of the Corporation Documents or the consummation of the transactions on the part of the Authority contemplated thereby, or contesting the powers of the Corporation or its authority to assign the Lease Payments pursuant to the Assignment Agreement;

(v) All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Corporation of its obligations in connection with, the Corporation Documents have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(vi) Any certificate signed by any authorized officer of the Corporation and delivered to the Underwriter shall be deemed to be a representation and warranty by the Corporation to the Underwriter as to the statements made therein.

(vii) As of the time of acceptance hereof and as of the date of Closing, except as otherwise disclosed in the Official Statement, the Corporation has complied with the filing requirements of the Secretary of State.

(10) A copy of an CLTA title insurance policy in an amount equal to the principal amount of the Certificates, insuring the City's leasehold interest in the Leased Premises subject only to permitted encumbrances or such other encumbrances approved in writing by the Underwriter.

(11) Two executed or certified copies of the Legal Documents.

(12) Two certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of documents such as the Certificates, the Trust Agreement and the Assignment Agreement.

(13) Copies of the City Resolution certified by the City Clerk authorizing the execution and delivery of the City Documents and the Official Statement.

(14) Copies of the Corporation Resolution certified by the Secretary of the Corporation, authorizing the execution and delivery of the Corporation Documents.

(15) Tax certifications by the City in form and substance acceptable to Special Counsel and counsel to the Underwriter.

(16) A certificate of Public Financial Management, Inc., as Financial Advisor, dated the Closing Date and addressed to the City and the Underwriter, to the effect that while the Financial Advisor has not independently verified or undertaken an independent investigation of the information in the Preliminary Official Statement and the Official Statement, based on its participation in the preparation and review of the Preliminary Official Statement and Official Statement, no information has come to its attention which would lead it to believe that the information contained in the Preliminary Official Statement and Official Statement is as of the date of delivery of the Bonds, not true or correct in all material respects, or that the Preliminary Official Statement and the Official

Statement contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made.

(17) A Certificate of the Bank, dated the Closing Date to the effect that:

(i) the Bank is duly organized and existing as a national banking association in good standing under the laws of the United States having the full power and authority to enter into and perform its duties under the Trust Agreement, and the Assignment Agreement and to execute and deliver the Certificates to the Underwriter pursuant to this Purchase Contract;

(ii) the Bank is duly authorized to enter into the Trust Agreement, and the Assignment Agreement, and when the Trust Agreement, and the Assignment Agreement are duly executed and delivered by the respective parties thereto, to execute and deliver the Certificates to the Underwriter pursuant to the Trust Agreement;

(iii) no consent, approval, authorization or other action by any governmental or regulatory agency having jurisdiction over the Bank that has not been obtained is or will be required for the execution and delivery of the Certificates or the consummation by the Bank of the other transactions contemplated by this Purchase Contract, except as such may be required under the state securities or blue sky laws in connection with the distribution of the Certificates by the Underwriter;

(iv) the execution and delivery by the Bank of the Trust Agreement, the Certificates, the Assignment Agreement and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Bank is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Bank or any of its activities or properties (except that no representation, warranty or agreement is made by the Bank with respect to any Federal or state securities or blue sky laws or regulations), or (except with respect to the lien of the Trust Agreement) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Bank;

(vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or to the best of the Bank’s knowledge threatened against or affecting the existence of the Bank or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates or the collection of Lease Payments to pay the principal and interest which are represented by the Certificates, or in any way contesting or affecting the validity or enforceability of the Certificates, the Trust Agreement, or the Assignment Agreement or contesting the powers of the Bank or its authority to enter into and perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby, or which, in any way, would adversely affect the validity of the Certificates, the Trust Agreement, the Assignment Agreement, or any agreement or instrument to which the Bank is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby; and

(vii) subject to the provisions of the Trust Agreement, the Bank will apply the proceeds from the Certificates to the purposes specified in the Trust Agreement.

(18) If required, the written consent of the City auditing firm to the inclusion of its opinions relating to the City's financial statements in the Preliminary Official Statement and the Official Statement.

(19) Evidence that the federal tax information form 8038-G has been prepared for filing.

(20) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

(21) Evidence that Standard & Poor's has assigned its municipal bond rating of "____" to the Certificates and an underlying rating of "____" to the Certificates, and that such ratings continue in effect as of the Closing.

(22) An executed municipal bond insurance policy issued by _____________ (the "Insurer") guaranteeing the payment when due of principal of and interest on the Certificates.

(23) Such additional legal opinions, certificates, proceedings, instruments and other documents as Special Counsel and Counsel for the Underwriter may reasonably request to evidence compliance by the Trustee with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee, the Corporation and the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) All matters relating to this Purchase Contract, the Certificates and the sale thereof, the Legal Documents and the consummation of the transactions contemplated by this Purchase Contract shall have been approved by the Underwriter and Counsel for the Underwriter.

If the conditions to the Underwriter's obligations contained in this Purchase Contract are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the City shall have any further obligation hereunder.

8. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by written notification to the City if at any time at or prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading in any material respect; or

(b) the marketability of the Certificates or the market price thereof, or the ability of the Underwriter to enforce contracts for the sale of the Certificates, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other Federal or State authority materially adversely affecting the Federal or State tax status of the City, or the interest on the Certificates or notes or obligations of the general character of the Certificates; or

(c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the States or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Certificates, or the ability of the Underwriter to enforce contracts for the sale of the Certificates; or

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the issuance, offering or sale of the Certificates, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Certificates, or the Certificates, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to market the Certificates; or

(f) a general banking moratorium shall have been established by federal or State authorities; or

(g) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other escalation or outbreak of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would materially affect the ability of the Underwriter to market the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates; or

(h) the commencement of any action, suit, investigation or proceeding which, in the judgment of the Underwriter, materially adversely affects the market price of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates; or

(i) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(j) the market for the Certificates or the market prices of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriter; or

(k) an event described in Section 5(j) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(l) any rating of, or credit outlook on, the Certificates or other obligations of the City by a national rating agency shall have been withdrawn or downgraded; or

9. Performance by the City of its obligations under this Purchase Contract is conditioned upon (i) performance by the Underwriter of its obligations hereunder and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the City.

10. After the Closing and until the End Date, if any event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Certificates, the City will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the

Official Statement is delivered to an initial purchaser of the Certificates, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement to be utilized until the End Date shall be borne by the City. For the purposes of this section the City will furnish such information as the Underwriter may from time to time request.

11. In connection with the initial placement and underwriting, the City shall pay the following expenses from the proceeds of the Certificates: (a) the cost of preparation, printing, execution and delivery of the Certificates; (b) the acceptance fees of the Bank and any fees and expenses of the Bank's counsel; (c) any fees charged by any rating agency for rating the Certificates; (d) the fees and disbursements of Special Counsel, Disclosure Counsel, Counsel to the City and the Corporation, and any financial advisor or independent certified public accountant; (e) the cost of preparation, distribution, delivery, amendment or supplement of the Official Statement, and (f) any out-of-pocket disbursements of the City and of the Underwriter incurred in connection with the public offering and distribution of the Certificates, including any advertising expenses and expenses approved by the City (included in the expense component of the spread) incurred on behalf of the City's employees which are incidental to implementing this Purchase Contract.

The City shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Purchase Contract; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in the paragraph above), including Underwriter's counsel and any advertising expenses.

12. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Piper Jaffray & Co., 50 California Street, Suite 3100, San Francisco, CA 94111 Attention: Dennis McGuire. Any notice or other communication to be given to the City may be given by delivering the same to addresses initially provided herein, Attention: Finance Director.

13. This Purchase Contract is made solely for the benefit of the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

15. This Purchase Contract shall be governed by the laws of the State of California.

PIPER JAFFRAY & CO.

By: ________________________________

Title: _______________________________

Accepted:

CITY OF RANCHO CORDOVA

By: ________________________________
Authorized Officer

Date: ___________, 2016
Time of Execution: __:____ am/pm PST

EXHIBIT A
MATURITY SCHEDULE

Maturity Date (February 1)	Principal Amount	Interest Rate	Yield	Price
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
20__*				
20__*				

* Term Bond.
[C] Priced to first optional prepayment date of ____________.

PRELIMINARY OFFICIAL STATEMENT DATED ____________, 2016

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: S&P (Insured): "__"
S&P (Underlying): "__"
See "RATINGS"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the 2016A Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. The portion of lease payments designated as and comprising Interest and received by the owners of the 2016B Certificates is not intended to be excluded from gross income for federal income tax purposes. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

REFUNDING CERTIFICATES OF PARTICIPATION
(City Hall and City Operations Facility Acquisition Project)

$_________*	**$_________***
Series 2016A	**Taxable Series 2016B**

Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof
In Lease Payments to be Made by the

CITY OF RANCHO CORDOVA

As Rental for Certain Property
Under a Lease Agreement with the
Rancho Cordova Financing Corporation

Dated: Date of Delivery **Due: February 1, as shown below**

The captioned certificates of participation (the "2016A Certificates," "2016B Certificates," and together, the "Certificates") are being executed and delivered to prepay the following obligations (collectively, the "Prior Certificates"): 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Refunding Certificates of Participation (City Hall Facility Acquisition Project), Series 2007A and Taxable Series 2007B. The City caused the execution and delivery of the Prior Certificates to finance or refinance certain capital improvements for the City. In addition to providing funds to prepay the Prior Certificates, the Certificates are being executed and delivered to fund a reserve fund for the Certificates and pay costs of issuing the Certificates, as further described herein. See "PLAN OF FINANCE."

The Certificates evidence direct, undivided fractional interests of the owners thereof in Lease Payments to be made by the City for the use and occupancy of the Leased Premises (defined herein) under a Lease Agreement dated as of _________ 1, 2016 (the "Lease Agreement") between the City and the Rancho Cordova Financing Corporation. Interest represented by the Certificates will be payable on February 1 and August 1 of each year commencing February 1, 2017. See "THE CERTIFICATES."

When executed and delivered, the Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only. See "THE CERTIFICATES - Book-Entry Only System" and "APPENDIX G – Book-Entry Only System."

The Certificates are subject to optional and mandatory prepayment prior to their maturity, as described in this Official Statement. See "THE CERTIFICATES – Prepayment of the Certificates."

[The City has applied for an insurance policy and will decide whether to purchase any such insurance policy in connection with the pricing of the Certificates, and anticipates using the insurance policy for some or all of the Certificates.]

The City is required under the Lease Agreement to make semiannual Lease Payments, which comprise the interest and principal represented by the Certificates. The City has agreed in the Lease Agreement to include the Lease Payments due in each fiscal year in its budget for that fiscal year and to make the necessary appropriations for the Lease Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

THE CITY'S OBLIGATION TO MAKE LEASE PAYMENTS IS AN OBLIGATION PAYABLE FROM THE CITY'S GENERAL FUND OR ANY OTHER SOURCE OF FUNDS LEGALLY AVAILABLE TO THE CITY TO MAKE LEASE PAYMENTS. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE LEASE PAYMENTS CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION OR ANY OBLIGATION FOR WHICH THE CITY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

* *Preliminary; subject to change.*

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 CERTIFICATES. CAPITALIZED TERMS USED ON THIS COVER PAGE AND NOT OTHERWISE DEFINED SHALL HAVE THE MEANINGS SET FORTH HEREIN.

MATURITY SCHEDULE
See Inside Cover

The Certificates are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Jones Hall is also serving as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by its counsel, ____________. It is anticipated that the Certificates in book-entry form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about _______, 2016.

[PIPER JAFFRAY & CO. LOGO]

Dated: ___________, 2016

MATURITY SCHEDULE
Base CUSIP†:

Series 2016A Certificates

Maturity (Feb. 1)	Principal Amount	Interest Rate	Yield	CUSIP†

$_________ __% Term Certificate due February 1, 20__; Priced to Yield: ___% CUSIP: _____

Taxable Series 2016B Certificates

Maturity (Feb. 1)	Principal Amount	Interest Rate	Yield	CUSIP†

$_________ __% Term Certificate due February 1, 20__; Priced to Yield: ___% CUSIP: _____

† 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. None of the City, the District or the Underwriter make any representation as to the accuracy of the CUSIP information.

CITY OF RANCHO CORDOVA

City Council

David Sander, Mayor
Donald Terry, Vice Mayor
Linda Budge, Councilmember
Robert J. McGarvey, Councilmember
Daniel Skoglund, Councilmember

Staff

Cyrus Abhar, City Manager
Kim Juran, Chief Finance Director
Mindy Cuppy, City Clerk
Adam Lindgren of Meyers Nave Riback Silver & Wilson, PLC, City Attorney

____

SPECIAL SERVICES

Special Counsel
Jones Hall, A Professional Corporation
San Francisco, California

Municipal Advisor
Public Financial Management
San Francisco, California

Trustee
____
____

Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Certificates.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. 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 Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Limited Scope of Information. The City has obtained certain information set forth herein from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement since the date hereof.

All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used herein, unless noted otherwise, have the meanings given them in APPENDIX C.

Involvement of the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information.

Stabilization of Prices. In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Certificates 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 Certificates to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

NO REGISTRATION. THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Insurance. The City has applied for an insurance policy and will decide whether to purchase any such insurance policy in connection with the pricing of the Certificates, and anticipates using the insurance policy for some or all of the Certificates.

City Internet Site. The City maintains a website, but the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

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OFFICIAL STATEMENT

REFUNDING CERTIFICATES OF PARTICIPATION
(City Hall and City Operations Facility Acquisition Project)

$__________	**$__________**
Series 2016A	**Taxable Series 2016B**

Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof
In Lease Payments to be Made by the

CITY OF RANCHO CORDOVA

As Rental for Certain Property
Under a Lease Agreement with the
Rancho Cordova Financing Corporation

This Official Statement (which includes the cover page and Appendices hereto) (the "**Official Statement**"), provides certain information concerning the sale and delivery of the certificates of participation captioned above (the **"2016A Certificates," "2016B Certificates,"** and together, the **"Certificates"**).

Any statements made in this Official Statement involving matters of opinion or of 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. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Trust Agreement or the Lease Agreement. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Certificates to potential investors is made only by means of the entire Official Statement.

Certificate Terms. The Certificates are being executed and delivered in denominations of $5,000 or any integral multiple thereof, under a Trust Agreement dated as of ______ 1, 2016 (the "**Trust Agreement**"), among the City of Rancho Cordova (the "**City**"), the Rancho Cordova Financing Corporation (the "**Corporation**") and U.S. Bank National Association, as trustee (the

"**Trustee**"). Interest will accrue on the principal component of each Certificate at the applicable interest rate (as set forth on the inside cover hereof) from the date of original delivery of the Certificates until its date of maturity or prior prepayment, with interest payable on each February 1 and August 1, commencing February 1, 2017. The Certificates are subject to prepayment as described in this Official Statement. See "THE CERTIFICATES."

Use of Proceeds. The net proceeds of the sale of the Certificates will be used to prepay the following obligations (collectively, the "**Prior Certificates**"): 2005 Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A and Refunding Certificates of Participation (City Hall Facility Acquisition Project), Series 2007A and Taxable Series 2007B. The City caused the execution and delivery of the Prior Certificates to finance or refinance certain capital improvements for the City. In addition to providing funds to prepay the Prior Certificates, the Certificates are being executed and delivered to fund a reserve fund for the Certificates and pay costs of issuing the Certificates, as further described herein. See "PLAN OF FINANCE."

Security and Sources of Payment. The Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the "**Owners**") thereof in Lease Payments (as defined in this Official Statement) to be made by the City for the right to the use of the Project (also, the "**Leased Premises**"), as more fully described in the Lease Agreement and this Official Statement. The Leased Premises will be leased by the City to the Corporation under a Site Lease dated as of _______ 1, 2016 (the "**Site Lease**"), and will be leased by the Corporation back to the City under a Lease Agreement dated as of _______ 1, 2016 (the "**Lease Agreement**"), between the Corporation as sublessor and the City as sublessee. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

The Trustee and the Corporation will enter into an Assignment Agreement, dated as of _______ 1, 2016 (the "**Assignment Agreement**"), under which the Corporation will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including its right to receive the Lease Payments due under the Lease Agreement, provided that the Corporation will retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

THE OBLIGATION OF THE CITY TO PAY THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OF CALIFORNIA (THE "**STATE**") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Lease Payments. The City covenants under the Lease Agreement to take such actions as may be necessary to include all Lease Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described in this Official Statement. The Lease Payments are payable from any source of legally available funds of the City, which includes the General Fund. The Certificates are not secured by a pledge of or lien on any funds or properties of the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Covenant to Appropriate Funds for Lease Payments."

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's right to use and occupancy of the Leased Premises or any portion thereof. If the Lease Payments are abated under the Lease Agreement, and are not paid from alternative sources as described in this Official Statement, the Certificate Owners would receive less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of rental interruption insurance are available or there are moneys in the Reserve Fund with respect to the Certificates (as described below), Lease Payments (or a portion thereof) may be made during periods of abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement" and "RISK FACTORS."

[*Certificate Insurance.* The City has applied for certificate insurance to guarantee the scheduled payment of principal and interest on the Certificates and, if a commitment is issued to insure the Certificates, will determine prior to the sale of the Certificates whether to obtain such insurance.]

Summaries of Documents. The summaries or references to the Trust Agreement, the Lease Agreement, the Assignment Agreement and other documents, agreements and statutes referred to in this Official Statement, and the description of the Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

PLAN OF FINANCE

Refunding Escrow

On the date of issuance of the Certificates, a portion of the proceeds will be transferred to an escrow fund created under an Escrow Agreement (the **"Escrow Agreement"**) dated as of ______ 1, 2016 with ____________, as escrow agent and used to redeem the outstanding $__________ aggregate principal amount of Prior Certificates at a prepayment price equal to the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium. The Certificates of Participation (City Operations Facility Acquisition Project), Series 2005A are expected to be prepaid within 30 days of the execution and delivery of the Certificates, while the Refunding Certificates of Participation (City Hall Facility Acquisition Project), Series 2007A and Taxable Series 2007B are expected to be prepaid on February 1, 2017.

The escrow fund created under the Escrow Agreement will be applied to the prepayment and defeasance of the outstanding Prior Certificates. Amounts deposited under the Escrow Agreement will be invested solely in direct, non-callable, general obligations of the United States Department of the Treasury, the principal of and interest on which, together with any available cash to be held uninvested, will be sufficient to pay the redemption price of the Prior Certificates. As a result of the deposit and application of funds as provided in the Escrow Agreement, the Prior Certificates will be defeased and all obligations thereunder discharged.

Amounts held by the escrow agent under the Escrow Agreement will be pledged for the prepayment of the Prior Certificates and not available for paying of the Certificates.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the Certificates are shown below.

SOURCES	**Tax-Exempt (Series A)**	**Taxable (Series B)**	**Total**
Principal Amount of Certificates			
Plus/Less [Net] Original Issue Premium/Discount			
Transfers From Prior Certificates Funds			
Total Sources			
USES			
Deposit to Escrow Fund			
Deposit to Reserve Fund (1)			
Costs of Issuance (2)			
Total Uses			

(1) Equal to the Reserve Requirement with respect to the Certificates.
(2) Includes filing and recording costs, printing costs, initial fees and charges of the Trustee, legal fees and charges, underwriter's discount, original issue discount, Certificate insurance premium, if any, and costs of rating agency for credit rating.

THE LEASED PREMISES

The "**Leased Premises**" consist of the following three parcels or real property located in the City, together with the improvements thereon:

- *2897 Kilgore Road (City Police Headquarters).* The City's police headquarters is located at 2897 Kilgore Road in the City. The parcel is approximately 12.6 acres in size, and contains a building of approximately 30,600 square feet, all of which is currently being used for the police headquarters.

- *2880 Gold Tailings Court (City Code Enforcement and Animal Services)*. The City's code enforcement and animal services offices are located at 2880 Gold Tailings Court in the City. The parcel is approximately _____ acres in size, and the building constructed thereon contains approximately 11,700 square feet.

- *2701 Prospect Park Drive (McKesson and Sacramento Children's Museum)*. 2701 Prospect Park Drive in the City consists of approximately ___ acres and contains a building of approximately 14,500 square feet in a single story. The building is currently leased to the two private tenants: the Sacramento Children's Museum and McKesson.

The City, based on comparable properties and other information it has obtained, estimates the current fair rental value of the Leased Premises to be not less than the amount of the Lease Payments.

***Substitution of Leased Premises*.** In the Lease Agreement, the City is granted the option at any time and from time to time, to substitute other land, facilities, improvements, equipment or other property (the **"Substitute Leased Premises"**) for the Leased Premises or any portion thereof (the **"Former Leased Premises"**), provided that the City shall satisfy all of the following requirements which are conditions precedent to such substitution: (a) no Event of Default shall have occurred and be continuing; (b) the City shall file with the Corporation and the Trustee, and (in the case of Substitute Leased Premises consisting of real property) cause to be recorded in the Office of the Sacramento County Recorder sufficient memorialization of, an amended Exhibit A to the Site Lease and to the Lease which adds thereto a description of such Substitute Leased Premises and deletes therefrom the description of such Former Leased Premises; (c) in the case of Substitute Leased Premises consisting of real property, the City shall obtain a CLTA policy of title insurance insuring the City's leasehold estate hereunder in such Substitute Leased Premises, in an amount at least equal to the aggregate principal amount of the Outstanding Certificates; (d) the City shall certify in writing to the Corporation and the Trustee that such Substitute Leased Premises serves the municipal purposes of the City, constitutes property which is essential to the operations of the City and constitutes property which the City is permitted to lease under the laws of the State; (d) the City certifies in writing to the Corporation and the Trustee that such Substitute Leased Premises has a useful life at least equal to the remaining term of any Outstanding Certificates; (e) the City shall provide an MAI appraisal or other evidence of value to the Corporation and the Trustee which states that the estimated fair market value and the estimated fair rental value of such Substitute Leased Premises are at least equal to the estimated fair market value and the estimated fair rental value, respectively, of such Former Leased Premises; (f) the Substitute Leased Premises shall not have any pre-existing liens; (g) the Substitute Leased Premises shall not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement; (h) the City shall obtain an opinion of Special Counsel that the Substitute Leased Premises shall not adversely affect the exclusion from gross income for purposes of federal income taxation of the interest component of the Lease Payments attributable to the 2016A Certificates; and (i) written notice of such substitution shall be given by the City to any Rating Agency then rating the Certificates.

Release of the Leased Premises. The City has the option at any time and from time to time to release any portion of the Leased Premises, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release: (a) the City shall file with the Corporation and the Trustee an amended Exhibit A to the Site Lease which describes the Leased Premises, as revised by such release; (b) the City shall file with the Corporation and the Trustee an amended Exhibit A to the Lease Agreement which describes the Leased Premises, as revised by such release; (c) the City delivers to the Trustee and the Corporation evidence in the form of a written appraisal that the Leased Premises, as revised by such release, is of a value at least equal to the principal amount of the Outstanding Certificates and has a useful life at least equal to the remaining term of any Outstanding Certificates; (d) the City shall obtain an amendment to the title insurance policy required pursuant to the Lease which describes the Site, as revised by such release and evidencing that the existing title insurance policy is not affected by such release; and (e) written notice of such release shall be given by the City to any Rating Agency then rating the Certificates.

THE CERTIFICATES

General

The Certificates evidence and represent direct, undivided fractional interests of the Owners thereof in the principal and interest components of Lease Payments to be made by the City under the Lease Agreement.

The Certificates will be executed and delivered in principal amounts of $5,000 or integral multiples thereof. Interest represented by each Certificate will accrue on the principal components represented by such Certificate at the applicable interest rate from the date of original delivery of the Certificates until the date of maturity or prior prepayment, with interest becoming payable on each February 1 and August 1 (each, an "**Interest Payment Date**"), commencing February 1, 2017. Interest represented by each Certificate will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Prepayment

Extraordinary Mandatory Prepayment from Net Proceeds of Insurance or Condemnation. The Certificates are subject to mandatory prepayment on any date, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments pursuant to the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium. In accordance with the Trust Agreement, the Trustee shall deposit such Net Proceeds in the Insurance and Condemnation Fund established under the Trust Agreement, to be applied to repair or replace the Leased Premises, or to prepay Certificates, in accordance with the provisions of the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance."

2016A Certificates - Optional Prepayment. The 2016A Certificates maturing on or before February 1, 20__, are not subject to optional prepayment prior to the respective stated maturities. The 2016A Certificates maturing on or after February 1, 20__, are subject to optional prepayment in whole or in part, on any date on or after February 1, 20__, from prepayments of the Lease Payments made at the option of the City pursuant to the Lease, at a prepayment price equal to the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

2016A Certificates - Mandatory Sinking Fund Prepayment. The Term 2016A Certificates maturing on February 1, 20__ are also subject to mandatory sinking fund payment by lot on February 1 in each year, as shown in the following table, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term 2016A Certificates Maturing February 1, 20__

Prepayment Date (February 1)	Principal Amount of Term 2016A Certificates To Be Paid

Notwithstanding the foregoing provisions, in the event that some but not all of the Term 2016A Certificates have been prepaid pursuant to optional or mandatory sinking fund prepayment, the aggregate principal amount of such Term 2016A Certificates to be prepaid in each year thereafter shall be reduced by the aggregate principal amount of such Term 2016A Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis as directed by the City in integral multiples of $5,000 such that the resulting amount of principal represented by such Term 2016A Certificates subject to prepayment on any date is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

2016B Certificates - Optional Prepayment. The 2016B Certificates maturing on or before February 1, 20__, are not subject to optional prepayment prior to the respective stated maturities. The 2016B Certificates maturing on or after February 1, 20__, are subject to optional prepayment in whole or in part, on any date on or after February 1, 20__, from prepayments of the Lease Payments made at the option of the City pursuant to the Lease, at a prepayment price equal to the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

2016B Certificates - Mandatory Sinking Fund Prepayment. The Term 2016B Certificates maturing on February 1, 20__ are also subject to mandatory sinking fund payment by lot on February 1 in each year, as shown in the following tables, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term 2016B Certificates Maturing February 1, 20__

Prepayment Date (February 1)	Principal Amount of Term 2016B Certificates To Be Paid

Notwithstanding the foregoing provisions, in the event that some but not all of the Term 2016B Certificates have been prepaid pursuant to optional or mandatory sinking fund prepayment, the aggregate principal amount of such Term 2016B Certificates to be prepaid in each year thereafter shall be reduced by the aggregate principal amount of such Term 2016B Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis as directed by the City in integral multiples of $5,000 such that the resulting amount of principal represented by such Term 2016B Certificates subject to prepayment on any date is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

Selection of Certificates for Prepayment. Whenever less than all Outstanding Certificates are called for prepayment, the Trustee shall select Certificates for prepayment among the Series, and the maturities within each Series, in any manner as directed by the City, and by lot within a maturity. For the purposes of such selection, Certificates shall be deemed to be composed of $5,000 portions, and any such portion may be separately prepaid.

Notice of Prepayment. While the Certificates are subject to DTC's book-entry system, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations executed by the City and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of prepayment to the beneficial owners of the Certificates to be prepaid. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under " - Effect of Prepayment."

During any period in which the Certificates are not subject to the book-entry system, notice of prepayment of any Certificates to be prepaid will be given to the respective Owners of Certificates designated for prepayment by first-class mail, postage prepaid, at their addresses appearing on the registration books of the Trustee as of the close of business on the day before such notice of prepayment is given, at least 30 but not more than 60 days prior to the prepayment date.

Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and the deposit of the prepayment price has been made by the City, the Certificates or portions of Certificates so to be prepaid will, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date interest with respect to such Certificates or portions of Certificates will cease to accrue and be payable. Upon surrender of such Certificates for prepayment in accordance with said notice, such Certificates will be paid by the Trustee at the prepayment price. Installments of interest due on or prior to the prepayment date will be payable as provided in the Trust Agreement for payment of interest.

Book-Entry Only System

The Certificates will be executed and delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to actual purchasers of the Certificates (the "**Beneficial Owners**") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in this Official Statement) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See "APPENDIX G – Book-Entry Only System." If the book-entry-only system is no longer used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the Trust Agreement, as described below.

Transfer and Exchange of Certificates

The following provisions regarding the exchange and transfer of the Certificates apply only if and when the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their exchange and transfer will be effected *through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX G – Book-Entry Only System."*

All Certificates are transferable by the Owner thereof, in person or by his or her attorney duly authorized in writing, at the principal corporate trust office of the Trustee on the books required to be kept by the Trustee under the provisions of the Trust Agreement, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee, manually executed.

Whenever any Certificate or Certificates are surrendered for transfer, the Trustee will execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The Trustee will require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Certificates may be exchanged, upon surrender thereof, at the principal corporate trust office of the Trustee for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. Whenever any Certificate or Certificates are surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like principal amount in authorized denominations. The City will pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) any Certificate selected for prepayment.

LEASE PAYMENT SCHEDULE

Following is the annual schedule of Lease Payments due with respect to the Certificates.

Period Ending (Feb. 1)	2016A Certificates Principal Component	2016A Certificates Interest Component	2016A Certificates Total Payments	2016B Certificates Principal Component	2016B Certificates Interest Component	2016B Certificates Total Payments	2016 Certificates Total
Total							

Source: Underwriter

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Neither the Certificates nor the obligation of the City to make Lease Payments constitute an obligation of the City for which the City is obligated to levy or pledge, or for which the City has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the City to make Lease Payments constitute an indebtedness of the Corporation, the City, the State of California or any of its political subdivisions within the meaning of any constitutional limitation or violates any statutory debt limitation or restriction.

Delivery of the Certificates

Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Lease Payments due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Lease Payments (based on the stated interest rate with respect to such Certificate) to accrue from the date of original delivery of the Certificates to its payment date or prepayment date, as the case may be.

The Corporation, under the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Lease Payments to be paid by the City; except that the Corporation will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Lease Payments directly to the Trustee, as assignee of the Corporation. See "Lease Payments" below.

Lease Payments

For the right to the use and occupancy of the Leased Premises, the Lease Agreement requires the City to make Lease Payments. Lease Payments are due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease Agreement, and to be deposited by the City with the Trustee on each of the Lease Payment Dates during the term of the Lease Agreement. The Lease Payments are payable from any source of legally available funds of the City, which includes the General Fund. The Certificates are not secured by a pledge of or lien on any funds or properties of the City.

The Lease Payments are scheduled to be sufficient to pay the principal and interest components of the Certificates, and the 2016A Certificates and 2016B Certificates evidence and represent parity allocations of the Lease Payments received by the Corporation. The scheduled Lease Payments are set forth above under the heading "LEASE PAYMENT SCHEDULE."

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Rental Payments

In addition to the Lease Payments, the Lease Agreement requires the City to pay all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), indemnification and annual compensation due to the Trustee and all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement, and all costs and expenses of attorneys, auditors, engineers and accountants (the "**Additional Payments**"). Such costs and expenses shall be payable as additional amounts of rental in consideration of the right of the City to use and occupy the Leased Premises. *Amounts payable to Owners of the Certificates are not derived from Additional Payments.*

Covenant to Appropriate Funds for Lease Payments

The Lease Payments and Additional Payments are payable from any source of legally available funds of the City, including (but not limited to) amounts held by the City in its General Fund. The City covenants in the Lease Agreement that it will take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. Annually, the City will furnish to the Trustee a certificate of the City Representative stating that the Lease Payments have been included in the final budget of the City for the current Fiscal Year, to the full extent required, such certificate to be filed within thirty (30) days after the adoption of such budget and in any event no later than September 1 in the calendar year in which the City adopts such budget. These covenants on the part of the City shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the City.

The City additionally covenants in the Lease Agreement that it will not directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to all or any portion of the Leased Premises, other than the respective rights of the Corporation and the City as provided in the Lease and Permitted Encumbrances. The Corporation likewise makes this covenant in the Lease Agreement.

Abatement

The City is obligated to pay the Lease Payments in each annual rental period for and in consideration of the right to use and occupy the Leased Premises during each such period. Except as otherwise provided in the Lease Agreement, the Lease Payments shall be abated during any period in which, by reason of damage, destruction or other event (other than by eminent domain which is also provided for in the Lease Agreement), there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof. The extent of such abatement shall be agreed upon by the City and the Corporation, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Premises not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the City. Such abatement shall continue for the period commencing with such damage, destruction or other event and ending with the substantial completion of the work of repair or reconstruction or of completion of the Leased Premises or of the regained availability of use and occupancy. In the event of any such damage, destruction, non-completion or non-availability, the Lease Agreement shall continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage, destruction, non-completion or unavailability.

Notwithstanding the foregoing, there shall be no abatement of Lease Payments by reason of damage, destruction or unavailability of all or a portion of the Leased Premises to the extent that: (i) the value of the portions of the Leased Premises not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the City, based upon a written appraisal, is equal to or greater than the Outstanding Certificates; or (ii) the proceeds of rental interruption insurance or amounts in the Insurance and Condemnation Fund or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement" and "RISK FACTORS – Abatement."

Action on Default

If the City defaults under the Lease Agreement, the Trustee, as assignee of the Corporation under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Lease Payments thereunder on an annual basis as they become due. The Lease Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement" and "– The Trust Agreement."

Reserve Fund

A reserve fund (the "**Reserve Fund**") is established by the Trust Agreement to be held by the Trustee in trust for the benefit of the City and the Owners of the Certificates in an amount equal to, as of any date of calculation the least of (1) maximum annual debt service on the Outstanding Certificates; (b) 125% of average annual debt service; or (c) ten percent (10%) of the total amount of the proceeds of the Certificates deposited under the Trust Agreement (the "**Reserve Requirement**"). The Reserve Fund will initially be funded from Certificate proceeds in the amount of the Reserve Requirement and separate subaccounts will be created for the 2016A Certificates and 2016B Certificates for accounting purposes only. If the amount on deposit in the Reserve Fund becomes less than the full Reserve Requirement, the City is required to replenish the deficiency, and Trustee may retain therein all earnings on the investment of amounts in the Reserve Fund until the full Reserve Requirement is on deposit. All amounts on deposit in the Reserve Fund in excess of the Reserve Requirement, and all amounts derived from the investment of amounts in the Reserve Fund which are not required to be retained therein to maintain the Reserve Requirement, shall be transferred by the Trustee to the Lease Payment Fund on or before each Interest Payment Date.

Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the City. If on any Interest Payment Date the moneys in the Lease Payment Fund do not equal the amount of the Lease Payment then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make such payments on behalf of the City by transferring the amount necessary for this purpose to the Lease Payment Fund. Upon receipt of any delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment shall be deposited in the Reserve Fund and allocated to the Series subaccounts to the extent of such advance.

If on any Interest Payment Date the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal, interest and prepayment premium, if any, represented by any Certificates theretofore having come due but not presented for payment) are sufficient to pay or prepay all Outstanding Certificates, including all principal, interest and prepayment premiums (if any) represented thereby, the Trustee shall, upon the written request of a City Representative, transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be applied for such purpose to the payment of the Lease Payments on behalf of the City.

The City shall have the right at any time to release funds from the Reserve Fund and substitute the deposit therein with an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company (a **"Qualified Reserve Fund Credit Instrument"**), provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is in the [[two highest Rating Categories]] by Moody's and S&P at the time of issuance; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Lease Payment Fund for the purpose of making payments required pursuant to the Lease. Such release of moneys in the Reserve Fund and substitution with a Qualified Reserve Fund Credit Instrument also requires written confirmation from each rating agency then rating the Certificates that such substitution will not adversely affect the rating it has at the time assigned to the Certificates, and an opinion of Special Counsel stating that such release will not, of itself, cause the portion of the Lease Payments designated as and comprising interest related to the 2016A Certificates to become includable in gross income for purposes of federal income taxation.

Insurance

General Liability Insurance. The Lease Agreement requires the City to maintain a standard comprehensive general insurance policy or policies in protection of the City, and its members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Premises. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City shall deem reasonable and customary. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease Agreement, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Fire and Extended Coverage Insurance. The Lease Agreement also requires the City to procure and maintain insurance against loss or damage to any improvements constituting any part of the Leased Premises by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and earthquake insurance (but with respect to such earthquake insurance, only if and to the extent available at reasonable cost from reputable insurers in the reasonable determination of the City, whose determination is final and conclusive). Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in a loss recoverable amount at least equal to the greater of (a) the aggregate principal amount of the Outstanding Certificates, or (b) the replacement cost of the Leased Premises insured thereunder. Such insurance may be subject to deductibles as the City deems prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such insurance may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance shall be applied as provided in the Lease Agreement.

Rental Interruption Insurance. The Lease Agreement further requires the City to procure or cause to procure and maintain throughout the term of the Lease, for the benefit of the Corporation, rental interruption insurance to cover loss, total or partial, of the rental payments as a result of any of the hazards covered by the fire and extended coverage insurance, in an amount at least equal to the maximum Lease Payments payable with respect to the improvements during the current or any future twenty-four (24) consecutive month period. Such insurance shall name the Leased Premises as the insured property and may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such insurance may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance shall be paid to the Trustee and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable.

Title Insurance. The Lease Agreement also requires the City to (a) cause the Assignment Agreement, the Site Lease and the Lease, or a memorandum thereof in form and substance approved by Special Counsel, to be recorded in the office of the Sacramento County Recorder with respect to the Leased Premises, and (b) obtain a title insurance policy insuring the City's leasehold estate in the Leased Premises, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate original principal amount of the Certificates. Self-insurance is not permitted with respect to the requirements for title insurance. All Net Proceeds received under any such title insurance policy shall be deposited with the Trustee in the Lease Payment Fund and shall be credited towards the prepayment of the remaining Lease Payments.

Form of Policies and Net Proceeds of Insurance. Each above-described policy of insurance shall name the Corporation, the City and the Trustee as insureds and the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. Each policy of insurance required by the Lease Agreement shall be provided by a commercial insurer rated A by AM Best & Company or in the two highest rating categories of S&P or Moody's. The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement. All such policies shall provide that the Trustee shall be given thirty (30) days' prior notice of expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Premises by fire or other casualty shall be paid to the Trustee. In accordance with the Trust Agreement, the Trustee shall deposit such Net Proceeds in the Insurance and Condemnation Fund established under Trust Agreement, to be applied as set forth in the Trust Agreement. The Trustee shall not be responsible for the sufficiency of any insurance required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City shall cause to be delivered to the Trustee annually, within sixty (60) days following the close of each Fiscal Year, a certificate executed by a City Representative stating whether the insurance policies required by the Lease are in full force and effect. See "THE CERTIFICATES – Prepayment."

Eminent Domain. The Net Proceeds of any eminent domain award resulting from any eminent domain proceedings shall be paid to the Trustee. In accordance with the Trust Agreement, the Trustee shall deposit such Net Proceeds in the Insurance and Condemnation Fund established under the Trust Agreement, to be applied as follows:

(a) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease, and (ii) such proceeds are not needed for repair or rehabilitation of the Leased Premises, the City shall so certify to the Trustee and the Trustee, at the City's written request, shall transfer such proceeds to the Lease Payment Fund for the prepayment of the Lease Payments and applied to the prepayment of Certificates. See "THE CERTIFICATES - Prepayment."

(b) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Leased Premises, the City shall so certify to the Trustee and the Trustee, at the City's written request, shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation.

(c) If (i) less than all of the Leased Premises shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease or (ii) all of the Leased Premises shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be applied to the prepayment of the Lease Payments and applied to the prepayment of Certificates. See "THE CERTIFICATES – Prepayment."

[CERTIFICATE INSURANCE POLICY

The following information has been furnished by the Insurer for use in this Official Statement. No representation is made by the City or the Underwriter as to the accuracy or completeness of such information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX F for a specimen of the Insurer's policy.]

THE CITY AND THE CORPORATION

The City

The City of Rancho Cordova is located in central Sacramento County (the "**County**") and is part of the greater Sacramento region. The City lies on the Highway 50 corridor between the City of Sacramento and the City of Folsom, situated next to Mather Field (a former U.S. Air Force base) and the American River. The estimated population of the City as of January 2016 was approximately 72,203.

The City was incorporated on July 1, 2003. The City operates under the mayor/council/manager form of government. The City Council consists of five members who are elected to staggered four year terms. The City Council is the legislative and policy-making body for the City. The City Council appoints the City Manager who is the City's Chief Administrative Officer and who is responsible for the daily administration of City's affairs, including the direction and supervision of all City departments, preparing and administering the annual City budget, and planning and implementing key projects. The City Council also appoints the City Attorney. All other employees are appointed by the City Manager.

The City contracts many of its residential services to outside agencies. The largest contracts are for law enforcement services with the Sacramento County Sheriff's Department and street maintenance services with the Sacramento County Public Works Department. Other City contract services include street sweeping, refuse removal, legal and portions of planning, which are all provided by private companies. City residents receive fire protection services from the Sacramento Metropolitan Fire District and parks and recreation services from the Cordova Recreation and Park District. Services provided from in-house staff include Code Enforcement, Animal Services, Public Works, Building and Safety, Housing, Economic Development, Planning and general City administration.

The County was incorporated in 1850 as one of the original 27 counties of the State. The County's largest city, the City of Sacramento, serves as the seat of government for both the County and the State. Sacramento became the State Capital in 1854. The County is the major component of the Sacramento Metropolitan Statistical Area ("**SMSA**"), which includes Sacramento, El Dorado, and Placer Counties.

Certain demographic information concerning the City and the County is included in APPENDIX A attached hereto.

The Corporation

The Corporation was formed by the City on February 17, 2005 under the Nonprofit Public Benefit Corporation Law of the State of California (California Corporations Code Section 5110 et seq. The primary purpose of the Corporation is to render financial assistance to the City and the City's redevelopment agency by financing, refinancing, acquiring, constructing, improving, leasing and selling buildings, building improvements, equipment, and other public improvements, lands and any other real or personal property for the benefit of the residents with the jurisdiction of the City. The Corporation is governed by a Board of Directors consisting of members of the City Council. Management of the Corporation is facilitated by City staff.

CITY FINANCIAL INFORMATION

Management

Cyrus Abhar, City Manager. Cyrus Abhar has served as the City Manager of the City since November 2015. Prior to this appointment, Mr. Abhar served as Interim City Manager for four months following a vacancy in the position. Beforehand he served as the City's Public Works Director and Chief Building Official, and has been an employee since incorporation on July 1, 2003. Mr. Abhar has more than 27 years experience in civil engineering, public works administration, and business management. Before joining City staff, Mr. Abhar managed his family's contracting and construction management firm in Orange County, California. In the 1990s, he held several management positions in the Sacramento County Transportation Department, including division chief and a project manager for the Department's Operations and Maintenance Division. He started his professional career as a design engineer and project manager for civil engineering consulting firms in Texas and California.

Mr. Abhar is a registered Professional Engineer and a licensed Land Surveyor and Professional Traffic Operations Engineer. He graduated from the University of Texas at Austin with a B.S. degree in Civil Engineering. In 2007, he was a member of the first Leadership Rancho Cordova class, a program sponsored by the City and Rancho Cordova Chamber of Commerce to develop community leaders. Mr. Abhar is a member of the Executive Team for the Highway 50 Corridor Partnership, the Agency Staff Advisory Committee for the Capital Southeast Connector, the Sacramento Central Groundwater Authority board of directors, and the American Public Works Association. He was on the California Board of Registration for Professional Engineers for Designing the License Exam from 1999 to 2002.

Kim Juran-Karageorgiou, Chief Financial Officer. Kim Juran has been the Chief Financial Officer of the City since June 2016. Mrs. Juran has 16 years of finance experience, 11 of which are in local government finance. She previously served as the Director of Administrative Services for the City of Los Altos where she oversaw Finance, Human Resources and Information Technology. Prior to Los Altos, she was the Administrative Services Director for the City of Auburn, the Director of Finance for the City of San Bruno, and she also worked at Stanford University in a finance capacity.

A native of Lodi, California, Ms. Juran earned a Bachelor's Degree in Finance and a Masters of Public Administration from the University of Southern California.

Budgetary Process and Administration

Biennial Budget Process. The City Council adopts a budget biennially for all governmental fund types. The City Manager is required to submit a proposed budget to the City Council each year by May 31st. The budget that is submitted must be a balanced budget either through the matching of ongoing revenues with proposed expenditures or the use of existing reserves, which has never been required. The budgets of general governmental type funds are prepared on a modified accrual basis. The departments are responsible for preparing their budgets in accordance with the guidelines provided by the City Manager and the Finance Department. The Finance Department provides all revenue/cost experience data to assist the City departments and reviews department submission to ensure accuracy and need. The Finance Department prepares all non-departmental expenditures, revenue, debt service and reserve estimates. During the budget review phase, the City Manager's office, in collaboration with the City's Leadership Team, reviews and analyzes new positions and operating and capital budget requests. The Finance Department compiles all the financial data and presents the proposed budget to the City Manager for review.

The City Manager presents the budget to the City Council via a publicly noticed study sessions. Public hearings are held, and after modifications and revisions, the budget is adopted by resolution. Periodic reviews of the budget are performed by the Finance Department by looking at the results from the prior year of the adopted budget. Budget revisions, if necessary, are generally presented to the Council for consideration before closing the financial books each fiscal year. Actual expenditures may not exceed budgeted appropriations at the fund level. The City Manager or his/her designee is authorized to transfer budgeted amounts at the department and category level.

For further information concerning the City's budgetary procedures, see the City's audited financial statements attached hereto as APPENDIX B.

Adopted Fiscal Year 2015-17 Budget. The biennial final budget for fiscal years 2015-16 and 2016-17 was adopted in 2015. The General Fund operating revenue plan presented in the fiscal year 2016-2017 budget anticipates $54.7 million in revenue, a 1.5% increase over the 2015-2016 Budget.

The General Fund operating expenditure plan presented in the fiscal year 2016-17 Budget is $44.4 million and represents less than a 1.0% decrease compared to the 2015-16 Budget. The 2016-17 General Fund budget anticipates filling staff positions previously held vacant during the 2015-16 fiscal year. The increase in salaries and benefits is offset by a decrease in contractual staffing costs.

Comparison of Adopted Budgets. Set forth in the following table is the adopted general fund budgets for the City for fiscal years 2015-16 and 2016-17.

CITY OF RANCHO CORDOVA
General Fund Budget Summary
Fiscal Years 2015-16 and 2016-17

	2015-16 Adopted Budget	2016-17 Adopted Budget
Revenues:		
Taxes	43,524,600	43,674,200
Licenses & Permits	4,376,900	4,517,900
Fines & Forfeitures	1,310,900	1,660,900
Use of Money & Property	694,300	1,004,400
Intergovernmental	512,800	512,800
Charges for Services & Other Revenues	$ 3,442,900	$ 3,311,400
Total Revenues	53,862,400	54,681,600
Other Sources:		
Transfers In	335,000	100,000
Proceeds from Debt	$ -	$ -
Total Other Sources	$ 335,000	$ 100,000
Total Revenues & Other Sources	$ 54,197,400	$ 54,781,600
Expenditures:		
~~Salaries~~	~~$ 5,115,500~~	~~$ 5,905,600~~
Benefits	2,787,100	3,217,700
Operations	35,847,000	34,856,800
Capital Outlay	719,500	380,000
Capital Improvements	-	-
Total Expenditures	$ 44,469,100	$ 44,360,100
Other Uses:		
Transfers Out	$ 1,591,600	$ 1,539,400
Revenue Neutrality	8,070,100	8,489,200
Principal & Interest	13,200	-
Total Other Uses	$ 9,674,900	$ 10,028,600
Total Expenditures & Other Uses	$ 54,144,000	$ 54,388,700
Excess Revneues over Expenditures	$ 53,400	$ 392,900
Beginning Fund Balance (est.)	26,983,183	27,036,583
Ending Fund Balance (est.)	$ 27,036,583	$ 27,429,483

	2015-16 Adopted Budget	2016-17 Adopted Budget
Revenues:		
Taxes	43,524,600	43,674,200
Licenses & Permits	4,376,900	4,517,900
Fines & Forfeitures	1,310,900	1,660,900
Use of Money & Property	694,300	1,004,400

Intergovernmental	512,800	512,800
Charges for Services & Other Revenues	$3,442,900	$3,311,400
Total Revenues	53,862,400	54,681,600
Other Sources:		
Transfers In	335,000	100,000
Proceeds from Debt	$-	$-
Total Other Sources	$335,000	$100,000
Total Revenues & Other Sources	$54,197,400	$54,781,600
Expenditures:		
Salaries	$5,115,500	$5,905,600
Benefits	2,787,100	3,217,700
Operations	35,847,000	34,856,800
Capital Outlay	719,500	380,000
Capital Improvements	-	-
Total Expenditures	$44,469,100	$44,360,100
Other Uses:		
Transfers Out	$1,591,600	$1,539,400
Revenue Neutrality	8,070,100	8,489,200
Principal & Interest	13,200	-
Total Other Uses	$9,674,900	$10,028,600
Total Expenditures & Other Uses	$54,144,000	$54,388,700
Excess Revneues over Expenditures	$53,400	$392,900
Beginning Fund Balance (est.)	26,983,183	27,036,583
Ending Fund Balance (est.)	$27,036,583	$27,429,483

Source: City of Rancho Cordova.

Financial Statements

Accounting Policies. The basic financial statements of the City are prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015" for a full presentation of the City's accounting policies.

Audited Financial Statements. The City's most recent audited financial statements for the Fiscal Year ending June 30, 2015, are attached as "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015" to this Official Statement, which were prepared by the City and audited by Maze & Associates (the "**Auditor**"). *The Financial Statements should be read in their entirety. The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or the General Fund. In addition, the Auditor has not reviewed this Official Statement.*

Summary Financial Information

Set forth on the following page is a balance sheet for the City's General Fund as of June 30, 2014, 2015 and 2016; the numbers for June 30, 2016 are unaudited. Also set forth below is a table summarizing the City's statement of revenues and expenditures for fiscal years ended June 30, 2014, 2015 and 2016; the numbers for the fiscal year ended June 30, 2016 are unaudited. The City's audited financial statements for the year ended June 30, 2015 are included as APPENDIX B attached hereto and should be read in their entirety.

CITY OF RANCHO CORDOVA
General Fund Balance Sheet
As of June 30, 2014, 2015 and 2016

	June 30, 2014	June 30, 2015	June 30, 2016 (Unaudited)
ASSETS			
Cash and investments	19,198,644	16,963,623	25,770,141
Receivables:			
Accounts	921,982	1,232,333	1,022,514
Interest	1,108	4,694	148,012
Other	241,900	223,370	223,370
Due from other governmental agencies	2,424,809	4,209,400	7,386,371
Loans	6,305,085	6,225,656	6,261,965
Prepaid expenses	-	39,679	15,576
Due from other funds	1,092,625	2,006,734	-
Advances to other funds	3,482,486	5,930,812	5,636,535
Total Assets	33,668,639	36,836,301	46,464,483
LIABILITIES			
Accounts payable	4,543,054	6,031,592	6,316,354
Accrued liabilities	350,596	383,471	256,279
Interest payable	-	9,572	-
Refundable deposits	901,547	752,428	1,135,812
Unearned revenue	37,001	13,323	86,227
Total Liabilities	5,832,198	7,190,386	7,794,672
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - accounts receivable	31,262	64,386	52,386
Unavailable revenue - interest receivable	1,125	166,065	69,064
Unavailable revenue - due from other gov't agencies	83,964	76,468	-
Unavailable revenue - long-term receivable	171,181	-	-
Total Deferred Inflows of Resources	287,532	306,919	121,450
FUND BALANCES			
Nonspendable	9,616,390	12,196,147	12,235,487
Restricted	-	-	-
Unassigned	17,932,519	17,142,849	26,313,216
Total Fund Balance	27,548,909	29,338,996	38,548,703
Total Liabilities, Deferred Inflows and Fund Balance	33,668,639	36,836,301	46,464,826

Source: City of Rancho Cordova Audited Financial Statements for the Fiscal Years ending June 30, 2014 and June 30, 2015 (2016 figures prepared but financial statements not officially released as of date of this Official Statement).

CITY OF RANCHO CORDOA
Statement of Revenues and Expenditures
and Changes in Fund Balance for General Fund
Fiscal Years 2013-14 through 2015-16

	June 30, 2014	June 30, 2015	June 30, 2016 (Unaudited)
REVENUES			
Property tax	12,421,203	13,185,809	13,759,511
Sales tax	12,797,765	15,280,124	22,110,608
Utility users tax	3,439,608	3,718,885	3,698,001
Other taxes	4,480,712	5,043,987	5,463,146
Charges for services	3,157,167	3,325,592	3,682,203
Licenses, permits and fees	4,694,244	4,535,915	5,437,270
Fines, forfeitures and penalties	1,422,015	1,188,496	1,548,701
Intergovernmental	697,524	1,071,359	1,303,666
Use of money and property	681,380	673,649	811,762
Other	288,566	112,781	218,723
Total Revenues	44,080,184	48,136,597	58,033,590
EXPENDITURES			
Current:			
General Government	14,611,069	15,099,495	15,556,593
Community Development	5,480,794	6,188,877	6,780,013
Public Safety	16,775,337	17,672,670	19,240,131
Public Works	2,937,084	3,205,152	3,568,722
Captial outlay	67,748	354,255	1,496,836
Debt Service:			
Principal	11,017	11,621	12,257
Interest and fiscal charges	1,654	1,051	414
Total Expenditures	39,884,703	42,533,121	46,654,966
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,195,481	5,603,476	11,378,625
OTHER FINANCING SOURCES (USES)			
Transfers in	151,872	85,000	100,000
Transfers (out)	(3,681,140)	(3,898,389)	(2,268,918)
Total Other Financing Sources (Uses)	(3,529,268)	(3,813,389)	(2,168,918)
NET CHANGE IN FUND BALANCES	666,213	1,790,087	9,209,707
BEGINNING FUND BALANCES	26,882,696	27,548,909	29,338,996
ENDING FUND BALANCES (DEFICITS)	27,548,909	29,338,996	38,548,703

Source: City of Rancho Cordova Audited Financial Statements for the Fiscal Years ending June 30, 2014 and June 30, 2015 (2016 figures prepared but financial statements not officially released as of date of this Official Statement).

Tax Revenue Sources

The following table shows the sources of tax revenues for the City in fiscal year 2015-16. The City's receipt of property taxes is limited due to an agreement with the County entered into in connection with the incorporation of the City in 2003. See "–Property Taxes" below. See also APPENDIX B – Audited Financial Statements for Fiscal Year Ended June 30, 2015."

CITY OF RANCHO CORDOVA
Tax Revenues by Source
Fiscal Year Ended June 30, 2016

Type of Tax	Fiscal Year 2015-16 Unaudited	% of Total
Sales Tax	$ 22,110,608	49%
Property Tax[1]	13,759,511	31%
Utility User's Tax	3,698,001	8%
Transient Occupancy Tax	3,441,447	8%
Police Tax	1,381,018	3%
Property Transfer Tax	371,664	1%
Other	269,017	1%
Total	$ 45,031,265	100%

(1) See "–Property Taxes – Tax Sharing Agreement with the County" below.
Source: City of Rancho Cordova.

Sales and Use Taxes

Sales and use taxes represent the largest source of tax revenue to the City (approximately 48% of tax revenues in fiscal year 2015-16).

The sales tax is an excise tax imposed on retailers for the privilege of selling or leasing tangible personal property. The use tax is an excise tax imposed for the storage, use, or other consumption of tangible personal property purchased from any retailer. The total sales tax rate within the City is 8.5%, as of July 1, 2016. The proceeds of sales and uses taxes imposed within the City are distributed by the State to various agencies, with the City receiving 1.0% of the amount collected. The City receives an additional 0.5% in sales tax as a result of the successful passage of Measure H by Rancho Cordova voters in 2014, a general sales tax that is available to support the full range of municipal services.

Collection of the sales and use tax is administered by the California State Board of Equalization. Under its procedures, the State Board of Equalization projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the State Board of Equalization's quarterly projection. During the last month of each quarter, the State Board of Equalization adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter. The State Board of Equalization receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Sales Tax Rates. Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

CITY OF RANCHO CORDOVA
Sales Tax Rates
As of July 1, 2016

State	(General Fund)	3.6875%
State	(General Fund)	0.2500%
State	(Local Public Safety Fund)	0.5000%
State	(Education Protection Account - 2012 Prop 30)	0.2500%
State	(Local Revenue Fund - Health and Social Services)	0.5000%
State	(Local Revenue Fund 2011 Public Safety)	1.0625%
Local	(City and County Operations)	1.0000%
Local	(County Transportation Funds)	0.2500%
Local	(County Operations)	0.5000%
Local	(City Operations)	0.5000%
	Total City of Rancho Cordova Tax Rate	**8.5000%**

Source: California State Board of Equalization.

Application of Sales Tax. Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State. The sales tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's July, 2014, Publication No. 61 entitled "Sales and Use

Taxes: Exemptions and Exclusions," which can be found on the State Board of Equalization's website at http://www.boe.ca.gov/.

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the State Board of Equalization. According to the State Board of Equalization, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

Using the prior year's like quarterly tax allocation as a starting point, the Board first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The State Board of Equalization disburses 90% to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

Under the Sales and Use Tax Law, all sales and use taxes collected by the State Board of Equalization under a contract with any city, city and county, or county are required to be transmitted by the State Board of Equalization to such city, city and county, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

History of Taxable Transactions. A summary of historic taxable sales within the City is shown in the following table.

CITY OF RANCHO CORDOVA
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail and Food Service		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	1,161	$619,057	1,914	$924,225
2011	1,108	766,808	1,834	1,158,566
2012	1,100	811,506	1,807	1,240,397
2013	1,127	861,610	1,831	1,310,018
2014	1,130	873,802	1,846	1,360,439

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Property Taxes

Tax Sharing Agreement with the County. Property tax revenues to the City have been affected by the "Revenue Neutrality Agreement" between the City and Sacramento County. The agreement was entered into as a means of mitigating the financial impacts of the incorporation of the City in 2003 on the County's general fund. The original agreement called for reductions in property tax receipts to the City over a period of 31 years. This reduction was to be calculated based on a percentage of taxes and ranged from 97.50% for fiscal year 2003-04 to 38.80% for fiscal year 2033-34. In 2007, this agreement was overturned by the courts and a new fixed payment scheduled was established with payments ranging from $5,796,888 for fiscal year 2007-08 to $11,213,920 for fiscal year 2027-28.

The City records property tax receipts at a gross amount and records the amount withheld by the County as an expense. In 2015-16, the City received $7,757,689 in property tax revenue and was required to make a revenue neutrality payment of $8,070,095, resulting in a net payment of $312,406 in excess of property taxes.

General Property Taxes. Property taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

Certain counties in the State, including Sacramento County, offer a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. The County offers a modified Teeter Plan in which delinquencies are analyzed annually at which time the County chooses whether they will purchase the delinquencies from the City, therefore making the City whole. This election is typically made in October of each year with the cities receiving payment for these delinquencies in December. The City has elected to participate in the County's Modified Teeter Plan. Consequently, the City's receipt of property taxes is in the amount of the levy by the end of the following fiscal year.

Assessed Valuation Information. Set forth below is a listing of the City's assessed valuations, net of homeowners' and other exemptions, for fiscal years 2011-12 through 2015-16.

CITY OF RANCHO CORDOVA
Assessed Value of All Taxable Property
Fiscal Years 2011-12 through 2015-16

	Local Secured	Utility	Unsecured	Less Exemptions	Total
2011-12	6,068,916,766	146,060	396,218,211	71,734,546	6,393,546,491
2012-13	5,851,403,070	175,453	508,419,318	70,314,733	6,289,683,108
2013-14	5,998,670,352	175,453	463,225,618	68,562,466	6,393,508,957
2014-15	6,320,902,519	175,453	468,417,766	67,541,328	6,721,954,410
2015-16	6,601,582,669	182,199	452,081,086	67,375,718	6,986,470,236

Source: City of Rancho Cordova Comprehensive Annual Financial Reports; Sacramento County Auditor-Controller.

Major Property Taxpayers. The top 10 local secured property taxpayers in the City, as shown on the 2015-16 secured tax roll, are listed in the table below. The City's receipt of property taxes is limited due to an agreement with the County entered into in connection with the incorporation of the City in 2003. See "–Property Taxes" above.

CITY OF RANCHO CORDOVA
Top Ten Local Secured Taxpayers
Fiscal Year 2015-16

	Property Owner	Land Use	Assessed Valuation	% of Total (1)
1	Franklin Resources	Office Building	$ 79,755,643	1.21
2	MSCP Capital Center Investors, LLC	Office Building	73,554,307	1.11
3	Karlin Capital Center, LLC	Office Building	62,706,168	0.95
4	VSP Holding Company Inc.	Office Building	52,416,860	0.79
5	Rreef American REIT II Corporation	Office Building	49,200,000	0.75
6	D Bruce and Darlyne Fite Family Revocable Trust	Office Building	48,489,676	0.73
7	Wasatch Pool Holdings LLC	Apartments	42,395,126	0.64
8	Mather Development Partners	Office Building	36,689,283	0.56
9	Ethan Conrad	Industrial	33,230,233	0.50
10	AMFP I Ashgrove LLC	Apartments	30,753,019	0.47

(1) Local Secured Assessed Valuation for Fiscal Year 2015-2016: $6,601,582,669.
Source: California Municipal Statistics.

Other Revenue Sources

Transient Occupancy Tax. Transient occupancy taxes represent the third largest source of tax revenue for the City. The current rate for this tax is 12%.

Utility Users' Tax. A utility users' tax is levied on telephone, gas, electricity, and cable television services. The current rate for this charge is 2.5%.

Franchise Fees. The City imposes fees on refuse, oil, and cable television companies for the privilege of using City streets.

Real Property Transfer Tax. The City authorizes the imposition of a transfer tax on real property sold in the City, at a rate of $0.55 per $1,000.

Motor Vehicle License Fees. The City receives a portion of Department of Motor Vehicles fees collected statewide and other payments in-lieu of taxes. In 1998, these fees were significantly reduced by State legislation. The legislation includes provisions to make transfers from the State's General Fund to replace these reduced revenues to localities. Because the City was incorporated in 2003, the City was specifically exempted from these reductions.

State Budget

Although the City does not receive a significant portion of its annual revenues directly from the State, the State's financial condition and budget policies affect communities and local public agencies throughout the State. At various times, the State has experienced significant financial and budgetary stress.

Recent State budgets have been balanced and balanced budgets are projected for the foreseeable future, but there can be no certainty that budget-cutting strategies such as those used in prior years will not be used in the future should the State budget again experience stresses. To the extent that the State budget process results in reduced revenues to the City in the future, the City could be required to make adjustments to its budget.

Investment Policies and Procedures

The Chief Financial Officer manages the City's investment portfolio. The City's Investment Policy and the California Government Code allow the City to invest in the following:

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer	Minimum Credit Quality
Local Agency Investment Fund	N/A	None	$50 Million	None
California Asset Management Program	N/A	None	$40 Million	None
Negotiable Certificates of Deposit	5 years	30%	None	None
Banker's Acceptances	180 Days	40%	30%	None
U. S. Treasury Bonds, Notes and Bills	5 years	None	None	None
U.S. Federal Agency Securities	5 years	None	None	None
Repurchase Agreements	1 year	None	None	None

Commercial Paper	270 Days	25%	(A)	A-1 or equivalent
Money Market Mutual Funds	N/A	20%	10%	Highest Rating
Shares of Beneficial of Interest - *issued by a joint powers authority*	5 years	None	None	None
Sacramento County Investment Pool	N/A	None	None	None
Municipal and State Obligations	5 years	None	None	None
Medium-Term Notes	5 years	30%	None	A

(A) Investment in one issuer may not exceed 5% of the portfolio, and investments may not exceed 10% of the outstanding paper of the issuing corporation.

For additional information concerning the City investments, see "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015."

Long-Term Debt

General. The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions are summarized below:

	Original Issue Amount	**Balance as of June 30, 2015**	**Balance as of June 30, 2016**
Governmental Activity Debt			
Certificates of Participation:			
2005 Series A (3.00-5.00%, due 9/1/2035)	$3,695,000	$3,115,000	$2,710,000
2005 Series B (3.00-5.00%, due 9/1/2015)	3,010,000	370,000	-0-
2007 Series A (4.43% to 5.65%, due 8/1/2035)	12,100,000	12,100,000	12,100,000
2007 Series B (4.43% to 5.65%, due 8/1/2024)	8,300,000	5,055,000	4,540,000
Less: Issuance discounts		(237,922)	(225,832)
Total Certificates of Participation		20,402,078	19,124,168
Streetlight Retrofit Loan Payable	1,809,734	1,678,337	1,567,323
Capital Lease Obligation	55,365	12,257	-0-
Total Governmental Activity Debt		$22,092,672	$20,691,491

Source: City of Rancho Cordova.

2005 Series A & Series B Certificates of Participation. On August 1, 2005, $3,695,000 and $3,010,000 Certificates of Participation were issued by the Corporation to finance the acquisition and improvement of the new City operations facilities. Principal payments of $75,000 to $370,000 are due annually on September 1 through September 1, 2035. Interest rates range from 3.00% to 5.00%. Concurrently, the City entered into a facilities lease agreement with the Corporation for the use and occupancy of the facilities. In December 2012, the City and Corporation amended the facilities lease to release certain property from the lease agreement and add other property to the lease agreement. The lease agreement requires the City to make rental payments to the Corporation equal to the Certificates of Participation's principal and interest payments.

The 2005 Series B Certificates of Participation have been repaid in full as of September 1, 2015, and the 2005 Series A Certificates of Participation are expected to be fully defeased in connection with the issuance of the Certificates pursuant to this Official Statement. See "PLAN OF FINANCE" above.

2007 Series A & Series B Refunding Certificates of Participation. On January 24, 2007, $12,100,000 and $8,300,000 Certificates of Participation were issued by the Corporation with interest rates ranging from 4.43% to 5.65%. The debt was issued to advance refund the 2005 Certificates of Participation as tax-exempt and taxable Certificates to allow for leasing space to non-governmental users. The reacquisition price exceeded the net carrying amount of the old debt by $116,438. This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. Prior to July 1, 2012, the deferred amount on refunding was netted against the new debt. With the implementation of GASB Statement No. 65, it is now reported separately as a deferred outflow of resources on the Statement of Net Position. The unamortized balance as of June 30, 2016 was $77,274.

The 2007 Certificates of Participation advance refunded 2005 Certificates of Participation totaling $19,465,000; these Certificates of Participation were separate from the 2005 Series A and Series B Certificates of Participation described above, which remain outstanding. Proceeds from the 2007 Certificates were used to purchase U.S. Treasury securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net position.

The 2007 Certificates of Participation are expected to be fully defeased in connection with the issuance of the Certificates pursuant to this Official Statement. See "PLAN OF FINANCE" above.

Streetlight Retrofit Loan. On May 1, 2014, the City entered into a loan agreement in the amount of $1,809,734 with the State of California, Energy Resources Conservation and Development Commission for the energy efficiency retrofit of streetlights. Principal payments of $69,467, as well as interest payments of 1%, are due every six months from December 22, 2015 through June 22, 2028.

Overlapping Debt Statement

Set forth on the following page is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. as of August 19, 2016. This Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

CITY OF RANCHO CORDOVA
Direct and Overlapping Debt
As of June 30, 2016

2015-16 Assessed Valuation: $7,053,845,954

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/16	% Applicable[1]	City's Share of Debt 6/30/16
Los Rios Community College District	$350,740,000	4.304%	$ 15,095,850
Folsom-Cordova Unified School District School Facilities Improvement District No. 1	27,451,362	83.698	22,976,241
Folsom-Cordova Unified School District School Facilities Improvement District No. 3	38,386,981	61.022	23,424,504
Folsom-Cordova Unified School District School Facilities Improvement District No. 4	105,228,831	87.026	91,576,442
Sacramento Unified School District	432,237,966	2.496	10,788,660
San Juan Unified School District	374,301,894	0.070	262,011
Elk Grove Unified School District Community Facilities District No. 1	27,919,732	3.833	7,969,563
City of Rancho Cordova Community Facilities District No. 2003-1	67,760,000	100.000	67,760,000
City of Rancho Cordova Community Facilities District No. 2004-1	12,935,000	100.000	12,935,000
City of Rancho Cordova Community Facilities District No. 2005-1	14,225,000	100.000	14,225,000
Sacramento Area Flood Control Agency 1915 Act Bonds	202,955,000	0.429-2.509	931,205
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$267,944,476
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Sacramento County General Fund Obligations	$253,645,984	5.241%	$13,293,586
Sacramento County Pension Obligation Bonds	960,057,721	5.241	50,316,625
Sacramento County Office of Education Certificates of Participation	6,480,000	5.241	339,617
Los Rios Community College District Certificates of Participation	950,000	4.304	40,888
Folsom-Cordova Unified School District Certificates of Participation	15,060,000	29.149	4,389,839
Sacramento Unified School District Certificates of Participation	70,185,000	2.496	1,751,818
Sacramento Unified School District Pension Obligation Bonds	615,000	2.496	15,350
San Juan Unified School District General Fund Obligations	497,741	0.070	348
City of Rancho Cordova Certificates of Participation	**19,660,000**	**100.000**	**19,660,000**
Sacramento Metropolitan Fire District General Fund Obligations	9,515,000	12.468	1,186,330
Sacramento Metropolitan Fire District Pension Obligation Bonds	55,003,975	12.468	6,857,896
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			$97,852,297
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	$70,505,000	7.954%	$5,607,968
TOTAL DIRECT DEBT			**$19,660,000**
TOTAL OVERLAPPING DEBT			$351,744,741
COMBINED TOTAL DEBT			$371,404,741[2]

(Ratios to 2015-16 Assessed Valuation:
- Total Overlapping Tax and Assessment Debt 3.80%
- **Total Direct Debt ($19,660,000) 0.28%**
- Combined Total Debt 5.27%

Ratios to Redevelopment Successor Agency Incremental Valuation ($208,622,010):
- Total Overlapping Tax Increment Debt 2.69%

(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.
Source: California Municipal Statistics, Inc.

Employee Relations and Collective Bargaining

The City has 177 authorized full-time and contract positions for Fiscal Year 2016-17, of which 35% are sworn public safety personnel. The City's employees are not represented by a union and there have been no work stoppages by City employees. The City has adopted a salary and benefit compensation policy that provides that all positions are 5% above the average of 16 survey cities within the region.

Employee Retirement Systems

This section is derived from the most recent audited financial statements of the City. See APPENDIX B.

Plan Descriptions. All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System ("**CalPERS**"). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	**Miscellaneous PEPRA**
Hire date	Prior to Jan. 1, 2013	On or after Jan. 1, 2013
Benefit formula	2.0% or 2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2% to 2.7%	2%
Required employee contribution rates	7.947%	6.308%
Required employer contribution rates	13.855%	6.250%

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were equal to $784,476 for Miscellaneous and $10,971 for Miscellaneous PEPRA.

Pension Liabilities, Expenses and Outflows/Inflows. As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$1,958,692
Miscellaneous PEPRA	100
Total Net Pension Liability	$1,958,792

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous	Miscellaneous PEPRA
Proportion - June 30, 2013	0.03148%	0.0000%
Proportion - June 30, 2014	0.03148%	0.0000%
Change - Increase (Decrease)	0.00%	0.00%

For the year ended June 30, 2015, the City recognized pension expense of $188,271. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$849,073[(1)]	--
Differences between actual and expected experience	--	--
Changes in assumptions	--	--
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	4,076	($305,350)
Net differences between projected and actual earnings on plan investments	--	(658,245)
Total	$853,149	($963,595)

(1) The $849,073 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense over time. See APPENDIX B for additional details.

Actuarial Methods and Assumptions. The total pension liabilities in the June 30, 2013 actuarial valuations were determined using various actuarial assumptions and methods. See APPENDIX B for additional details.

Other Post Employment Benefits (OPEB)

This section is derived from the most recent audited financial statements of the City. See APPENDIX B.

Plan Description. The City provides health care benefits for retired employees based on negotiated employee contracts. Retirees may cover their spouse and other eligible dependents at their expense. If a covered spouse survives the retiree, the City will continue its contribution toward the spouse's coverage until his or her death. Substantially all of the City's employees and Council members may become eligible for those benefits if they reach the normal retirement age while working for the City.

Benefits Provided. As provided by the Public Employees' Medical and Hospital and Care Act ("**PEMHCA**"), the City has been under contract with CalPERS for medical plan coverage since 2004 and has chosen to satisfy its retiree medical benefit commitment using the unequal contribution method. Under this method, the employer's contribution towards retiree medical benefits is determined by multiplying together the following three items:

- 5% *times*
- The number of prior years the employer has been contracted with PEMHCA *times*
- The contribution the employer makes towards active employee health benefits, but not less than the Minimum (required) Employer Contribution (MEC).

Contributions. The City's contribution for active employees and Council members is the minimum required amount (e.g., $119 for 2014). Therefore, the City's 2014 contribution toward health plan benefits for retired employees is 5% times 10 (years in CalPERS medical) times $119 or $59.50. This amount will increase for 15 more years when it is expected to equal the amount contributed to CalPERS for active employees. Retirees may cover their spouse and other eligible dependents at their expense. Survivors are eligible for CalPERS health benefits coverage if they qualify for a continuing monthly survivor allowance from CalPERS. CalPERS will deduct the monthly premium from the retirement check and the City will continue its contribution toward an eligible family member.

As of June 30, 2015, 4 participants were eligible to receive retirement health care benefits. The City Council passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT, an agent multiple employer plan administered by CALPERS consisting of an aggregation of single-employer plans, is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Actuarial Methods and Assumptions. The 2015 annual required contribution (ARC) was determined as part of a July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. See APPENDIX B for additional details.

Funding Progress and Funded Status. Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015, the City contributed $37,122 to the Plan to prefund benefits. Since the City has been contributing the annual required contribution, the City has no recorded Net OPEB Asset or Net OPEB Obligation.

The calculation of the Annual OPEB cost and actual contributions are presented below:

Annual required contribution (ARC)	$40,228
Annual OPEB cost	40,228
Contributions made	(37,122)
Payments made to retiree	(3,106)
(Decrease) increase in net OPEB obligation	--
Net OPEB Asset at June 30, 2014	--
Net OPEB Obligation (Asset) at June 30, 2015	**$0**

The Plan's annual required contributions and actual contributions are set forth below:

Fiscal Year End	Annual OPEB Cost	Actual Contributions	% of OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2013	$27,007	($27,007)	100%	0
June 30, 2014	30,955	(30,955)	100%	0
June 30, 2015	40,228	(40,228)	100%	0

The City's prior year contributions, the current year annual required contribution, along with investment income net of administrative expenses resulted in assets with CERBT of $579,188 as of June 30, 2015.

As of July 1, 2013, the most recent actuarial valuation date, the plan was 114.41% funded. The Actuarial Accrued Liability (AAL) for benefits was $385,180 and the Actuarial Value of Plan Asset was $440,678 resulting in an Overfunded Actuarial Accrued Liability (OAAL) of $55,498. The covered payroll (annual payroll of active employees covered by the plan) was $5,305,704 and the ratio of OAAL to the covered payroll was 1.05%.

Risk Management and Self-Insurance

This section is derived from the most recent audited financial statements of the City. See APPENDIX B.

The City participates in the California State Association of Counties Excess Insurance Corporation (the "**CSAC EIA**"), a public entity risk pool of cities and counties within Northern California, for general liability insurance. Loss contingency reserves established by the CSAC EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. Complete separate financial statements for CSAC EIA may be obtained from the CSAC EIA at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

The City also maintains a self-insured retention level or deductible or each type of insurance coverage. See APPENDIX B for additional details.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIIIA of the California Constitution

On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978, by two-third of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989. Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

In accordance with Article XIIIA, all taxable property is now shown at "full cash value" on the County's property tax rolls.

Appropriation Limitation - Article XIIIB

On November 6, 1979, the voters of the State approved Proposition 4, known as the Gann Initiative, which added Article XIIIB to the State Constitution. On June 5, 1990, the voters approved Proposition 111, which amended Article XIIIB in certain respects.

Under Article XIIIB, as amended, state and local government entities each have an annual "appropriations limit" which limits the ability to spend certain monies that are called "appropriations subject to limitation" (consisting of most tax revenues and certain state subventions, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of monies that are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by two thirds of the voters.

The "appropriations limit" is adjusted annually for changes in the cost of living and in population, for transfers in the financial responsibility for providing services, and in the case of certain declared emergencies.

If an entity receives any proceeds of taxes in excess of its appropriations limit, it may, by resolution of the entity's governing board, increase its appropriations limit to equal that amount (provided that the State has excess appropriations limit of its own in that fiscal year).

Proposition 218 - Article XIIIC and Article XIIID

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, State voters approved Proposition 26, entitled the "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 XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIIIC define "taxes" that are subject to voter approval as "any levy, charge, or exaction of any kind imposed by a local government," with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City ("general taxes") require a majority vote; taxes for specific purposes ("special taxes"), even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Article XIIIC reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Property-Related Fees and Charges. Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments that exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments that involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges that are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Fees and Charges. Article XIIIC also removed limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives that reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to pay debt service on the Certificates could be adversely affected.

Burden of Proof. Article XIIIC provides that local government "bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." Similarly, Article XIIID provides that in "any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance" with Article XIIID.

Impact on City's General Fund. The approval requirements of Articles XIIIC and XIIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees or charges in the future that it may need to meet increased expenditure needs. The City believes all of its existing local taxes, fees and assessments are compliant with Proposition 218 and Proposition 26.

Judicial Interpretation. Although some court cases have been decided, further interpretation and application of Articles XIIIC and XIIID will be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("**Unitary Property**"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Proposition 62

On November 4, 1986, California voters adopted Proposition 62, which requires that (i) any local tax for general governmental purposes (a "**general ta**x") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "**special tax**") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because less than two-thirds of the voters voting on the measure had approved the tax.

The City does not believe any of the taxes constituting City revenues are levied in violation of Proposition 62.

Proposition 1A

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources.

Under Proposition 1A, the State can not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding.

Proposition 22

Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Future Initiatives

Article XIIIA, Article XIIIB, Proposition 218, Proposition 62, Proposition 1A and Proposition 22 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, other initiative measures could be adopted, further affecting the City or its revenues or the ability of the City to expend revenues.

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Certificates. However, the following does not *purport to be an exhaustive listing of risk factors and other considerations which may be relevant to an investment in the Certificates. Additionally, there can be no assurance that other risk factors will not become evident at any future time.*

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Lease Payments and Additional Payments does not constitute a debt or indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The City is currently liable on other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION."

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIIIC and Article XIIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved.

The City has assessed the potential impact on its financial condition of the provisions of Article XIIIC and Article XIIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIIC and Article XIIID of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIIIC and Article XIIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIIC and Article XIIID of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Additional Obligations of the City

The City has existing obligations payable from its General Fund. See "CITY FINANCIAL INFORMATION." The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the Certificates. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Leased Premises, taxes and other governmental charges levied against the Leased Premises) are payable from funds lawfully available to the City. In the event that the amounts which the City is obligated to pay in a fiscal year exceed the City's revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Trustee, as the assignee of the Corporation, is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. **There is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then due or past due to be immediately due and payable. Neither the Corporation nor the Trustee has any right to re-enter or re-let the Leased Premises except following the occurrence and during the continuation of an event of default under the Lease Agreement.** Following an event of default, Corporation may elect either to terminate the Lease Agreement and seek to collect damages from the City or to maintain the Lease Agreement in effect and seek to collect the Lease Payments as they become due. The Lease Agreement further provides that so long as an event of default exists under the Lease Agreement, the Corporation, or its assignee, may re-enter the Leased Premises for the purpose of taking possession of any portion of the Leased Premises and to re-let the Leased Premises and, in addition, at its option, with or without such entry to terminate the Lease Agreement as described therein. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

No assurance can be given that the Trustee will be able to re-let Leased Premises so as to provide rental income sufficient to pay principal and interest evidenced by the Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest with respect thereto from gross income for federal or State income tax purposes. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Premises.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell the Leased Premises and use the proceeds of such sale to prepay the Certificates or pay debt service with respect thereto. The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation or title defects which cause a substantial interference with the use and occupancy of the Leased Premises, the City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest with respect to the Certificates as and when due. See "SECURITY AND SOURCES OF

PAYMENT FOR THE CERTIFICATES – Abatement" and "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

Although the City is required under the Lease Agreement to maintain property and liability insurance and rental interruption insurance with respect to the Leased Premises, the required insurance coverage is subject to certain conditions and restrictions. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance." However, there is no assurance that the City will receive proceeds of any insurance in time to make Lease Payments when due.

Property Taxes

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease, or any substantial delinquencies in the payment of property taxes, could reduce the City's property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments when due.

Reduction in Inflationary Rate. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation in certain years.

The City is unable to predict if any adjustments to the full cash value base of real property within the City, whether an increase or a reduction, will be realized in the future.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

> *Proposition 8 Appeals*. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.
>
> Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City's property tax revenues.

Environmental Matters

Flood Risks. The northern boundary of the City's General Plan Planning Area, which encompasses all land within the City limits and an area beyond the City that bears relation to the City's planning efforts, follows the centerline of the American River, and the southeastern boundary coincides with the 100-year floodplain of the Cosumnes River. Both rivers are considered potential flood hazards. The Elder Creek, Laguna Creek, and Morrison Creek floodplains are also located within the Planning Area. These waterways consist mostly of natural channels or small ditches, but they may be inundated during large storm events. The majority of the Planning Area is outside of the 100-year floodplain.

Seismic Risks. Based on the soil characteristics and depth to groundwater in the Planning Area, the potential for seismic activity and related damage is considered to be low. There are no known active faults or Alquist-Priolo earthquake hazard zones in Rancho Cordova or Sacramento County.

In the event of a significant earthquake, substantial damage could occur to the Leased Premises. Such damage could result in an abatement of Lease Payments as described above under "RISK FACTORS - Abatement Risk."

The City is required under the Lease to procure and maintain earthquake insurance on the Leased Premises only if and to the extent available at reasonable cost from reputable insurers. Such earthquake insurance may be subject to a deductible clause of not to exceed 10% of the replacement cost of the insured property for any one loss to the insured improvements.

Wildfire Risks. In addition to fire related hazards from structures in urbanized areas, the main source of wildland fire in the Planning Area occurs where natural resource and habitat areas interface with urbanized development (e.g., along the American River Parkway and northern boundary of the Planning Area). Additionally, several of the new and proposed developments in the Planning Area contain large wetland preserves with natural vegetation, which have the potential to ignite and pose safety risks to adjacent and surrounding developments.

Severe Drought. Much of the State is continuing to experience drought conditions. On January 17, 2014, Governor Brown declared a drought in the State and requested a 20% reduction in water use statewide. The City adopted a resolution on February 11, 2014, asking its customers for a 20% voluntary reduction in water use. On April 25, 2014, the Governor issued an Executive Order directing local water suppliers to redouble efforts to implement water conservation activities. On August 5, 2014, the City Council adopted Stage 1 – Mandatory of the City's Shortage Plan imposing mandatory restrictions on outdoor irrigation with potable water and requiring customers to reduce community-wide water use by 20%. On April 1, 2015, the Governor issued an Executive Order directing the State Water Board to impose restrictions to achieve an aggregate statewide 25% reduction in urban water use through February 28, 2016. On May 5, 2015, the State Water Resources Control Board ("**State Water Board**") adopted an emergency conservation regulation in accordance with the Governor's April 1, 2015, Executive Order. To reach the statewide 25% reduction, the emergency conservation regulation assigned each urban water supplier a conservation standard between 4% and 36%. Due to Santa Rosa's long-standing water conservation efforts, the City was assigned a conservation standard of 16% and through March 2016, the City has achieved a 24% reduction in water use exceeding the conservation standard.

Rainfall in the winter of fiscal year 2015-16 has provided relief from the drought in some parts of the State. In response, on May 9, 2016, Governor Brown issued a new executive order directing the State Water Board to update the Emergency Drought Regulations to consider local water supply availability and reliability and providing direction on long-term water use efficiency. On May 18, 2016, the State Water Board approved updated Emergency Drought Regulations that suspend the 25% statewide reduction mandate and take into account local water supply availability and reliability; the updated regulations remain in effect through the end of January 2017.

Limitations on Remedies Available to Certificate Owners

The ability of the City to comply with its covenants under the Lease Agreement may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Furthermore, any remedies available to the owners of the Certificates upon the occurrence of an event of default under the Lease Agreement or the Trust Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Lease Agreement and the Trust Agreement, the rights and obligations under the Certificates, the Lease Agreement and the Trust Agreement, may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Bankruptcy

In addition to the limitations on remedies contained in the Trust Agreement and the Lease Agreement, the rights and remedies in the Lease Agreement may be limited and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) (the "**Bankruptcy Code**"), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy petition may be filed against a public entity; however, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City. The filing of a bankruptcy petition results in a stay against enforcement of certain remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the City could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement; however, a debtor may not assume or reject executory contracts to loan money or to make a financial accommodation, such as the Trust Agreement. In the event of rejection of a lease by debtor lessee, the Leased Premises is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Trust Agreement, the Trustee holds a security interest in the revenues in the funds pledged thereunder, including Lease Payments, for the benefit of the Owners of the Certificates, but such security interest arises only when the Lease Payments are actually received by the Trustee following payment by the City. The Leased Premises itself is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a bankruptcy filed by the City and the subsequent rejection of the Lease Agreement by the City, the Trustee would recover possession of the Leased Premises and would have a claim for damages against the City. The Trustee's claim would constitute a secured claim only to the extent of revenues in the possession of the Trustee; the balance of such claim would be unsecured.

In a bankruptcy of the City, if a material unpaid liability is owed to PERS or any other pension system (collectively the "**Pension Systems**") on the filing date, or accrues thereafter, such circumstances could create additional uncertainty as to the City's ability to make Lease Payments. Given that municipal pension systems in California are usually administered pursuant to state constitutional provisions and, as applicable, other state and/or city or county law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems have the right to enforce payment by injunction or other proceedings outside of a City bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a City bankruptcy would rule on these matters. In addition, this area of law is presently very unsettled because issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) are presently (or recently) the subject of litigation in the Chapter 9 cases of several California municipalities, including the cities of Stockton and San Bernardino.

Hazardous Substances

Discovery of hazardous substances on the land that comprises the Leased Premises or on other parcels within the City could impact the City's ability to pay debt service with respect to the Certificates.

In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "**CERCLA**" or the "**Superfund Act**" is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance.

The effect, therefore, should any substantial amount of property within the City be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Reduction in the value of property in the City as a whole could reduce property tax revenues received by the City and deposited in the general fund, which could significantly and adversely affect the ability of the City to make payments on the Certificates. Additionally, if any of the Leased Premises is affected by a hazardous substance, the City would be limited in the beneficial use it could make of such property upon discovery and during remediation thereof.

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the City to make debt service payments on the Certificates may be affected if the City should exceed its appropriations limit. The State may increase the appropriation limit of cities in the State by decreasing the State's own appropriation limit. The City does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Appropriation Limitation – Article XIIIB."

Impact of State Budget

At various times, including recently, the State has experienced significant financial and budgetary stress. State budgets are affected by national and local economic conditions and other factors over which the City has no control. The State's financial condition and budget policies affect communities and local public agencies throughout the State. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

For example, declining revenues and fiscal difficulties that arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures that were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for schools.

Although starting with Fiscal Year 2013-14, recent State budgets have been balanced and balanced budgets are projected for the foreseeable future, largely attributable to improvements in the economy, the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012, statewide election ("**Proposition 30**"), as well as other spending cuts, there can be no certainty that budget-cutting strategies such as those used in prior years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

Of particular note is that the temporary personal income tax increases of Proposition 30 are scheduled to expire at the end of 2018. A ballot initiative to be considered in the November 2016 statewide election would extend these increases through 2030. According to the Legislative Analyst's Office, failure to extend the increases would slow personal income tax revenue growth; however, if an economic slowdown were to occur around 2019, the fall off of Proposition 30 revenues would exacerbate any slowdown or decline in personal income tax revenues. There can be no guarantee that the extension of the Proposition 30 personal income tax increases will be approved by the electorate.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest represented by the 2016A Certificates could become includable in gross income for purposes of federal income taxation, retroactive to the date the 2016A Certificates were executed and delivered, as a result of future acts or omissions of the City in violation of its covenants in the Lease Agreement and the Trust Agreement. Should such an event of taxability occur, the 2016A Certificates are not subject to prepayment and will remain outstanding until maturity or until prepaid under other provisions set forth in the Trust Agreement.

Federal Income Tax Charges

During recent years, legislative proposals have been introduced in the United States Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Certificates. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Certificates. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Certificates and their market value.

No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Certificates. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of the portion of lease payments designated as and comprising interest and received by the owners of obligations that are similar to the Certificates. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Certificates.

Secondary Market for Certificates

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. 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.

No assurance can be given that the market price for the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Certificates or obligations that present similar tax issues as the Certificates.

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the Internal Revenue Service and that the market value of the Certificates might be affected as a result of such an audit (or by an audit of similar securities).

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however, to the qualifications set forth below, under existing law, the interest evidenced and represented by the 2016A Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earning.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Tax Code that must be satisfied subsequent to the execution and delivery of the 2016A Certificates in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of execution and delivery of the 2016A Certificates.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2016A Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a 2016A Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described above. The original issue discount accrues over the term to maturity of the 2016A Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2016A Certificates to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2016A Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2016A Certificates who purchase the 2016A Certificates after the initial offering of a substantial amount of such maturity. Owners of such 2016A Certificates should consult their own tax advisors with respect to the tax consequences of ownership of 2016A Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2016A Certificates under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2016A Certificate (said term being the shorter of the 2016A Certificate's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2016A Certificate for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2016A Certificate is amortized each year over the term to maturity of the 2016A Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2016A Certificate premium is not deductible for federal income tax purposes. Owners of premium 2016A Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2016A Certificates.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2016A Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2016A Certificates. Prospective purchasers of the 2016A Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

The portion of lease payments designated as and comprising Interest and received by the owners of the 2016B Certificates is not intended to be excluded from gross income for federal income tax purposes.

In the further opinion of Special Counsel, interest on the Certificates is exempt from California personal income taxes.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Certificates may have federal or State tax consequences other than as described above. Special Counsel expresses no opinion regarding any federal or State tax consequences arising with respect to the Certificates other than as expressly described above.

The form of Special Counsel's opinion with respect to the Certificates is attached hereto as APPENDIX D.

PROFESSIONAL FEES

In connection with the execution and delivery of the Certificates, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Certificates:

- Jones Hall, A Professional Law Corporation, as Special Counsel and Disclosure Counsel;
- Meyers Nave Riback Silver & Wilson, PLC, as City Attorney;
- ______________________________________, as Underwriter's Counsel; and
- ______________________________________, as Trustee.

LITIGATION

To the best knowledge of the City there is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Certificates, the Trust Agreement, the Site Lease, the Lease Agreement, the Assignment Agreement or any other document relating to the Certificates, or in any way contesting or affecting the validity of the foregoing.

There are a number of lawsuits and claims pending against the City. In the opinion of the City, such suits and claims as are presently pending will not have a material adverse affect on the ability of the City to make Lease Payments.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**") has assigned the rating of "__" to the Certificates[, with the understanding that, upon delivery of the Certificates, a policy insuring the payment when due of principal of and interest with respect to the Certificates will be issued by _____. Additionally, S&P has assigned an underlying rating on the Certificates of "__"]. Such rating[s] reflect[s] only the views of S&P and any desired explanation of the significance of such rating[s] should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating[s] will continue for any given period of time or that such rating[s] will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating[s] may have an adverse effect on the market price of the Certificates.

UNDERWRITING

The Certificates have been purchased by Piper Jaffray & Co. as the Underwriter. Pursuant to a purchase agreement by and between the Underwriter and the City (the "**Purchase Agreement**"), the Underwriter has agreed to purchase the 2016A Certificates from the City at a purchase price of $___________ (equal to the principal amount of the 2016A Certificates, [plus/less] an original issue [premium/discount] of $___________ and less an Underwriter's discount of $___________) and the 2016B Certificates from the City at a purchase price of $___________ (equal to the principal amount of the 2016B Certificates, [plus/less] an original issue [premium/discount] of $___________ and less an Underwriter's discount of $___________). In addition, the Purchase Agreement provides that the Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the City and its general fund by not later than nine months after the end of the City's fiscal year, or March 31 each year based on the City's current fiscal year-end of June 30, commencing March 31, 2017, with the report for fiscal year 2015-16 (the "**Annual Report**") and to provide notices of the occurrence of certain listed events ("**Event Notices**"). All Annual Reports and Event Notices are required to be filed electronically with the Municipal Securities Rulemaking Board (the "**MSRB**").

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report and the Event Notices is set forth in APPENDIX E.

A review of the City's compliance with prior continuing disclosure undertakings in the last five years indicates that:

(1) The City's audited financial statements for Fiscal Years 2012, 2013 and 2014 were not filed until September 3, 2015, which was up to 886 days after the dates required for such filings.

(2) The City's annual reports required for Fiscal Years 2011 through 2014 were not filed with all required information until September 8, 2015, and the annual report for Fiscal Year 2015 was not filed with all required information until July 6, 2016, which was up to 1,256 days after the dates required for such information.

EXECUTION

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

CITY OF RANCHO CORDOVA

By: ____________________________________
City Manager

APPENDIX A

SACRAMENTO COUNTY AND CITY OF RANCHO CORDOVA DEMOGRAPHIC INFORMATION

General

The City. The City of Rancho Cordova (the "**City**"), incorporated on July 1, 2003, is located in the northeastern portion of Sacramento County (the "**County**"), 10 miles east of downtown Sacramento and 90 miles northeast of San Francisco. Organized as a General Law City under State law, the City operates under the Council-Manager form of government with five members elected to the Council, one of which serves as mayor for a year.

The County. The County was incorporated in 1850 as one of the original 27 counties of the State. The County's largest city, the City of Sacramento serves as the seat of government for both the County and the State. Sacramento became the State Capital in 1854. The County is the major component of the Sacramento Metropolitan Statistical Area ("**SMSA**"), which includes Sacramento, El Dorado, and Placer Counties.

The County encompasses approximately 994 square miles in the northern portion of the Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter Counties on the north, and Yolo and Solano Counties on the west. The County extends from the low delta lands between the Sacramento and San Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of the County has direct access to the San Francisco Bay.

Population

The following table lists population figures for the City, the County and the State for the last five years.

CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO AND STATE OF CALIFORNIA Population Estimates

Calendar Year	City	County	State
2016	72,203	1,495,297	39,255,883
2015	70,968	1,481,803	38,907,642
2014	69,449	1,465,654	38,567,459
2013	68,199	1,452,666	38,239,207
2012	66,703	1,440,456	37,881,357

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade Metropolitan Statistical Area ("**MSA**") was 5.8% in July 2016, up from a revised 5.6% in June 2016, and below the year-ago estimate of 6.1%. This compares with an unadjusted unemployment rate of 5.9% for the State and 5.1% for the nation during the same period. The unemployment rate was 5.5% in El Dorado County, 5.0% in Placer County, 6.0% in Sacramento County, and 6.0% in Yolo County.

The table below lists employment by industry group for the MSA for the years 2011 through 2015. Annual figures are not yet available for calendar year 2016.

SACRAMENTO--ARDEN-ARCADE--ROSEVILLE MSA
(El Dorado, Placer, Sacramento, Yolo Counties)
Annual Average Labor Force and Employment Industry
Calendar Years 2011 through 2015 (March 2015 Benchmark)

	2011	2012	2013	2014	2015
Civilian Labor Force [(1)]					
Employment	921,600	941,300	958,200	976,100	998,100
Unemployment	123,600	108,200	90,900	74,700	62,100
Unemployment Rate	11.8%	10.3%	8.7%	7.1%	5.9%
Wage and Salary Employment[(2)]					
Agriculture	8,200	8,600	8,900	9,200	9,300
Mining and Logging	500	400	500	500	600
Construction	36,900	38,400	43,300	45,400	49,900
Manufacturing	33,200	33,900	34,100	35,400	36,300
Wholesale Trade	23,700	25,200	25,000	24,500	24,600
Retail Trade	89,400	91,800	93,800	95,300	97,500
Transportation, Warehousing and Utilities	21,100	22,000	22,900	23,600	24,600
Information	16,300	15,600	14,800	13,900	14,200
Finance and Insurance	34,700	35,700	36,300	35,500	37,100
Real Estate and Rental and Leasing	12,000	12,500	13,100	13,400	13,900
Professional and Business Services	104,400	111,100	114,600	118,200	119,700
Educational and Health Services	122,500	125,600	130,700	134,300	140,300
Leisure and Hospitality	81,700	84,500	88,700	91,800	94,900
Other Services	28,000	28,600	29,000	30,200	30,800
Federal Government	14,000	13,700	13,500	13,600	13,700
State Government	109,700	108,200	109,900	113,400	115,400
Local Government	100,900	99,600	99,200	100,800	102,900
Total, All Industries [(3)]	837,200	855,400	878,300	899,000	925,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The major private sector employers in the City are shown below.

CITY OF RANCHO CORDOVA
MAJOR EMPLOYERS
As of June 30, 2015

Employer Name	No. of Employees	Industry
State of California	3,000	Government
Health Net Inc.	2,500	Health Insurance
Veterans Affairs Medical Center	2,300	Medical Services
Vision Service Plan (VSP)	1,900	Health Insurance
Aerojet/GenCorp	1,600	Manufacturing
Sutter Health	1,400	Healthcare Services
Delta Dental	1,300	Health Insurance
Verizon Wireless	1,000	Telecommunications
Franklin Templeton Investor	1,000	Financial Services
Bank of America	800	Commercial Bank

Source: City of Rancho Cordova.

The major employers in the County are shown below.

COUNTY OF SACRAMENTO
MAJOR EMPLOYERS- LISTED ALPHABETICALLY
As of March 2016

Employer Name	Location	Industry
Aerojet Rocketdyne Hldngs Inc	Rancho Cordova	Aerospace Industries (mfrs)
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (mfrs)
Air Resources Board Tstg Off	Sacramento	Engineers-Environmental
AMPAC Fine Chemicals LLC	Rancho Cordova	Electronic Equipment & Supplies-Mfrs
Ca Department of Insurance	Sacramento	Government Offices-State
California Prison Ind Auth	Folsom	Government Offices-State
California State University	Sacramento	Schools-Universities & Colleges Academic
Corrections Dept	Sacramento	State Govt-Correctional Institutions
Delta Dental Plan of Missouri	Rancho Cordova	Insurance
Department-Conservation	Sacramento	Recycling Consultants
Dept of Transportation In Ca	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Dept	Sacramento	Government-Job Training/Voc Rehab Svcs
Environmental Protection Agcy	Sacramento	State Government-Environmental Programs
Exposition & Fair	Sacramento	Government Offices-State
Intel Corp	Folsom	Semiconductor Devices (mfrs)
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Municipal Services Agency	Sacramento	Government Offices-County
Sacramento Bee	Sacramento	Newspapers (publishers/Mfrs)
Sacramento State	Sacramento	Schools-Universities & Colleges Academic
Smud Customer Svc Ctr	Sacramento	Electric Companies
UC Davis Medical Ctr	Sacramento	Hospitals
Vitamin Shoppe	Folsom	Vitamin & Food Supplements
Water Resource Dept	Sacramento	Government Offices-State

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2016 2nd Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2011 through 2015.

COUNTY OF SACRAMENTO
Effective Buying Income

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
2011	City of Rancho Cordova	$1,010,875	$37,820
	Sacramento County	28,869,888	44,185
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Rancho Cordova	$1,242,695	$41,709
	Sacramento County	28,956,570	43,682
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Rancho Cordova	$1,286,365	$43,422
	Sacramento County	29,591,998	44,536
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Rancho Cordova	$1,305,605	$44,975
	Sacramento County	30,629,048	45,938
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	City of Rancho Cordova	$1,439,538	$47,314
	Sacramento County	33,033,628	47,932
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

Source: *The Neilson Company Inc.*

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Annual figures are not yet available for calendar years 2015 or 2016.

Total taxable sales during the calendar year 2014 in the City were reported to be $1.36 billion, a 3.85% increase over the total taxable sales of $1.31 billion reported during calendar year 2013.

CITY OF RANCHO CORDOVA
Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	1,161	619,057	1,914	924,225
2011	1,108	766,808	1,834	1,158,566
2012	1,100	811,506	1,807	1,240,397
2013	1,127	861,610	1,831	1,310,018
2014	1,130	873,802	1,846	1,360,439

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during the calendar year 2014 in the County were reported to be $21.06 billion, a 4.80% increase over the total taxable sales of $20.09 billion reported during calendar year 2013.

COUNTY OF SACRAMENTO
Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	23,158	11,615,687	32,789	16,904,528
2011	22,198	12,502,808	31,682	18,003,765
2012	22,211	13,366,459	31,507	19,089,848
2013	22,629	14,171,006	31,709	20,097,095
2014	23,147	14,649,693	32,143	21,061,901

Source: California State Board of Equalization, Taxable Sales in California.

Building and Construction

The following tables show a five-year summary of the valuation of building permits issued in the City and the County. Annual figures are not yet available for calendar year 2016.

CITY OF RANCHO CORDOVA
Total Building Permit Valuations
(Dollars in Thousands)

	2011	2012	2013	2014	2015
Permit Valuation					
New Single-family	$40,044.4	$54,662.9	$95,765.0	$50,447.2	$111,287.7
New Multi-family	0.0	0.0	8,998.5	5,359.9	0.0
Res. Alterations/Additions	4,050.9	2,384.8	3,923.1	2,123.4	3,893.2
Total Residential	$44,095.3	$57,047.7	$108,686.6	$57,930.5	$115,180.9
New Commercial	$17,964.1	$5,836.7	$27,984.9	$3,671.8	$1,806.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	0.0	699.7	763.0	2,064.4	2,952.0
Com. Alterations/Additions	27,984.7	16,859.2	25,077.6	23,599.4	25,351.5
Total Nonresidential	$45,948.8	$23,395.6	$53,825.6	$29,335.6	$30,109.5
New Dwelling Units					
Single Family	148	215	330	166	402
Multiple Family	0	0	106	56	0
TOTAL	148	215	436	222	402

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF SACRAMENTO
Total Building Permit Valuations
(Dollars in Thousands)

	2011	2012	2013	2014	2015
Permit Valuation					
New Single-family	$189,634.5	$248,826.3	$388,935.7	$361,339.4	$547,340.7
New Multi-family	64,390.8	48,632.8	13,637.4	30,113.7	108,510.7
Res. Alterations/Additions	202,757.1	143,291.7	201,418.7	179,207.0	241,507.7
Total Residential	$456,782.4	$440,750.8	$603,991.8	$570,660.1	$897,359.1
New Commercial	$77,164.9	$155,651.6	$146,191.2	$186,348.0	$161,016.0
New Industrial	3,232.4	648.1	1,360.7	2,178.5	0.0
New Other	3,290.1	3,788.0	22,007.6	73,961.0	92,108.8
Com. Alterations/Additions	287,939.6	248,426.0	279,324.0	261,776.1	394,304.5
Total Nonresidential	$371,627.0	$408,513.7	$448,883.5	$524,263.6	$647,429.3
New Dwelling Units					
Single Family	727	1,290	1,764	1,547	2,358
Multiple Family	606	343	145	226	815
TOTAL	1,333	1,633	1,909	1,773	3,173

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

FORM OF PROPOSED OPINION OF SPECIAL COUNSEL

________, 2016

City Council
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, California 94670

OPINION: Refunding Certificates of Participation (City Hall and City Operations Facility Acquisition Project), $__________ Series 2016A and $__________Taxable Series 2016B

Members of the City Council:

We have acted as special counsel to the City of Rancho Cordova (the "City") in connection with the delivery by the City of a Lease Agreement dated as of _______ 1, 2016 (the "Lease Agreement"), between the City, as sublessor, and the Rancho Cordova Financing Corporation (the "Corporation"), as sublessee. Under a Trust Agreement dated as of _______ 1, 2016 (the "Trust Agreement"), by and among the City, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), the Trustee has executed and delivered Refunding Certificates of Participation (City Hall and City Operations Facility Acquisition Project), $_________ Series 2016A (the "2016A Certificates"), and $_________ Taxable Series 2016B (the "2016B Certificates" and together with the 2016A Certificates, the "Certificates") evidencing and representing proportionate interests of the owners thereof in the payments to be made by the City under the Lease Agreement (the "Lease Payments") which have been assigned by the Corporation to the Trustee pursuant to the Assignment Agreement dated as of _______ 1, 2016 (the "Assignment Agreement"), by and between the Corporation and the Trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Lease Agreement and the Trust Agreement, and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California, with the full power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement and the Trust Agreement have been duly approved by the City and constitute valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the terms thereof and of the Lease Agreement, the owners of the Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the 2016A Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Lease Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted in the Lease Agreement and other instruments relating to the Certificates to comply with each of such requirements. Failure to comply with certain of such requirements may cause the inclusion of such interest on the 2016A Certificates in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement. We express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement and the Certificates.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Trust Agreement and the Assignment Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

REFUNDING CERTIFICATES OF PARTICIPATION
(City Hall and City Operations Facility Acquisition Project)

$_________	**$_________**
Series 2016A	**Taxable Series 2016B**

Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof
In Lease Payments to be Made by the

CITY OF RANCHO CORDOVA

As Rental for Certain Property
Under a Lease Agreement with the
Rancho Cordova Financing Corporation

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of _________ 1, 2016, is executed and delivered by the City of Rancho Cordova (the "City") and _____________, as dissemination agent (the "Dissemination Agent"), in connection with the delivery of Refunding Certificates of Participation (City Hall and City Operations Facility Acquisition Project) $_______ Series 2016A and $________ Taxable Series 2016B (together, the "Certificates"). The Certificates are being delivered pursuant to a Trust Agreement, dated as of ________ 1, 2016 (the "Trust Agreement"), by and among the City, the Rancho Cordova Financing Corporation, and the Trustee. The City and the Dissemination Agent covenant as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Owners and, Beneficial Owners of the Certificates and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

"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 Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income purposes.

"Disclosure Representative" shall mean the Finance Director of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, ________________, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement dated __________, executed by the City in connection with the issuance of the Certificates.

"Participating Underwriters" shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Tax-exempt" shall mean that interest on the 2016A Certificates is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Report.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2017, with the report for the 2015-16 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if 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). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following documents and information:

(a) Audited Financial Statements of the City 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.

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing the following information for the most recently completed fiscal year:

(i) the principal amount of Certificates outstanding as of June 30 preceding the filing of the Annual Report; and

(ii) the balance in each fund under the Trust Agreement as of June 30 preceding the filing of the Annual Report.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Certificates:

(1) Principal and interest payment delinquencies.

(2) Non-payment 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 or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person. This event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a certificate call), (a)(10), (a)(13) or (a)(14) above, the City determines that knowledge of the occurrence of that Listed Event would be material under applicable Federal securities law, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, and the Participating Underwriter in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

SECTION 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The obligation of the City, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be _______________. The Dissemination Agent may resign by providing (i) 30 days written notice to the City and the Trustee and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 9. 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 the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized special counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. 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 Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice if 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 Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the City under such laws.

SECTION 11. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate if or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement and the Dissemination Agent and the Trustee shall be entitled to the same protections, limitations from liability and indemnities hereunder as are afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent and the Trustee and their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their 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 or the Trustee's respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to them hereunder. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and Trustee and payment of the Certificates. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent and the Trustee shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Agreement.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriters and Owners and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: __________, 2016

CITY OF RANCHO CORDOVA

By______________________________
City Manager

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party:	City of Rancho Cordova
Name of Issue:	Refunding Certificates of Participation (City Hall and City Operations Facility Acquisition Project), $__________ Series 2016A and $_________ Taxable Series 2016B
Date of Issuance:	________, 2016

NOTICE IS HEREBY GIVEN that the City of Rancho Cordova has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Agreement, dated as of ____________, 2016. The City anticipates that the Annual Report will be filed by __________.

Dated: _________________________

DISSEMINATION AGENT:

By: ___________________________
Its: ___________________________

cc: City of Rancho Cordova

[APPENDIX F

SPECIMEN CERTIFICATE INSURANCE POLICY]

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, interest and other payments on the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be. Neither the issuer of the Certificates (the "Issuer") nor the trustee or fiscal agent appointed with respect to the Certificates (the "Trustee") take any responsibility for the information contained in this Appendix.

No assurances can be given 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 Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, 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.

DTC and its Participants. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates. The Certificates 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 security certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "GSCC", "MBSCC", and

"EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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.

Book-Entry Only System. Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 the Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 the Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Certificates may wish to ascertain that the nominee holding the Certificates 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 will be sent to DTC. If less than all of the Certificates 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 the Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Certificates 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 Issuer 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 (nor its nominee), the Issuer or the Trustee, 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 evidenced by the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

Discontinuance of DTC Services. In the event that (a) DTC determines not to continue to act as securities depository for the Certificates, or (b) the Issuer determines that DTC will no longer so act and delivers a written certificate to the Trustee to that effect, then the Issuer will discontinue the Book-Entry Only System with DTC for the Certificates. If the Issuer determines to replace DTC with another qualified securities depository, the Issuer will prepare or direct the preparation of a new single separate, fully registered Certificate for each maturity of the Certificates registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the indenture or fiscal agent agreement executed in connection with the Certificates. If the Issuer fails to identify another qualified securities depository to replace the incumbent securities depository for the Certificates, then the Certificates will no longer be restricted to being registered in the Certificate registration books in the name of the incumbent securities depository or its nominee, but will be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Certificates designates.

If the Book-Entry Only System is discontinued, the following provisions would also apply: (i) the Certificates will be made available in physical form, (ii) principal of, and redemption premiums, if any, on, the Certificates will be payable upon surrender thereof at the corporate trust office of the Trustee, (iii) interest on the Certificates will be payable by check mailed by first-class mail or, upon the written request of any Owner of $1,000,000 or more in aggregate principal amount of Certificates received by the Trustee on or prior to the 15th day of the calendar month immediately preceding the interest payment date, by wire transfer in immediately available funds to an account with a financial institution within the continental United States of America designated by such Owner, and (iv) the Certificates will be transferable and exchangeable as provided in the indenture or fiscal agent agreement executed in connection with the Certificates.

Risks of Book-Entry System*.* The City makes no assurance, and the City will incur no liability, regarding the fulfillment by DTC of its obligations under the book-entry system with respect to the Certificates.

In addition, Beneficial Owners of the Certificates may experience some delay in their receipt of distributions of principal and interest with respect to the Certificates since such distributions will be forwarded by the Trustee to DTC and DTC will credit such distributions to the accounts of the Direct Participants which will thereafter credit them to the accounts of the Beneficial Owners either directly or through Indirect Participants.

Since transactions in the Certificates can be effected only through DTC, Direct Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge Certificates to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Certificates, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the City as registered owners of the Certificates, and Beneficial Owners will only be permitted to exercise the rights of registered owners indirectly through DTC and its Participants.

MEMORANDUM

DATE: October 3, 2016

TO: Honorable Mayor and Council Members

FROM: Reed Flory, Reinvestment and Housing Opportunities Manager

SUBJECT: **RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE CITY OF RANCHO CORDOVA AND VETERANS RESOURCE CENTERS OF AMERICA (VRCA) FOR THE COOPERATIVE ADMINISTRATION OF AN ARCHITECTURAL SERVICES CONTRACT FOR THE DEVELOPMENT OF MATHER VETERANS VILLAGE PHASE 2 WORKING DRAWINGS AND APPROVAL OF A SHORT TERM CONTINGENT LOAN IN THE AMOUNT OF $180,000 TO FUND THE REQUIRED ARCHITECTURAL AND RELATED SERVICES.**

RECOMMENDATION

Adopt Resolution No. 81-2016.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will authorize the City Manager to execute an MOU with VRCA and provide a contingent short term loan of $180,000 for the completion of working drawings for the Phase 2 improvements. With the completion of working drawings, the project general contractor will bid all necessary work and the development team will complete final funding applications and negotiate the construction loan.

BACKGROUND

With the selection of a development team for the three phases of Mather Veterans Village (MVV) in July of 2010, the effort began to develop 100 units of permanent supportive housing and up to 50 beds of transitional shelter all for homeless and disabled veterans. In July of this year full occupancy of Phase 1 of the effort (50 units) was achieved. The developer of Phases 1 and 3 (Mercy Housing California) is scheduled to make application for final State and Federal tax credit funding for Phase 3 (50 units) in March of 2017.

The largest challenge for Phase 1 & 3 development has been raising the considerable amount of required sustainable services funding. Although considerable, obtaining construction funding has been somewhat more manageable for permanent supportive housing because of the access to tax credit equity.

On the other hand, Phase 2, as a transitional facility, is not eligible for tax credit funding. VRCA, the developer of Phase 2 has found the road to 100% funding for facilities construction to be a difficult task. Many current avenues for Federal and State capital construction funding have been exhausted. Funds raised to date total approximately $7.5 million of an estimated $10.5

million total development cost. Unlike Phases 1 and 3, VRC has all service funding for Phase 2 in hand. VRCA intends to move current operations and services funding from another facility in the County to the new Phase 2 site. VRCA is the “Services Coordinator” for all of the MVV campus. Mercy has relied upon some of VRCA’s services funding to satisfy Mercy’s services funding requirements for both Phases 1 & 3. If VRCA is unable to relocate to the Phase 2 building, its services commitments to Phases 1 & 3 could be imperiled. The success of Phase 2 is therefore crucial to the overall success of the MVV campus program.

In an effort to raise funding to fill the remaining one-time construction funding gap for Phase 2, the City and VRCA continue to explore all funding opportunities. An initial challenge to this effort is to accurately describe the funding “gap” for Phase 2. This is a rehabilitation/conversion effort. Construction drawings are incomplete and largely conceptual. Therefore, all costs are gross estimates. Bidding from a general contractor under contract to the developer working from agreed upon improvement plans, may decrease or increase the budget dramatically. Currently, estimates of total development cost vary by as much as +/- $2.0 million or more. Biddable construction plans are required to produce a defensible budget upon which fund raising efforts can be based and defended.

FISCAL ANALYSIS

The proposed contingent short-term loan of $180,000 would be funded by the General Fund, as there is not a dedicated funding source for housing activities. The repayment of the loan to the City is contingent on the ability of the developer to secure funds for the construction of Phase 2 of Mather Veterans Village. This amount, combined with $75,000 of Fiscal Year 2016-17 Community Enhancement Funds already approved for the partial drawings of Phase 2, bring the City’s total investment to $255,000 for complete working drawings.

ATTACHMENTS

1. Resolution No. 81-2016 including Exhibit 1: Memorandum of Understanding.
2. PowerPoint.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 81-2016

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AUTHORIZING EXECUTION OF A MEMORADUM OF UNDERSTANDING AND RELATED INSTRUMENTS WITH VIETNAM VETERANS OF CALIFORNIA, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION DBA VETERANS RESOURCE CENTERS OF AMERICA ("DEVELOPER") AND THE AWARD OF A CONTINGENT LOAN OF $180,000 FOR THE DEVELOPMENT OF COMPLETE WORKING DRAWINGS FOR REHABILITATION OF MATHER VETERANS VILLAGE PHASE 2.

WHEREAS, the Parties will enter into a Memorandum of Understanding dated August 1, 2016 for the purpose of coordinating the development of complete working drawings for the rehabilitation of Mather Veterans Village Phase 2; and

WHEREAS, adoption of this resolution will result in the City's administration of $180,000 for Architectural services for Mather Veterans Village Phase 2 ("Project"); and

WHEREAS, completed construction drawings will permit full bidding of the cost for the development and establish a baseline for a fund raising effort; and

WHEREAS, efforts will be made to raise funds in an amount sufficient to **fully** repay the City's contingent loan after payment of all other City approved Project expenses as detailed in Exhibit J (Financing Plan) of the Disposition, Development and Loan Agreement between the City and Developer dated April 8, 2015, and if that occurs, the loan is to be fully repaid, but if not, the loan is to repaid in an amount equal to the funds raised in excess of all other City approved Project expenses.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize the City Manager to execute the MOU **Exhibit 1** with Developer and fund the required Architectural services in the form of a contingent short term loan in the amount of $180,000 which contingency shall be as stated in the final Recital above.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova this ____ day of __________, 2016, by the following votes:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
David M. Sander, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

2110734.1

EXHIBIT 1

Mather Veterans Village Phase 2
Memorandum of Understanding Between VRCA and City

WHEREAS, In July of 2010 Vietnam Veterans of California, Inc., a California nonprofit public benefit corporation dba Veterans Resource Centers of America ("Developer") was selected as part of the development team for the three phases of Mather Veterans Village ("MVV"), an effort to result in the development of 100 units of permanent supportive housing and up to 50 beds of transitional shelter all for homeless and disabled veterans; and

WHEREAS, Mercy Housing California ("Mercy") (developer of Phases 1 & 3) and Veterans Resource Centers of America ("VRCA") (developer of Phase 2) both have entered into agreements with the City guiding the development efforts of the parties; and

WHEREAS, Phase 1 of MVV is now in initial occupancy with 50 permanent supportive housing units and Phase 3 which will include another 50 permanent supportive housing units is being prepared for a submittal of a first round tax credit application in March of 2017; and

WHEREAS, VRCA has proposed for Phase 2 the development of up to 50 beds for transitional living and has found this development configuration to suffer from a lack of capital funding support from traditional State and Federal sources; and

WHEREAS, by loan agreement and Disposition, Development and Loan Agreement ("DDLA") dated April 8, 2015, City has agreed to make a permanent loan to VRCA in the amount of $1,000,000, and a short term loan in the amount of $150,000 with disbursement of funds subject to specified City oversight and approval as specified, among other places, in section 6.4(a)(vi) of the DDLA; and

WHEREAS, VRCA, Mercy and the City have initiated a coordinated fund raising effort to raise the needed construction cost gap funding estimated to be in the amount of $2.0 to $3.0 million; and

WHEREAS, the participation of VRCA as the service coordinator and partial provider of services for all three phases of the development which participation is dependent upon the successful development of Phase 2 of MVV making a successful fund raising effort a crucial step in the success of the entire MVV campus; and

WHEREAS, to support the estimate of funding needed by Phase 2, the parties agree that fully bid plans produced in conjunction with a general contractor under contract to the Developer is a requirement for the effective support of the fund raising effort; and

WHEREAS, the City Council of the City of Rancho Cordova has already approved a grant from its FY 2016/2017 Measure "H" Enhancement Funds in the amount of $60,000 for the partial development of construction drawings; and

EXHIBIT 1

WHEREAS, by its action on _____, 2016 the City of Rancho Cordova ("City") has approved an additional $180,000 contingent loan which with the prior approved grant of $60,000, together referred to herein as "City Funds", will result in the development of 100% of the construction plans and specifications required to fully bid the cost of the reconstruction and permit the submittal of a complete application to the City for review and approval; and

WHEREAS, consistent with the requirements of section 6.4(a)(vi) of the DDLA, City's obligation to disburse the City Funds to be provided under this Agreement is subject to VRCA's agreement to be subject to the City's role in critical Project predevelopment and development meetings and decisions specified below and City's satisfactory ability to meaningfully undertake the oversight and consent roles specified below.

NOW, THEREFORE, BE IT HEREBY RESOLVED THAT THE CITY AND VRCA AGREE TO THE FOLLOWING CONDITIONS AND REQUIREMENTS FOR THE USE AND DISBURSEMENT OF A TOTAL OF TWO HUNDRED FORTY THOUSAND ($240,000) ("City Funds") TO BE MADE AVAILABLE BY THE CITY AS A $180,000 CONTINGENT LOAN TO BE REPAID IF SUFFICIENT FUNDS ARE RAISED FROM OTHER SOURCES AND A SEPARATE GRANT OF $60,000.

1. Nothing in this MOU shall amend the provisions of the existing Disposition, Development and Loan Agreement (DDLA). It is anticipated that the DDLA will need to be amended to reflect the changing conditions associated with the development (i.e. Ex H Schedule & Ex J Financing). The legal relationship of the Parties as specified in the DDLA is unaffected by this Agreement, and this Agreement shall be subject to all terms and conditions of the DDLA.

2. The parties will cooperate fully in the review of the current Design Development components and if necessary amend those plans to reflect the full vision of the development as anticipated in the design review guidance approved by the City Council (dated July 15, 2013).

3. Roles of the parties in the administration of the "**City Funds**" include the following:

   a. City of Rancho Cordova
      i. Will approve scopes of work, work products and invoices for architectural, engineering and related professional services associated with the development of plans and specifications for the improvement of the Phase 2 effort. Will collaborate with VRCA on all design related matters

      ii. Will review and comment on all design related documents before proceeding with next steps

      iii. Will actively participate in all design meetings, design charrettes, value engineering exercises, etc.

      iv. Will communicate directly with Mogavero Architects ("ARCHITECT") and Broward Builders (GENERAL CONTRACTOR); and have direct access to all design related sub-contractors and vendors, etc.

EXHIBIT 1

v. Will review and comment on future contracts with ARCHITECT and GENERAL CONTRACTOR

vi. Will observe and monitor performance of ARCHITECT and GENERAL CONTRACTOR in regards to documents and bidding paid for from **City Funds**

vii. Will coordinate with VRCA prior to providing comments

viii. Will provide overall quality review of all design related documents prior to final submission for building permits

ix. City's primary contact will be Monet Crowley.

b. VRCA

i. VRCA's role has not changed. As indicated in the DDLA – Phase 2 (dated April 8, 2015), VRCA is the developer.

ii. Will coordinate Pre-development activities with City, Mercy Housing, GENERAL CONTRACTOR, ARCHITECT and others as needed

iii. Will lead and coordinate Design management activities including

- Establish a contract with ARCHITECT
- Facilitate design meetings
- Observe and monitor Seismic Analysis
- Observe and monitor Design Development Drawings
- Observe and monitor Construction Working Drawings
- Value engineering
- Budget reconciliation for Design Development and Construction Working Drawings
- Will lead pre-development activities with City, Mercy Housing, GENERAL CONTRACTOR, and ARCHITECT and others as needed
- Will establish a contract with GENERAL CONTRACTOR to provide general contracting services.

This MOU is directed at the use and administration of City funds authorized for professional services required from ARCHITECT to produce construction drawings and specifications. It is understood that the City and VRCA are committed to the successful development and occupancy of Phase 2.

EXHIBIT 1

IN WITNESS WHEREOF, the City and VRCA have executed this MOU as of _________________, which date shall be considered by the Parties to be the effective date hereof.

CITY:	VRCA:
___________________	___________________
Cyrus Abhar City Manager	(Name) (Title)
Date: _______________	Date: _______________

ATTACHMENT 2

Mather Veterans Village Status/Cost

Phase 1
- 100% Occupied July 2016
- 50 units of PSH
- TDC = $22.03m

Phase 2
- Up to 50 beds of Transitional
- Construction start ± June, 2017
- TDC = $9 – 11m

Phase 3
- Same design as Phase 1
- Construction start Dec. 2017
- TDC = $19.5m (w/50 VASH)
  $22.0m (w/25 VASH)