CITY OF ROSEVILLE CALIFORNIA

# AGENDA
November 2, 2016

CITY COUNCIL MEETING
FINANCE AUTHORITY MEETING
7:00 p.m.
City Council Chambers
311 Vernon Street
Roseville, California

1. **CALL TO ORDER**

2. **ROLL CALL**

| | |
|---|---|
| **Councilmember:** | **Bonnie Gore** |
| **Vice Mayor:** | **Susan Rohan** |
| **Councilmember:** | **Tim Herman** |
| **Councilmember:** | **Pauline Roccucci** |
| **Mayor:** | **Carol Garcia** |

3. **PLEDGE OF ALLEGIANCE**

4. **MEETING PROCEDURES**

**NOTICE TO THE PUBLIC**
All Items on the agenda will be open for the public comment before final action is taken. Speakers are requested to restrict comments to the item as it appears on the agenda and stay within a five (5) - minute time limit. The Mayor has the discretion of limiting the total discussion time for an item.

5. **PRESENTATIONS**

5.1. Resolution of Commendation and Appreciation to the Women Veteran Alliance

The Women Veterans Alliance be commended and appreciated for their heroic and valiant service to women veterans and the United States.

CONTACT: Megan MacPherson 916-774-5455 mmacpherson@roseville.ca.us

## 6. PUBLIC COMMENTS

**NOTICE TO THE PUBLIC**

Persons may address the City Council on items not on this agenda. Please complete a "Speaker Information Card" and present it to the City Clerk prior to the start of the meeting. Speakers shall restrict their comments to issues that are within the subject jurisdiction of the City Council and limit their comments to three (3) minutes per person. The total time allocated for Public Comment is 25 minutes. The Brown Act, with certain exceptions, does not permit the City Council to discuss or take action on issues that are not listed on the agenda.

## 7. CONSENT CALENDAR

**NOTICE TO THE PUBLIC**

All matters listed under Consent Calendar are considered to be routine and all will be passed by one motion. There will be no discussion of these items unless members of the City Council or the public request specific items be removed from the Consent Calendar for separate discussion. Any member of the public may address the City Council on items on the Consent Calendar. Public comments on any item or items on the Consent Calendar are limited to five (5) minutes per speaker

**BEGINNING OF CONSENT CALENDAR**

### Bids / Purchases / Services

7.1. Douglas Substation Rebuild Phase 2 - Reject all Bids

Memo from Power Engineer Ozro Corulli and Electric Utility Director Michelle Bertolino recommending Council adopt RESOLOUTION NO. 16-451 REJECTING ALL BIDS FOR THE DOUGLAS SUBSTATION REBUILD PHASE 2 PROJECT. The second and final phase of the Douglas Substation Rebuild Phase 2 Project includes replacement of 60kV breakers, steel structures, control building, and transformer. Only one bid was received for this project and it was significantly higher than the engineer's estimate of $700,000.00. Staff is requesting authorization to reject the one bid received and re-bid the project during the winter months. Funds for this portion of the project are included in the approved budget of $2,800,000.00 for the entire project.

CC #: 8078

File #: 0203-21 & 0900-03

CONTACT: Ozro Corulli 916-774-5586 ocorulli@roseville.ca.us

7.2. Meter Locking Rings and Proprietary Keys - Sole Source Purchase Order

Memo from Electric Line Construction Supervisor Tom Cox and Electric Utility Director Michelle Bertolino recommending Council authorize a sole source open purchase order for five years and up to $500,000.00 with DeWalch Technologies, Inc. as the sole source for patented electric meter locking rings and proprietary keys. Funding of $40,000.00 is included in Roseville Electric Utility's FY2016-17 budget and future fiscal year funding is subject to City Council approval.

CC #: 8075

File #: 0203-07

CONTACT: Tom Cox 916-774-5611 tcox@roseville.ca.us

7.3. Borescope Equipment – Sole Source Purchase Order

Memo from Power Generation Superintenent Matt Garner and Electric Utility Director Michelle Bertolino recommending Council approve a sole source purchase order with Olympus America Inc. to provide borescope equipment for the Roseville Energy Park. Total cost is not to exceed $36,000.00. Funding is included in the Electric Department budget for FY2016-17.

CC #: 8088

File #: 0203-07

CONTACT: Matt Garner 916-746-1691 mgarner@roseville.ca.us

7.4. Wastewater Collections System Rehabilitation Project - Award of Contract

Memo from Senior Engineer George Hanson and Environmental Utilities Director Richard Plecker recommending Council adopt RESOLUTION NO. 16-448 APPROVING AN AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND SOUTHWEST PIPELINE AND TRENCHLESS CORPORATION, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. This item is seeking approval and award of a construction contract to Southwest Pipeline & Trenchless in the amount of $200,440.00 for the Wastewater Collections System Rehabilitation Project, and authorization for the Environmental Utilities Director or his designee to approve and pay for contract change orders that could increase the contract amount by no more than 10%, or $20,044.00, for a total of $220,484.00. The project work scope involves rehabilitation of approximately 1,600 linear feet of sewer mains utilizing a trenchless technology commonly known as “cured-in-place pipe” where the existing pipe is lined without excavation and therefore resulting in significant cost savings. The project is funded from the Wastewater Rehabilitation Fund.

CC #: 8071

File #: 0800-02

CONTACT: George Hanson 916-746-1764 ghanson@roseville.ca.us

7.5. Landscape Bark and Playground Engineered Wood Fiber Material and Services - Service Agreement

Memo from Parks Supervisor Patrick Daly and Parks, Recreation & Libraries Director Dion Louthan recommending Council adopt RESOLUTION NO. 16-452 APPROVING A SERVICE AGREEMENT BETWEEN CITY OF ROSEVILLE AND APPLIED LANDSCAPE MATERIALS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE (S1704189). This is a service agreement between the City and Applied Landscape Materials to provide and/or install landscape bark and playground fiber within City parks and landscape districts. The annual cost of the contract is not to exceed $150,000.00 and funding is included in the FY2016-17 Parks, Recreation & Libraries budget. The funding sources are a combination of General Fund, Community Facility Districts, and Lighting and Landscape Districts.

CC #: 8079
File #: 0203-10

CONTACT: Patrick Daly 916-774-5764 pdaly@roseville.ca.us

7.6. Public Safety Vehicle Parts and Services - Service Agreement Amendment and Budget Adjustment

Memo from Fleet Manager Brian Craighead and Central Services Director Paul Diefenbach recommending Council adopt RESOLUTION NO. 16-453 APPROVING AMENDMENT NO. 1 TO SERVICE AGREEMENT BETWEEN CITY OF ROSEVILLE AND LEHR AUTO ELECTRIC & EMERGENCY, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE (S1604357); and adopt ORDINANCE NO. 5753 OF THE COUNCIL OF THE CITY OF ROSEVILLE AUTHORIZING CERTAIN AMENDMENTS TO THE 2016-17 BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY EFFECTIVE AS AN APPROPRIATION MEASURE. This is an amendment to service agreement S1604357 to increase the value of the agreement by $18,000.00, from $280,000.00 to $298,000.00. The additional dollars are for the purchase of parts and services to up-fit public safety vehicles. Funding will come from the FY2016-17 Auto Replacement budget. Additionally, staff recommends Council approve a budget adjustment for $18,000.00 from the Auto Replacement Fund to pay for parts and service on public safety vehicles.

CC #: 8080

File #: 0203-01 & 0203-02 & 0201-01

CONTACT: Brian Craighead 916-774-5731 bcraighead@roseville.ca.us

7.7. General Construction and Repair - Service Agreement Amendment

Memo from Facility Manager Dan Allen and Central Services Director Paul Diefenbach recommending Council adopt RESOLUTION NO. 16-450 APPROVING AMENDMENT NO. 2 TO SERVICE AGREEMENT BETWEEN CITY OF ROSEVILLE AND BULLARD CONSTRUCTION, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE (S1605032). This amendment extends the expiration date of the agreement from November 6, 2016 to January 31, 2017 in order to provide adequate time to complete current encumbered projects. The total value on the agreement for this year is $380,000.00. Funding is included in the Building Maintenance Division, Parks, Police, Fire, Electric, and Environmental Utilities FY2016-17 budgets.

CC #: 8076

File #: 0203-04

CONTACT: Dan Allen 916-774-5741 dallen@roseville.ca.us

**Resolutions**

7.8. Planning Coordinator Participation Agreement

Memo from Electric Compliance Analyst Jamie Johnson and Electric Utility Director Michelle Bertolino recommending Council adopt RESOLUTION NO. 16-458 APPROVING A PLANNING COORDINATOR PARTICIPATION AGREEMENT BY

AND BETWEEN THE CITY OF ROSEVILLE AND BALANCING AUTHORITY OF NORTHERN CALIFORNIA, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. This agreement will provide for BANC to serve as the Planning Coordinator for Roseville Electric Utility, as required to meet mandatory electric Reliability Standards. The cost of the agreement is $13,125.00 in FY2017. Funding is included in the Electric Department's FY2017 budget for power supply.

CC #: 8090

File #: 0800-03

CONTACT: Jamie Johnson 916-746-1687 jjohnson@roseville.ca.us

7.9. Fiddyment Ranch Phase 2 Village F-19A-1 - Certificate of Completion

Memo from Construction Inspector Orville Chatterton and Development Services Director Kevin Payne recommending Council adopt RESOLUTION NO. 16-447 OF THE COUNCIL OF THE CITY OF ROSEVILLE ACCEPTING THE PUBLIC WORK KNOWN AS FIDDYMENT RANCH PHASE 2 VILLAGE F-19A1 PROJECT, APPROVING THE "CERTIFICATE OF COMPLETION", AND AUTHORIZING AND DIRECTING THE CITY ENGINEER TO EXECUTE SAID NOTICE ON BEHALF OF THE CITY OF ROSEVILLE, THEREFORE, AND ACCEPTING ALL DEDICATIONS OFFERED ON THE RECORDED MAP OF THE SUBDIVISION. The Engineering Division has made final inspection of the project and has found the roadway infrastructure work complete in accordance with the improvement plans and City Specifications. This action has no impact to the City's General Fund. Construction costs were paid by the developer.

CC #: 8070

File #: 0400-04-09-1

CONTACT: Orville Chatterton 916-223-5347 ochatterton@roseville.ca.us

7.10. Home Energy Report Program - Service Agreement Amendment

Memo from Interim Retail Services Supervisor David Bradford and Electric Utility Director Michelle Bertolino recommending Council adopt RESOLUTION NO. 16-457 APPROVING A FIRST AMENDMENT TO APPLICATION SERVICE AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND ORACLE, INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. The amendment extends the term of the contract for two years and expands the program from the initial 20,000 residential customer participants to the entire residential group of over 51,000 customers. The total cost of the amendment is $975,143.00, increasing the agreement to $1,539,193.00. Funding is included in the FY2017 Electric budget for Public Benefits programs.

CC #: 8089

File #: 0800-03

CONTACT: David Bradford 916-746-1672 dbradford@roseville.ca.us

7.11. 2016 Bike Trail Resurfacing Project - Notice of Completion

Memo from Assistant Engineer Noah Siviglia and Public Works Director Rhon Herndon recommending Council adopt RESOLUTION NO. 16-455 ACCEPTING

THE PUBLIC WORK KNOWN AS THE 2016 BIKE TRAIL RESURFACING PROJECT, APPROVING THE “NOTICE OF COMPLETION”, AND AUTHORIZING THE PUBLIC WORKS DIRECTOR TO EXECUTE SAID NOTICE ON BEHALF OF THE CITY OF ROSEVILLE. Staff recommends that the City Council accept the 2016 Bike Trail Resurfacing Project as complete and authorize the Public Works Director to execute the Notice of Completion. The project resurfaced various bike trails throughout the City as a part of the bike trail preventative maintenance plan. The final construction cost was $206,005.06 and was funded with Local Transportation funds.

CC #: 8082

File #: 0721-05

CONTACT: Noah Siviglia 916-746-1379 nsiviglia@roseville.ca.us

7.12. <u>2016 Roseville Heights Curb Ramp Upgrade Project - Notice of Completion</u>

Memo from Assistant Engineer Noah Sivilgia and Public Works Director Rhon Herndon recommending Council adopt RESOLUTION NO. 16-456 ACCEPTING THE PUBLIC WORK KNOWN AS THE 2016 ROSEVILLE HEIGHTS CURB RAMP UPGRADE PROJECT, APPROVING THE “NOTICE OF COMPLETION”, AND AUTHORIZING THE PUBLIC WORKS DIRECTOR TO EXECUTE SAID NOTICE ON BEHALF OF THE CITY OF ROSEVILLE. Staff recommends that the City Council accept the 2016 Roseville Heights Curb Ramp Upgrade Project as complete and authorize the Public Works Director to execute the Notice of Completion. The project constructed 22 pedestrian curb ramps throughout the Roseville Heights neighborhood. The final construction cost was $149,650.00 and was funded with Community Development Block Grant funds.

CC #: 8083

File #: 0900-04-02

CONTACT: Noah Siviglia 916-746-1379 nsiviglia@roseville.ca.us

7.13. <u>Street Closure Request - 55th Annual Sylvia Besana Holiday Parade - November 19, 2016</u>

Memo from Community Relations Analyst Jamie Hazen and Parks, Recreation & Libraries Director Dion Louthan recommending Council adopt RESOLUTION NO. 16-449 APPROVING AN AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND ROSEVILLE CHAMBER OF COMMERCE AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. This is a request to approve street closures for the 55th Annual Sylvia Besana Holiday Parade on Saturday, November 19, 2016. Street closures included are S. Grant Street between Oak Street and Atlantic Street; Vernon Street between 6th Street and Lincoln Street; Pratt Street between Vernon Street and Oak Street; and Folsom Road between Vernon Street and the Roseville Square Shopping Center. The closure times will be 7:00 a.m. – 12:30 p.m. All costs associated with this event for City services will be reimbursed by the Roseville Chamber of Commerce.

CC #: 8072

File #: 0109-02

CONTACT: Jamie Hazen 916-774-5978 jhazen@roseville.ca.us

**Ordinances (for introduction and adoption - appropriation/urgency measures)**

7.14. Capital Improvement Projects – Budget Adjustment

Memo from Budget Analyst Brandon Ladd and Finance Director Monty Hanks recommending Council adopt ORDINANCE NO. 5752 OF THE COUNCIL OF THE CITY OF ROSEVILLE AUTHORIZING CERTAIN AMENDMENTS TO THE 2016-17 BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY EFFECTIVE AS AN APPROPRIATION MEASURE. This budget adjustment lists Capital Improvement Projects and associated transfers that were approved by the City Council prior to June 30, 2016. These projects are ongoing, requiring the unspent budget balances in the FY2015-16 budget to be brought forward to the current fiscal year's budget. The projects were analyzed during the preparation of the FY2016-17 budget and were included in the financial analysis of the individual funds. This budget adjustment does not increase the previously approved spending limits for each project. There is no fiscal impact.

CC #: 8077

File #: 0201-01 & 0801

CONTACT: Brandon Ladd 916-774-5389 bladd@roseville.ca.us
Kathy Cullen 916-746-1306 kcullen@roseville.ca.us

**Ordinances (for second reading and adoption)**

7.15. 2016 Building Standards Code Adoption

Memo from Fire Division Chief Jason Rizzi and Fire Chief Rick Bartee recommending Council introduce for first reading ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE AMENDING SECTION 16.04.100 OF CHAPTER 16.04 OF TITLE 16 REGARDING BUILDINGS AND CONSTRUCTION, AND AMENDING SECTIONS 16.16.020, 16.16.040, 16.16.070, 16.16.110, 16.16.150, 16.16.160 AND 16.16.170 OF CHAPTER 16.16 OF TITLE 16 OF THE ROSEVILLE MUNICIPAL CODE REGARDING FIRE CODE. On December 15, 2015, the California Building Standards Commission adopted the California Building Standards Code to be contained within Title 24 of the California Code of Regulations. The publication of this code occurred on July 1, 2016 with an effective date of January 1, 2017. These regulations will allow the City to establish local amendments reasonably necessary to ensure public safety based upon climatic, geological or topographical conditions consistent with California State Law. The fiscal impact on the City includes new code resources and staff training on the updated regulations. These costs have been accounted for within the current budgets of both the Fire Department and the Development Services Department.

CC #: 8068

File #: 0501-02

CONTACT: Jason Rizzi 916-774-5802 jrizzi@roseville.ca.us
Scott Byrnes 916-774-5338 sbyrnes@roseville.ca.us

7.16. Municipal Code Amendment - Emergency Ride Home, Transportation Systems Management

ORDINANCE NO. 5754 OF THE COUNCIL OF THE CITY OF ROSEVILLE

AMENDING SECTIONS 11.33.030 AND 11.33.080 OF CHAPTER 11.33 OF TITLE 11 OF THE ROSEVILLE MUNICIPAL CODE REGARDING TRANSPORTATION SYSTEMS MANAGEMENT for second reading and adoption.

CC #: 8091

File #: 0721-04

CONTACT: Sue Schooley 916-774-5365 sschooley@roseville.ca.us

**Reports / Requests**

7.17. Amended Final Map of Westpark Phase 4 - Village W-18A

Memo from Assistant Engineer Kerry Andrews and Development Services Director Kevin Payne recommending Council approve the Amended Final Map for Westpark Phase 4 - Village W-18A. The Engineering Department has completed its review of the final map and found that it is in compliance with the approved tentative map. This map will be creating 86 residential lots, 1 lettered lot. The actions requested have no fiscal impact to the City's General Fund.

CC #: 8069

File #: 0400-07

CONTACT: Kerry Andrews 916-774-5346 kandrews@roseville.ca.us

**Ceremonial Documents**

7.18. Resolution of Commendation and Appreciation to the Sullivan Group

The Flip the Switch program by the Sullivan Auto Group be commended and appreciated for their major clean energy project on the largest energy efficiency installations in the region.

CC #: 8073

File #: 0102-10

CONTACT: Heather Blanco 916-774-5265 hblanco@roseville.ca.us

7.19. Resolution of Congratulations to Shen Yun Performing Arts

Shen Yun Performing Arts be congratulated on their 10th anniversary.

CC #: 8087

File #: 0102-10

CONTACT: Heather Blanco 916-774-5265 hblanco@roseville.ca.us

**END OF CONSENT CALENDAR**

**8. RESOLUTIONS**

8.1. City Council / Finance Authority - Issuance and Sale of Electric System Revenue Refunding Bonds, Series 2016

Memo from Administrative Analyst Jeannine Thrash and Finance Director Monty Hanks recommending Council adopt RESOLUTION NO. 16-454 OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE AUTHORIZING THE ISSUANCE AND SALE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS BY THE

ROSEVILLE FINANCE AUTHORITY, AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS; and adopt RESOLUTION NO. 3-16 OF THE BOARD OF DIRECTORS OF THE ROSEVILLE FINANCE AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS. In 2009, City Council authorized the issuance of $27.01 million in Certificates of Participation ("2009 COPs") in which a portion of the net proceeds were used to refund certain obligations of the 2002 Certificates as related to the Electric System. In 2010, the Roseville Finance Authority authorized the issuance of the Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2010 ("2010 Bonds") for $55.85 million. A portion of these net proceeds were used to refund certain outstanding obligations related to Electric's 2008 COPs. The City has identified certain maturities of the 2009 COPs and the 2010 Bonds as refunding candidates for debt service savings. The 2009 COPs and 2010 Bonds are currently outstanding in the amount of $16.05 million and $54.075 million, respectively. Based on current market conditions, the refunding of the 2009 COPs and 2010 Bonds will result in a present value savings in excess of $5.6 million, or 10.13% of refunded par. This represents over $360,000.00 in average annual debt service savings to Electric operations.

CC #: 8081

File #: 0206

CONTACT: Jeannine Thrash 916-774-5473 jthrash@roseville.ca.us
Monty Hanks 916-774-5313 mhanks@roseville.ca.us

## 9. SPECIAL REQUESTS/REPORTS/PRESENTATION

9.1. City Entrance Median Enhancements

Memo from Park Planning & Development Superintendent Tara Gee and Parks, Recreation & Libraries Director Dion Louthan recommending Council review options for enhancing entryways into the City. Two medians located on South Cirby Way between Old Auburn Road and Champion Oaks Drive in southeast Roseville were identified as the recommended first area for improvement.

CC #: 8092

File #: 0704

CONTACT: Tara Gee 916-774-5253 tgee@roseville.ca.us

## 10. COUNCIL / STAFF / REPORTS/ COMMENTS

10.1. Police Chief Daniel Hahn with Presentation of Social Services Unit

## 11. ADJOURNMENT

# COUNCIL COMMUNICATION

**CC #: 8074**
**File #: 0102-10**

**Title:** Resolution of Commendation and Appreciation to the Women Veteran Alliance
**Contact:** Megan MacPherson 916-774-5455 mmacpherson@roseville.ca.us

**Meeting Date: 11/2/2016**
**Item #: 5.1.**

## RECOMMENDATION TO COUNCIL

Recommend the Women Veterans Alliance be commended and appreciated for their heroic and valiant service to women veterans and the United States.

## BACKGROUND

Not applicable.

## FISCAL IMPACT

Not applicable.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

## ENVIRONMENTAL REVIEW

Not applicable.

Respectfully Submitted,

Megan MacPherson, Director of Public Affairs

Megan MacPherson, Public Affairs & Communications Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution of Commendation and Appreciation to Women Veterans Alliance

# City of Roseville
# RESOLUTION

OF

## COMMENDATION AND APPRECIATION

**WHEREAS,** women dutifully and proudly have served in the United States military since the American Revolution; and

**WHEREAS,** women veterans are your mother, your sister, your daughter, your neighbor, your wife, your friend, business owners, students, community leaders and teachers; and

**WHEREAS,** women veterans are deserving of recognition, support, and benefits; and

**WHEREAS,** the Women Veterans Alliance was established in January 2015 and is the largest women veteran networking group on the west coast empowering women who have served and are currently serving through networking and mentorship; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ROSEVILLE, CALIFORNIA,** that the **WOMEN VETERANS ALLIANCE** be commended and appreciated for their heroic and valiant service to women veterans and the United States.

**SIGNED AND APPROVED** this 2nd day of November, 2016.

**CAROL GARCIA, MAYOR**

**ATTEST:**

**SONIA OROZCO, CITY CLERK**
**CITY OF ROSEVILLE, CALIFORNIA**

# COUNCIL COMMUNICATION

**CC #: 8078**
**File #: 0203-21 & 0900-03**

| | |
|---|---|
| **Title:** | Douglas Substation Rebuild Phase 2 - Reject all Bids |
| **Contact:** | Ozro Corulli 916-774-5586 ocorulli@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.1.**

RECOMMENDATION TO COUNCIL

Staff recommends that City Council reject the bid received from Hotline Construction Inc. in the amount of $2,303,378.00 for the Douglas Substation Rebuild Phase 2 Project and authorize staff to rebid the project.

BACKGROUND

Douglas Substation was originally constructed in the 1960's. Most of the equipment is original and has reached the end of its useful life. Roseville Electric Utility recently completed the first phase of the rehabilitation including replacement of the substation's 12kV equipment. The second and final phase includes replacement of 60kV breakers, steel structures, control building, and transformer. The civil construction plans and specifications include all civil work associated with the installation of the new 60kV equipment including constructing foundations, conduits and grounding.

Council approved the project plans and specifications and authorized staff to call for bids at their September 7, 2016 meeting. Bids were subsequently opened on October 4th. Only one bid was received. The bid was submitted by Hotline Construction, Inc. for an amount of $2,303,378.00 which was over three times the Engineer's Estimate. Staff believes this bid amount is excessive based on bids for past projects, including the first phase of the Douglas Rehabilitation completed last year. Staff believes the high bid amount may be a combination of the scope of work interpretation and timing of the bid advertisement. It is likely that advertising the project half way through the construction season resulted in potential bidders already being committed to other projects. Therefore, staff plans to rebid the project with a relaxed time table during the winter months before contractors' schedules are full which should result in receiving a greater number and potentially more competitive bids. In addition, staff plans to prepare a detailed agenda for the mandatory pre-bid meeting in order to more clearly communicate the scope of work for the project.

FISCAL IMPACT

Rejecting the bid received will result in not awarding a contract to Hotline Construction Inc. for

$2,303,378.00 and allow for future savings when the project is rebid during a more competitive bidding season. The engineer's estimate for this portion of the project is $700,000.00, the FY2016/17 approved budget for the total project is $2,800,000.00.

ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

Project implementation was previously evaluated in the Initial Study/Mitigated Negative Declaration for the Douglas Boulevard Substation Rebuild Project (adopted by the City Council March 5, 2013). The civil construction plans and specifications are consistent with the project evaluated in the Initial Study/Mitigated Negative Declaration and consequently no additional CEQA action is required for plans and specifications approval.

Respectfully Submitted,

Ozro Corulli, Power Engineer

Michelle Bertolino, Electric Utility Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-451

Douglas Substation Site Map

RESOLUTION NO. 16-451

REJECTING ALL BIDS FOR THE DOUGLAS SUBSTATION
REBUILD PHASE 2 PROJECT

WHEREAS, the City of Roseville requested bids for the Douglas Substation Rebuild Phase 2 project; and

WHEREAS, the bid received was more than three times the Engineer’s estimate; and

WHEREAS, staff desires to reject all bids for the Douglas Substation Rebuild Phase 2 project and rebid the project at a future date;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that all bids for the Douglas Substation Rebuild Phase 2 project are hereby rejected.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of _______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

_________________________________
MAYOR

ATTEST:

____________________________
City Clerk


EXHIBIT 'A'

DOUGLAS SUBSTATION

| REV | BY | DATE | DESCRIPTION | TECHNICIAN | APPR. |
|---|---|---|---|---|---|
| 1 | KDA | 3/10/10 | SPCC UPDATE | | M.FOX |

CITY OF ROSEVILLE CALIFORNIA
Roseville Electric

TITLE: DOUGLAS SUBSTATION LOCATION PLAN

ENG. M. FOK | APPR. | SCALE NONE
DR. C. MAH | DATE 9-7-94

JOB NO. 944005
ACCOUNT NO. 40001
DRAWING NO. 310C1-09

# COUNCIL COMMUNICATION

**CC #: 8075**
**File #: 0203-07**

**Title:** Meter Locking Rings and Proprietary Keys - Sole Source Purchase Order
**Contact:** Tom Cox 916-774-5611 tcox@roseville.ca.us

**Meeting Date: 11/2/2016**
**Item #: 7.2.**

## RECOMMENDATION TO COUNCIL

Staff recommends City Council authorize a sole source open purchase order for five years and up to $500,000.00 with DeWalch Technologies, Inc., for patented electric meter locking rings and proprietary keys. Funding of $40,000.00 is included in Roseville Electric Utility's FY2016/17 budget and future funding is subject to City Council approval.

## BACKGROUND

Roseville Electric Utility has used DeWalch Technologies Inc. meter locking rings since 2008 to reduce or eliminate unauthorized access to electric meters. DeWalch locking rings are a deterrent to power diversion and unpermitted electric panel change-outs or upgrades. Locking rings used prior to 2008 have proven to be less secure due to their construction, design, materials or inferior locking mechanisms.

DeWalch Technologies Inc. is the patent holder, manufacturer, distributor and sole source provider for residential and commercial electric revenue meter locking rings. These meter locking rings have proprietary keys made specifically for Roseville Electric Utility. This purchase order is anticipated to cover all foreseen meter locking ring and key needs for the following five fiscal years.

## FISCAL IMPACT

The total estimated cost for FY2016/17 is $40,000.00 and is included in Roseville Electric Utility's FY2016/17 budget. Additional funding is subject to City Council approval.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

## ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061 (b) (3). The purchase order with DeWalch Technologies Inc. for meter locking rings and proprietary keys does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Tom Cox, Electric Line Construction Supervisor

Michelle Bertolino, Electric Utility Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

# COUNCIL COMMUNICATION

**CC #: 8088**
**File #: 0203-07**

**Title:** Borescope Equipment – Sole Source Purchase Order
**Contact:** Matt Garner 916-746-1691 mgarner@roseville.ca.us

**Meeting Date: 11/2/2016**
**Item #: 7.3.**

## RECOMMENDATION TO COUNCIL

Staff requests that City Council authorize a sole source purchase order with Olympus America Inc. to provide borescope equipment for the Roseville Energy Park, not to exceed $36,000.00. Funding is included in the Electric Department budget for FY2016-17.

## BACKGROUND

The Roseville Energy Park (REP) utilizes both gas and steam turbines. The borescope is an essential tool to complete operations and maintenance work at the REP, including performing periodic inspections of turbine blades to evaluate and troubleshoot turbine efficiency issues. The borescope equipment will allow staff to proactively engage the REP long term service provider for turbine maintenance.

Generation staff tested multiple borescope types and models to determine which unit would best serve the maintenance needs of the Generation division. The Olympus borescope, services offered, and extra hardware options most closely aligned with the division maintenance needs. Staff pursued competitive quotes for the desired model and found that Olympus America Inc. holds a distributorship on their brand of borescope equipment in the state of California. No third party provider is available.

The borescope equipment purchased will include an industrial videoscope, batteries, charger, and additional specialized accessories necessary to perform turbine borescope inspections.

## FISCAL IMPACT

Total costs for purchase of the borescope equipment is not to exceed $36,000.00. Funding is included in the Electric Department budget for FY2016-17.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

The borescope equipment purchase is not considered a “project” as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines §15378). Consequently no CEQA action is required.

Respectfully Submitted,

Matt Garner, Power Generation Superintendent

Michelle Bertolino, Electric Utility Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

# COUNCIL COMMUNICATION

**CC #: 8071**
**File #: 0800-02**

| | |
|---|---|
| **Title:** | Wastewater Collections System Rehabilitation Project - Award of Contract |
| **Contact:** | George Hanson 916-746-1764 ghanson@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.4.**

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council:
1. Approve and authorize the City Manager to sign the construction contract for the Wastewater Collections System Rehabilitation Project (Project #163502) in the amount of $200,440.00; and,
2. Authorize the Environmental Utilities Director or his designee to approve and pay for contract change orders for this project that could increase the contract amount by no more than 10% ($20,044.00) or not to exceed a total amount of $220,484.00.

BACKGROUND

In July 2005, the Environmental Utilities Department began a comprehensive assessment of the wastewater collection system. The goal of the program was to visually inspect the interior of every collection system pipeline and manhole to observe its physical condition, note apparent defects and develop recommendations for improvement. The inspection element of the program was implemented in a phased approach. The first phase was to inspect pipelines and manholes greater than 75 years of age. This represented approximately 26 miles of pipe and associated manholes. The first phase of inspections has been completed. The second phase of inspections was placed on hold because the initial inspections indicated the newer sewer lines are in good condition. As such the focus has been moved from inspections to rehabilitation of older infrastructure.

To date, the rehabilitation program has repaired 16 miles of defective sewer pipeline. The sewer infrastructure defects corrected included pipeline sags, offset pipe joints, cracked pipe, and deteriorated and/or cracked manholes.

Part of this year’s plan is to repair wastewater assets that have been identified as needing immediate rehabilitation to maintain the integrity of the collection system. Approximately 1,600 feet of sewer mains have been identified as falling into this category. The defective pipe will be repaired using a trenchless technology commonly known as “cured-in-place pipe” where the existing pipe is lined without excavation and therefore resulting in significant cost savings. Access to the pipe is gained through existing manholes. Eliminating the need for excavation also provides for minimal traffic and neighborhood or business disruption.

On August 17, 2016, City Council approved plans and specifications for the Wastewater Collections System Rehabilitation Project and authorized the Environmental Utilities Department to advertise and accept bids.

One bid was received and opened in the City Clerk's office on September 13, 2016. The bid amount was $200,440.00. The engineers estimate was $200,000.00. A copy of the bid summary sheet is available in the City Clerk's office for review.

A map identifying the location of the sewer mains to be rehabilitated is shown on Exhibit A.

PUBLIC OUTREACH

Outreach for the project will include sending direct mail notices to all properties and home owners within the immediate vicinity of the project site. The notice will provide a brief project description, the duration for the project and contractor contact information to ensure that property owners can follow up with the contractor, if there are any questions regarding the project.

FISCAL IMPACT

This project is estimated to cost $220,484.00 and will be paid from the Wastewater Rehabilitation Fund.

ECONOMIC DEVELOPMENT / JOBS CREATED

Approval for acceptance of bids from contractors is not expected to create new jobs.

ENVIRONMENTAL REVIEW

The proposed project involves the maintenance and repair of an existing facility. This activity is categorically exempt from CEQA as a Class 1 Exemption (State CEQA Guidelines Section 15301). The Exemption has been prepared and no further CEQA action is required.

Respectfully Submitted,

George Hanson, Senior Engineer

Richard Plecker, Environmental Utilities Director

________________________________

Rob Jensen, City Manager

**ATTACHMENTS:**

## Description

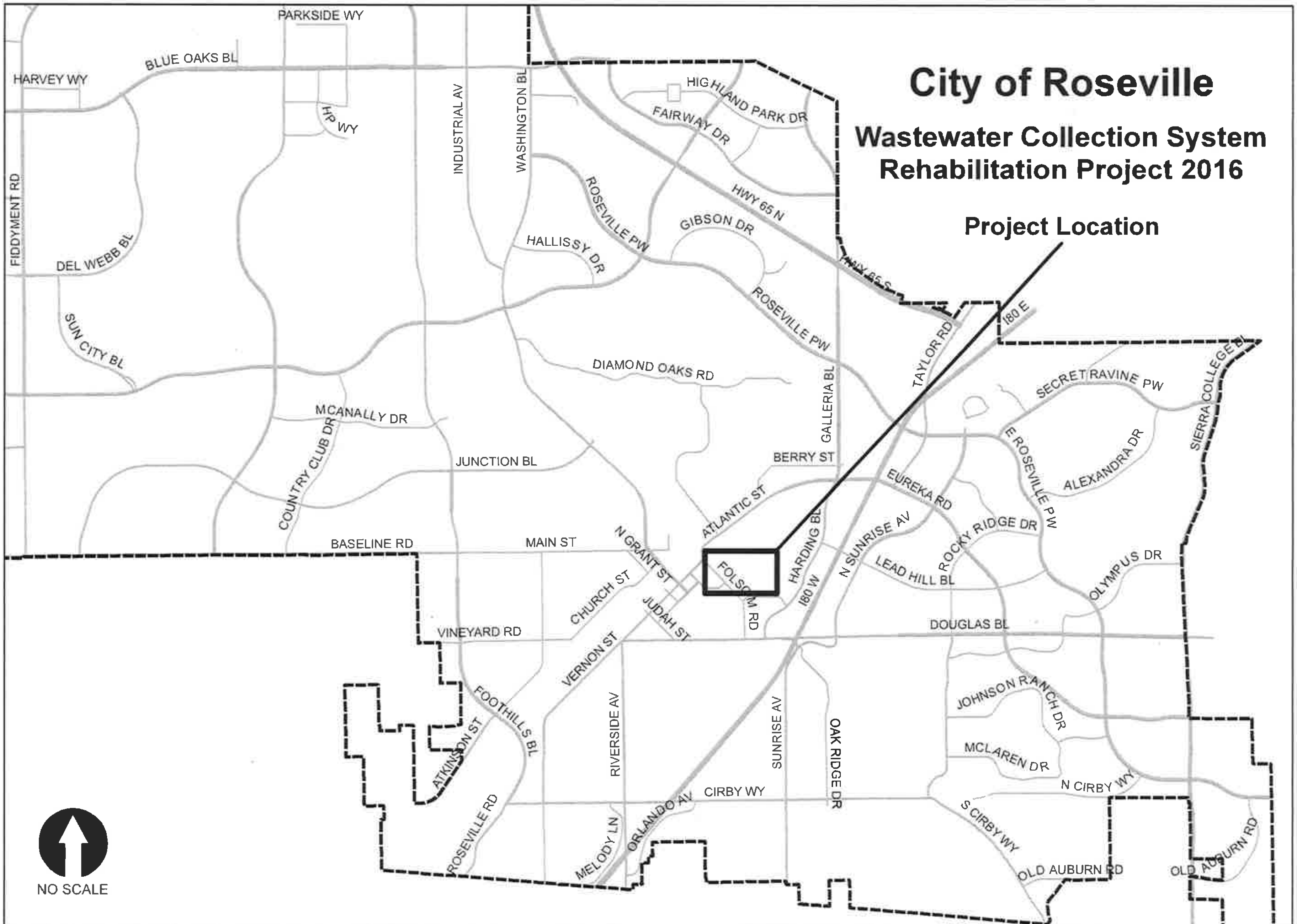
Exhibit A - Location Map

Resolution No. 16-448

construction agreement

# Project Location Map

## Exhibit A



RESOLUTION NO. 16-448

APPROVING AN AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND SOUTHWEST PIPELINE AND TRENCHLESS CORPORATION, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, an agreement regarding the wastewater collections system rehabilitation project, by and between the City of Roseville and Southwest Pipeline and Trenchless Corporation, has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville; and

BE IT FURTHER RESOLVED that the Environmental Utilities Director is authorized to approve change orders for the project, consistent with the contract terms, provided that the net cost of all change orders shall not exceed ten percent (10%) of the contract price.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of ______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

________________________________
MAYOR

ATTEST:

__________________________
City Clerk

# AGREEMENT

THIS AGREEMENT, is made and entered into this______day of_________________,

20______, by and between the City of Roseville, a municipal corporation, ("CITY"), and

Southwest Pipeline and Trenchless Corp.__________, a California Corporation____,

("CONTRACTOR"),

## WITNESSETH:

WHEREAS, the City Council of the City of Roseville, at a meeting held on the 17th day of August, 20 16, approved plans and specifications consisting of the General Conditions for Buildings and Grounds and Special Conditions for the Wastewater Collections System Rehabilitation Project and directed the City Clerk to advertise for sealed proposals for doing said work and providing that bids be submitted on the 13th day of September, 20 16, and

WHEREAS, the City Clerk, thereafter duly and regularly caused a notice to be published in the manner and for the time prescribed by law, and

WHEREAS, CONTRACTOR, pursuant to the provisions of said notice duly filed a bid with the City Clerk, a true copy of which bid is now on file in the office of the City Clerk, and is hereby referred to and by this reference made a part hereof as fully as if set forth at length herein, and

WHEREAS, all bids received pursuant to said notice were opened and examined and publicly declared at the time specified in said advertisement for bids and at a meeting of the City Council held on the______day of__________________, 20_____, the City Council found and declared the bid of CONTRACTOR to be the lowest responsible bid and thereupon awarded a contract to CONTRACTOR to do the work referred to in accordance with the aforementioned specifications,

NOW, THEREFORE, the parties hereto as follows:

1. THE WORK. CONTRACTOR agrees:

(a) To do the work and furnish all the labor, materials, tools, equipment and insurance required for the Wastewater Collection System Rehabilitation Project in accordance with the Contract Documents (the "Work" ).

(b) To do and perform the Work contemplated hereby in a good and workmanlike manner under the direction of and to the satisfaction of the Department for Contract Administration as defined in the Contract Documents.

2. PAYMENT. CITY shall pay CONTRACTOR $200,440.00 for the Work to be done under this contract in accordance with the Contract Documents.

3. CONTRACT DOCUMENTS. The complete Agreement between the parties hereto consists of all of the documents described in section 1-1.12 of the General Conditions.

All Contract Documents are intended to operate so that any work called for in any one and not mentioned in the other, or vice versa, is to be executed the same as if mentioned in all said documents.

4. LIQUIDATED DAMAGES. In the event CONTRACTOR does not complete the work within the time specified, CONTRACTOR agrees that CITY will suffer damages. Inasmuch as the actual damages which would result from such breach by CONTRACTOR under this Agreement are uncertain, and would be impractical or extremely difficult to fix, CONTRACTOR agrees that it shall pay, or CITY shall deduct from CONTRACTOR's fee, the amount of $2,400.00 per day as liquidated damages, in the event of such delay.

5. TIME OF ESSENCE. Time is of the essence of this Agreement.

6. ATTORNEY'S FEES, VENUE, GOVERNING LAW. If either party commences any legal action against the other party arising out of this Agreement or the performance thereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses, including but not limited to, court costs, expert witness fees, discovery expenses, and attorneys' fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

7. INDEPENDENT CONTRACTOR. CONTRACTOR shall act as an independent contractor, and covenants and agrees that it will conduct itself consistent with such status, that it will neither hold itself out as, nor claim to be, an officer or employee of CITY by reason of this Agreement.

8. SUCCESSORS IN INTEREST. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the respective parties hereto.

9. MODIFICATION. This Agreement and each provision contained herein may be waived, amended, supplemented or eliminated only by mutual written agreement of the parties.

10. SEVERABILITY. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.

11. INTEGRATED AGREEMENT. This is an integrated agreement and contains all of the terms, considerations, understanding and promises of the parties. It shall be read as a whole.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attestation by its City Clerk under authority of Resolution No. , adopted by the Council of the City of Roseville on the ____day of_________________, 20___, and CONTRACTOR has caused this Agreement to be duly executed.

CITY OF ROSEVILLE
a municipal corporation

By: ______________________
ROB JENSEN

City Manager

CONTRACTOR:
Southwest Pipeline and Trenchless Corp.
a California Corporation

By: ______________________
Justin Duchaineau

its: President

| | |
|---|---|
| ATTEST: | and |
| By: ______________________ SONIA OROZCO | By: ______________________ Robert Bolger |
| City Clerk | its: Secretary |
| APPROVED AS TO FORM: | Business License #: 00834849 |
| By: ______________________ ROBERT R. SCHMITT City Attorney | |

# COUNCIL COMMUNICATION

**CC #: 8079**
**File #: 0203-10**

| | |
|---|---|
| **Title:** | Landscape Bark and Playground Engineered Wood Fiber Material and Services - Service Agreement |
| **Contact:** | Patrick Daly 916-774-5764 pdaly@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.5.**

## RECOMMENDATION TO COUNCIL

Recommend Council adopt a resolution authorizing the City Manager to execute a Service Agreement between the City of Roseville and Applied Landscape Materials to provide and/or install landscape bark and playground fiber within City parks and landscape districts. The annual cost of the contract is not to exceed $150,000.00 and funding is included in the FY2016/17 Parks, Recreation & Libraries Budget. The funding sources are a combination of General Fund, Community Facility Districts, and Lighting and Landscape Districts.
The bid allowed for a total of five (5) years including the initial contract year plus four (4) optional renewal years. Staff requests authorization to continue renewing the contract without further Council approvals until the contract expires, or until City staff determines that continuing with the same vendor is not in the City's best interest, including authorization for the City Manager to sign service agreement renewals pending Council approval of budgets for that year.

## BACKGROUND

The Park Operations Division currently oversees over 70 parks & facilities with play areas and over 230 acres of landscaping. Engineered wood fiber is the primary safety surfacing within the play areas. Sustaining acceptable levels of this material is critical to providing a safe and enjoyable experience. Furthermore, as part of our maintenance practices we utilize landscape bark within our Community Facility Districts and Lighting and Landscape Districts. Well barked landscapes are aesthetically pleasing and assist in moisture retention for the plant material.
In September 2016, a Request for Proposal (RFP 13-040) was issued for Landscape Bark and Playground Engineered Wood Fiber Material and Services. Upon an evaluation of the proposal Applied Landscape Materials was awarded the contract based on experience, understanding of the project and a demonstrated ability to handle a project of this scope.
Because staff cannot predict the actual services that will be required through June 2017, the estimated total award of $150,000.00 is derived from historical data and estimates of future requirements. Funding will be encumbered as needed for these services.
An RFP was issued where vendors were asked to provide pricing for material drop-off and material installation pricing. This "item" pricing is what will be used in carrying out the installation of

landscape bark and playground engineered wood fiber. Only one vendor, Applied Landscape Materials, responded to the bid.

FISCAL IMPACT

The total cost of the annual contract is not to exceed $150,000.00. General Fund costs are $70,000.00 and $80,0000.00 for CFD and L &L District areas for a total of $150,000.00 per year. This contract would allow up to four (4), one (1) year extensions. The funding is included in the FY2016/17 Parks, Recreation & Libraries Budget and will be allocated in future budgets. The funding sources are a combination of General Fund, Community Facility Districts, and Lighting and Landscape Districts. Future budget are subject to City Council approval.

ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

The Landscape Bark and Engineered Wood Fiber Material and Services Agreement is not considered a “project” as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines § 15378). Consequently no CEQA action is required.

Respectfully Submitted,

Patrick Daly, Parks Supervisor

Dion Louthan, Parks, Recreation & Libraries Director

______________________________

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-452

Service Agreement

RESOLUTION NO. 16-452

APPROVING A SERVICE AGREEMENT
BETWEEN CITY OF ROSEVILLE AND APPLIED LANDSCAPE MATERIALS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a service agreement (Service Agreement No. S1704189) between City of Roseville and Applied Landscape Materials, to provide and/or install landscape bark and playground fiber within City parks and landscape districts, has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said service agreement is approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

BE IT FURTHER RESOLVED, that the City Manager is authorized to execute the remaining four years of renewal of the service agreement provided that the applicable budget is approved by the City Council.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of _______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

___________________________________
MAYOR

ATTEST:

_____________________________
City Clerk

PURCHASING

# CITY OF ROSEVILLE

2005 HILLTOP CIRCLE, ROSEVILLE, CA 95747
(916) 774-5720 • TDD (916) 774-5220 • FAX (916) 774-5736

# SERVICE AGREEMENT

SERVICE AGREEMENT
No: **S1704189**

SERVICE LOCATION: AS DIRECTED

REQ. NO.: R1714756 DATE: 10/5/2016

**SUBMIT ALL INVOICES TO:**
CITY OF ROSEVILLE
Finance Department
311 Vernon Street
Roseville, CA 95678

Contractor No.: V37250
Telephone No.: 916.404.0426 Fax:
Email address: brendan@appliedlandscapematerials.com
Contractor: APPLIED LANDSCAPE MATERIALS
ATTN:BRENDAN IMMERS
6410 SADDLEBROO WAY
ROCKLIN, CA 95677

Department: PARK MAINTENANCE

Acct. Code: 0855-5100

Buyer: BRANDON MENDONCA
Phone: 916.774.5724

| Start Date | Terms | Completion Date | Insurance Limits | Contact |
|---|---|---|---|---|
| ASAP | NET 30 | 6/30/2017 | Approved by Risk Mgt. | SHELBY CRAIG |

**The contractor shall furnish all labor, equipment and materials necessary to accomplish the following:**
VENDOR SHALL PROVIDE LABOR, MATERIALS, AND EQUIPMENT NEEDED TO PERFORM THE INSTALLATION, DROP SHIPMENT OF LANDSCAPE BARK, AND PLAYGROUND ENGINEERED WOOD FIBER THROUGHOUT THE CITY OF ROSEVILLE PARKS, LANDSCAPES, AND FACILITIES., ON AN AS NEEDED BASIS. IN ACCORDANCE WITH ALL TERMS, CONDITIONS, SPECIFICATION, AND ATTACHMENTS OF RFP 13-040. STAFF REQUESTS AUTHORIZATION TO CONTINUE UTILIZING THE CONTRACT WTHOUT FURTHER COUNCIL APPROVAL UNTIL THE CONTRACT EXPIRES, OR UNTIL CITY STAFF DETERMINES THAT CONTINUING WITH THE SAME VENDOR IS NOT THE CITY'S BEST INTERST, INCLUDING AUTHORIZATION FOR THE CITY MANAGER TO SIGN SERVICE AGREEMENT RENEWALS THROUGH THE FOURTH OPTIONAL RENEWAL AGREEMENT IN FY2019/20, PENDING COUNCIL APPROVAL OF BUDGETS FOR THAT YEAR

PLEASE CONTACT SHELBY CRAIG AT (916) 746 1746 FOR QUESTIONS REGARDING THIS AGREEMENT.

**Total cost listed below is an approximation only. The City does not guarantee whatsoever the actual value of this agreement.

Total Cost of Service: $ **150,000.00**

**ATTENTION: Total cost of service not to exceed the agreement amount without prior approval of the Purchasing Office.**

**The Contractor named hereon by the acceptance of this order agrees to the provisions of this document titled "Service Agreement" and Attachment "A".**

*Business License No.: 006603* *Contractor License No.: 906546* *DIR Registration No.: 1000011263*

☐ **SOLE PROPRIETOR** ☐ **PARTNERSHIP** ☒ **CORPORATION**

**CONTRACTOR:** Brendan Immers President
**SIGNATURE** **PRINT NAME** **TITLE**

**CONTRACTOR:** ______
**SIGNATURE** **PRINT NAME** **TITLE**

By: ______
Rob Jensen, City Manager

CITY OF ROSEVILLE CALIFORNIA

# COUNCIL COMMUNICATION

**CC #: 8080**
**File #: 0203-01 & 0203-02 & 0201-01**

| | |
|---|---|
| **Title:** | Public Safety Vehicle Parts and Services - Service Agreement Amendment and Budget Adjustment |
| **Contact:** | Brian Craighead 916-774-5731 bcraighead@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.6.**

## RECOMMENDATION TO COUNCIL

Staff recommends City Council authorize an amendment to service agreement S1604357 with LEHR Auto Electric & Emergency to increase the value of the agreement by $18,000.00, from $280,000.00 to $298,000.00. The additional dollars are for the purchase of parts and services to up-fit public safety vehicles. In addition, adopt a resolution authorizing the City Manager to sign the attached service agreement amendment.

Also, Staff recommends City Council adopt an ordinance approving the attached budget adjustment for the purchase of parts and service from the Auto Replacement FY2016/17 Budget.

## BACKGROUND

18 Police Pursuit Chevrolet Tahoe's were approved in the FY2015/16 budget. The Tahoe's were approved with an average budget of $60,556.00. Due to a price increase on parts, labor services and vehicle purchase price the new average will be $63,992.00. Sufficient replacement funds have accumulated into the Auto Replacement Fund and funding will come from the Auto Replacement Budget.

The 18 new vehicle ID numbers will be 16-030, 16-021, 16-005, 16-011, 16-012, 16-019, 16-034, 16-039, 16-040, 16-071, 16-082, 16-084, 16-085, 16-086, 16-093, 16-095, 16-096 and16-097.

## FISCAL IMPACT

The service agreement will increase by $18,000.00 from $280,000.00 to $298,000.00. Funding will come from the Auto Replacement Fund and a budget adjustment in the amount of $18,000.00 is included to pay for the additional parts and services on the vehicle.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061(b)(3). The purchase of a vehicle parts and services does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Brian Craighead, Fleet Manager

Paul Diefenback, Director Central Services

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-453

Service Agreement Amendment

Ordinance No. 5753

Budget Adjustment

RESOLUTION NO. 16-453

APPROVING AMENDMENT NO. 1 TO SERVICE AGREEMENT BETWEEN CITY OF ROSEVILLE AND LEHR AUTO ELECTRIC & EMERGENCY, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, Amendment No. 1 to Service Agreement (S1604357) for additional parts and labor services, between the City of Roseville and Lehr Auto Electric & Emergency, has been prepared and reviewed by the Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said first amendment to service agreement is approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of ______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

________________________________
MAYOR

ATTEST:

___________________________
City Clerk

PURCHASING
CITY OF ROSEVILLE

2005 HILLTOP CIRCLE, ROSEVILLE, CA 95747
(916) 774-5720 • TDD (916) 774-5220 • FAX (916) 774-5736

# SERVICE AGREEMENT AMENDMENT

SERVICE AGREEMENT No: **S1604357**
AMENDMENT No: 1

SERVICE LOCATION: AS DIRECTED

Contractor No.: V00201

**SUBMIT ALL INVOICES TO:**
CITY OF ROSEVILLE
Finance Department
311 Vernon Street
Roseville, CA 95678

Contractor License No.:
Business License No.:

Department: FLEET SERVICES

Telephone No.: 800-982-8468 Fax: 916-739-1496

Contractor: LEHR AUTO ELECTRIC & EMERGENCY
ATTN: STEVE ADAIR
4707 NORTHGATE BLVD.
SACRAMENTO, CA 95834

Acct. Code: 03322-6000

Buyer: Brandon Mendonca
Phone: 916.774.5724

Service Agreement Number **S1604357** ("Agreement"), which was executed on, 2/17/16**,** is hereby modified as follows:

Select all provisions that apply:

The Contractor name is hereby changed from to

The term of the Agreement is extended/reduced by year (days/months/years) and the expiration date of the Agreement is changed from to . The purpose of this modification is:

The Total Cost of Service payable under this Agreement is modified from **$ 280,000.00** TO **$298,000.00**. The purpose of this modification is**: Needed for additional parts and labor services.**

**All other provisions of the Agreement shall remain unchanged and in full force and effect.**

CONTRACTOR:

By: ____________________

Title: President

By: ____________________

Title: Secretary

CITY OF ROSEVILLE,
A MUNICIPAL CORPORATION:

By: ____________________
Rob Jensen
City Manager

Distribution: 1- Purchasing, 1 - Contractor, 1 - Originating Dept

1. To the fullest extent allowed by law, Contractor shall defend, indemnify, and save and hold harmless City, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of Contractor's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from City's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed. Contractor's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.
2. Contractor is an independent contractor, and shall not be considered an officer, agent or employee of the City.
3. Without the written consent of the City, this Agreement is not assignable by Contractor either in whole or in part.
4. Time is of the essence of this Agreement.
5. At any time during the term of this Agreement, the City has the right to terminate this Agreement provided Contractor is given a thirty (30) day notice.
6. This Agreement may only be amended or modified in writing. It is integrated and contains the complete understanding of the parties.
7. All equipment, supplies and services sold to the City of Roseville shall conform to the general safety orders of the State of California.
8. Unless notified to the contrary, in writing, the City assumes that the Contractor has accepted the work in accordance with the plans and specifications (if any) and agrees to do the work in compliance with this Agreement.
9. All fair employment practices must be adhered to. In addition, if the project referenced on this service agreement is a Public Works project, all prevailing wage laws must be complied with. For prevailing wage contracts over $25,000, copies of certified payroll must be submitted with invoices. Prevailing wage rates may be obtained from the State Department of Industrial Relations and/or the following website address: http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm."

10a. Unless otherwise specified, the Contractor shall maintain the policies of insurance outlined in Attachment A, incorporated herein by this reference, in full force and effect during the term of this Agreement. The City of Roseville retains sole discretion in determining the types and proper levels of insurance coverage.

10b. Form. Contractor shall submit a certificate evidencing such coverage for the period covered by this Agreement in a form satisfactory to Risk Management and the City Attorney, prior to undertaking any work hereunder. Any insurance written on a claims made basis is subject to the approval of Risk Management and the City Attorney.

10c. Additional Insureds. Contractor shall also provide a separate endorsement or section of the policy showing City, its officers, agents, employees, and volunteers as additional insureds for each type of coverage, except for Workers' Compensation. Such insurance shall specifically cover the contractual liability of Contractor. The additional insured coverage under the Contractor's policy shall be primary and noncontributory, as evidenced by a separate endorsement or section of the policy, and shall not seek contribution from City's insurance or self-insurance. In addition, the additional insured coverage shall be at least as broad as the Insurance Services Office ("ISO") CG 20 01 Endorsement. Any available insurance proceeds in excess of the specified minimum insurance coverage requirements and limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be: (1) the minimum coverage and limits specified in this Agreement; or (2) the full coverage and maximum limits of any insurance proceeds available to the named insureds, whichever is greater.

10d. Cancellation/Modification. Contractor shall provide ten (10) days written notice to City prior to cancellation or modification of any insurance required by this Agreement.

10e. Umbrella/Excess Insurance. The limits of insurance required in this Agreement may be satisfied by a combination of primary and excess insurance. Any excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of City (if agreed to in a written contract) before City's own insurance shall be called upon to protect it as a named insured.

10f. Subcontractors. Contractor agrees to include in its contracts with all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Furthermore, Contractor shall require its subcontractors to agree to be bound to Contractor and City in the same manner and to the same extent as Contractor is bound to City under this Agreement. Additionally, Contractor shall obligate its subcontractors to comply with these same provisions with respect to any tertiary subcontractor, regardless of tier. A copy of City's indemnity and insurance provisions will be furnished to the subcontractor or tertiary subcontractor upon request.

10g. Self-Insured Retentions. All self-insured retentions ("SIR") must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or City. City reserves the right to obtain a full certified copy of any insurance policy and endorsements. The failure to exercise this right shall not constitute a waiver of such right.

10h. Waiver of Subrogation. Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss under a Workers Compensation, Commercial General Liability or Automobile Liability policy. All Workers Compensation, Commercial General Liability and Automobile Liability policies shall be endorsed with a waiver of subrogation in favor of City, its officers, agents, employees and volunteers for all worked performed by Contractor, its employees, agents and subcontractors.

10i. Liability/Remedies. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve Contractor of liability in excess of such coverage, nor shall it preclude City from taking such other actions as are available to it under any other provisions of this Agreement or law.

11. Contractor shall comply with all federal, state and local laws and ordinances, including but not limited to the City's storm water regulations, as may be applicable to the performance of services under this Agreement. Failure to comply with local ordinances

may result in monetary fines and cancellation of this Agreement. Refer to www.roseville.ca.us/stormwater for links to more information on the City's storm water regulations.

12. In the event that the terms of any attachment or exhibit conflict with any terms of this Service Agreement, the terms of this Service Agreement shall control.
13. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.
14. If either party commences any legal action against the other party arising out of this Agreement or the performance thereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses, including but not limited to, court costs, expert witness fees, discovery expenses, and attorneys' fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
15. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the respective parties hereto.
16. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.
17. If the project referenced on this service agreement is a Public Works project, then the following shall apply. No contractor or subcontractor may work on a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. During the performance of this agreement, Contractor and its subcontractors shall have a continuing legal obligation to maintain current registration with the Department of Industrial Relations. Contractor is hereby notified that this project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

*City reserves the right to withhold any payments to Contractor in the event of noncompliance with insurance requirements or if required by law.*

ORDINANCE NO. 5753

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE
AUTHORIZING CERTAIN AMENDMENTS TO THE 2016-17
BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY
EFFECTIVE AS AN APPROPRIATION MEASURE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. The City of Roseville Annual Budget, Fiscal Year 2016-17, is hereby amended by transferring appropriation to and from the activities indicated below:

Appropriate funds to up-fit public safety vehicles, per request of the Central Services Department, as listed on the attached Request for Budget Adjustment totaling $18,000.00.

SECTION 2. This ordinance is hereby declared to be an appropriation measure, immediately effective pursuant to the provisions of Section 5.03 of the Charter.

SECTION 3. The City Clerk is hereby authorized and directed to post a true copy of the foregoing ordinance in each of three (3) conspicuous locations in the City and she shall immediately after such posting enter in the ordinance book, under the record of the ordinance, a certificate under her hand stating the time and place of such publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville, this ______________ day of _________________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

_______________________________
MAYOR

ATTEST:

__________________________
City Clerk

CITY OF ROSEVILLE CALIFORNIA

## REQUEST FOR BUDGET ADJUSTMENT
FINANCE DEPARTMENT

Instructions: Complete all necessary fields. Fields marked with an asterisk (*) are mandatory and required for processing. Obtain required approvals and process according to the procedure outlined in: A.R. 6.01 Budget Adjustment Policy & Procedure.

For more detailed budget adjustment training information, including examples, please click on the following link: Miscellaneous Budget Training Information.

**REQUESTER*:** Brian Craighead

**DEPARTMENT/DIVISION*:** Central Services / Fleet

**FISCAL YEAR/EFFECTIVE DATE*:** FY2016/17

**PROPOSED COUNCIL DATE (if applicable):** 11/02/2016

**USE OF FUNDS***

| AMOUNT* | ACCOUNT NUMBER | | | | | Account Title/Activity Description* |
|---|---|---|---|---|---|---|
| | GL | | | JL | | |
| | ORG KEY* | OBJECT* | FUND* | PROJECT | ACTIVITY | |
| 18,000 | 03322 | 6000 | 502 | | | Auto Replacement Fund / 18 Police Vehicles |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| $ 18,000 | TOTAL | | | | | |

**SOURCE OF FUNDS***

| AMOUNT* | ACCOUNT NUMBER | | | | | Account Title/Activity Description* |
|---|---|---|---|---|---|---|
| | GL | | | JL | | |
| | ORG KEY | OBJECT | FUND* | PROJECT | ACTIVITY | |
| 18,000 | | | 502 | | | Available Resources (various, see attached / 05540) |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| $ 18,000 | TOTAL | | | | | |

FINANCE USE Approved: Val n DeRl 10/5/16

BUDGET MANAGER/DESIGNEE — DATE — Finance Director: — Date

**Justification for Budget Adjustment*:**

Quoted price for replacing 18 Police vehicles came in higher than what was originally budgeted, encumbered and carried into FY2016-17's budget. Price increase is due to an increase in parts and labor build compared to the FY2014-15 builds. LEHR service agreement will increase $18,000.00 with a service agreement amendment.
Sufficient replacement funds have accumulated on the 18 vehicles being replaced. Budget adjustment will increase the spending authority in the Automotive Replacement fund to replace these vehicles, which are located in 05540.

Approved: 10-11-16

REQUESTING DEPARTMENT HEAD / DESIGNEE — DATE

Approved:

CITY MANAGER — DATE

Revised 6/2016

CITY OF ROSEVILLE CALIFORNIA

# COUNCIL COMMUNICATION

**CC #: 8076**
**File #: 0203-04**

**Title:** General Construction and Repair - Service Agreement Amendment
**Contact:** Dan Allen 916-774-5741 dallen@roseville.ca.us

**Meeting Date: 11/2/2016**
**Item #: 7.7.**

## RECOMMENDATION TO COUNCIL

Recommend Council adopt a resolution authorizing the City Manager to execute a second amendment to the service agreement (S1605032) with Bullard Construction. The amendment extends the expiration date of the agreement from 11/6/16 to 1/31/17 in order to provide adequate time to complete current encumbered projects on this service agreement. The total value on the agreement for this year is $380,000.00. Funding is included in the Building Maintenance Division, Parks, Police, Fire, Electric, and Environmental Utilities FY2016/17 Budgets.

## BACKGROUND

January 20, 2016 Council approved the final renewal optional year for the service agreement S1605032 with Bullard Construction. On June 15, 2016 Council approved the first amendment of $200,000.00 for a total of $380,000.00. The second amendment extends the expiration date of the agreement from 11/6/16 to 1/31/17 in order to provide adequate time to complete current encumbered projects.

## FISCAL IMPACT

The total value on the agreement for this year is $380,000.00. Funding is included in the Building Maintenance Division, Parks, Police, Fire, Electric, and Environmental Utilities FY2016/17 Budgets.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

## ENVIRONMENTAL REVIEW

The purchase of construction services is not considered a “project” as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines §15378). Consequently no CEQA action is required.

Respectfully Submitted,

Dan Allen, Facility Manager

Paul Diefenbach, Central Services Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-450

Bullard Construction Amended SA

RESOLUTION NO. 16-450

APPROVING AMENDMENT NO. 2 TO SERVICE AGREEMENT
BETWEEN CITY OF ROSEVILLE AND BULLARD CONSTRUCTION, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, Amendment No. 2 to Service Agreement (S1605032) for general construction and repair services, between the City of Roseville and Bullard Construction, has been prepared and reviewed by the Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said second amendment to service agreement is approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of _______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

_________________________________
MAYOR

ATTEST:

___________________________
City Clerk

PURCHASING
CITY OF ROSEVILLE

2005 HILLTOP CIRCLE, ROSEVILLE, CA 95747
(916) 774-5720 • TDD (916) 774-5220 • FAX (916) 774-5736

# SERVICE AGREEMENT AMENDMENT

SERVICE AGREEMENT No: **S1605032**
AMENDMENT No: 2

Contractor No.: V30539

SERVICE LOCATION: AS DIRECTED

**SUBMIT ALL INVOICES TO:**
CITY OF ROSEVILLE
Finance Department
311 Vernon Street
Roseville, CA 95678

Contractor License No.: 100212D
Business License No.: 00807479

Department: CENTRAL SERVICES

Telephone No.: 916.485.4370 Fax:

Contractor: BULLARD CONSTRUCTION
ATTN : PAUL LINSTEADT
3132 AUBURN BLVD.
SACRAMENTO, CA 95821
EMAIL : paul@bullardinc.net

Acct. Code: VARIOUS

Buyer: BRANDON MENDONCA
Phone: 916.774.5724

Service Agreement Number **S1605032** ("Agreement"), which was executed on 1/20/2016**,** is hereby modified as follows:

Select all provisions that apply:

The Contractor name is hereby changed from to

x The term of the Agreement is increased by 1 month and 25 days (days/months/years) and the expiration date of the Agreement is changed from 11/6/2016 to 1/31/2017. The purpose of this modification is to**: Allow sufficient time to complete the projects on this service agreement.**

The Total Cost of Service payable under this Agreement is modified from **$** TO **$** . The purpose of this modification is to**:**

**All other provisions of the Agreement shall remain unchanged and in full force and effect.**

CONTRACTOR:
By: ____________________
Title: SECRETARY
By: ____________________
Title: VP OPERATIONS

CITY OF ROSEVILLE,
A MUNICIPAL CORPORATION:

By: ____________________
Rob Jensen
City Manager

Distribution: 1- Purchasing, 1 - Contractor, 1 - Originating Dept

# COUNCIL COMMUNICATION

**CC #: 8090**
**File #: 0800-03**

**Title:** Planning Coordinator Participation Agreement
**Contact:** Jamie Johnson 916-746-1687 jjohnson@roseville.ca.us

**Meeting Date: 11/2/2016**
**Item #: 7.8.**

RECOMMENDATION TO COUNCIL

Staff recommends City Council adopt a resolution authorizing the City Manager to execute a Planning Coordinator Participation Agreement between the Balancing Authority of Northern California (BANC) and the City of Roseville. This agreement will provide for BANC to serve as the registered Planning Coordinator for Roseville Electric Utility, as required to meet mandatory electric Reliability Standards. The cost of the agreement is $13,125 in FY 2017. Funding is included in the Electric Department's FY 2017 budget for power supply. Roseville can terminate the agreement at anytime with one year's notice.

BACKGROUND

Roseville Electric Utility is required to comply with North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) Reliability Standards to ensure the reliability of the Bulk Electric System (BES). The Reliability Standards are comprised of Functional Registrations which contain mandatory requirements for the registered entity based on their role in the BES and the types of assets they own. One Functional Registration is the Planning Coordinator. The purpose of the Planning Coordinator function is to “coordinate, facilitate, integrate and evaluate transmission facility and service plans and resource plans within a Planning Coordinator area and coordinate those plans with adjoining Planning Coordinator areas”.

WECC acknowledged a potential compliance gap and recognized there could be a reliability risk if certain entities and BES facilities do not fall under the scope of a Planning Coordinator. It was identified that a host of entities, including Roseville Electric Utility, were without a registered Planning Coordinator.

To address this gap in compliance, Roseville Electric Utility, along with other regional utilities recommended that BANC would serve as their registered Planning Coordinator. BANC would then contract with the Sacramento Municipal Utility District to perform the day-to-day activities of the Planning Coordinator for BANC.

FISCAL IMPACT

The Planning Coordinator Participation Agreement between BANC and the City of Roseville will cost $13,125 in FY 2017. Funds are available in the Electric Department's FY 2017 Budget for power supply.

ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

The services provided by the Balancing Authority of Northern California are not considered a "project" as defined by the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378. Consequently, no CEQA action is required.

Respectfully Submitted,

Jamie Johnson, Electric Compliance Analyst

Michelle Bertolino, Electric Utility Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-458

Planning Coordinator Participation Agreement

PC Services Agreement Between BANC and SMUD

RESOLUTION NO. 16-458

APPROVING A PLANNING COORDINATOR PARTICIPATION AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND BALANCING AUTHORITY OF NORTHERN CALIFORNIA, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a Planning Coordinator Participation Agreement to allow the Balancing Authority of Northern California (BANC) to serve as the registered Planning Coordinator for Roseville Electric Utility, by and between the City of Roseville and the BANC, has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of _______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

_________________________________
MAYOR

ATTEST:

__________________________
City Clerk

**PLANNING COORDINATOR PARTICIPATION AGREEMENT**

**BETWEEN THE**

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA**

**AND THE**

**MODESTO IRRIGATION DISTRICT,**

**CITY OF REDDING,**

**CITY OF ROSEVILLE**

**AND THE**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

## TABLE OF CONTENTS

## 1 PREAMBLE

This Planning Coordinator Participation Agreement (Participation Agreement or Agreement) is entered into between the BALANCING AUTHORITY OF NORTHERN CALIFORNIA, a joint exercise of powers agency (JPA) organized under Section 6500 *et seq.*, of the California Government Code, hereinafter called "BANC," its successors and assigns; and the MODESTO IRRIGATION DISTRICT (MID), the CITY OF REDDING, CA (Redding), the CITY OF ROSEVILLE, CA (Roseville), and the SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD), each created and existing under the laws of the State of California and operating an Electric System within the BANC Balancing Authority Area (PC Participants). BANC or PC Participants may be referred to herein individually as the "Party" or collectively as the "Parties."

## 2 EXPLANATORY RECITALS

**2.1** WHEREAS, BANC was established initially by MID, Redding, Roseville, and SMUD on May 18, 2009, through a Joint Powers Agreement in order to create a joint exercise of powers agency to establish and implement a North American Electric Reliability Corporation (NERC)-registered Balancing Authority (BA) to replace SMUD as the registered BA;

**2.2** WHEREAS, BANC has determined that Planning Coordinator (PC) Services are needed by certain BANC members to further promote reliability within the BANC Balancing Authority Area;

**2.3** WHEREAS, it was further determined by the BANC Commission that BANC should enter into a contract with SMUD to provide these PC Services to BANC for those members who desire to have BANC serve as their PC (PC Services Agreement);

**2.4** WHEREAS, prior to the Effective Date of the PC Services Agreement and pursuant to its terms, BANC shall further enter this Agreement with each of its members that desires to have BANC serve as its PC;

**2.5** WHEREAS, certain members of BANC, namely the City of Shasta Lake and the Trinity Public Utilities District, will not become signatories to this Participation Agreement and will claim the Western Area Power Administration – Sierra Nevada Region (WASN) as their PC;

**2.6** WHEREAS, BANC and WASN PC Areas are adjacent and will coordinate to ensure that no PC gaps exists between their respective PC Areas or among BANC members;

**2.7** WHEREAS, this Participation Agreement shall describe the terms, conditions, obligations and scope of services BANC agrees to provide to its members which request such services;

**2.8** WHEREAS, this Participation Agreement shall also describe the terms, conditions and obligations each BANC member must abide by in order for BANC to serve as its PC; and

**2.9** WHEREAS, for further purposes of clarity, SMUD is solely supporting, and BANC is solely registering for, the PC Function; and neither SMUD nor BANC are obligated to provide support to any BANC member for other NERC registered functions unless otherwise provided by separate agreement between the BANC member and SMUD and/or the BANC member and BANC;

**NOW THEREFORE**, in view of the understandings set forth in the recitals above, which the Parties acknowledge and agree are accurate representations of the facts, the Parties agree to the terms of this Agreement that set forth the roles, obligations, and responsibilities of each Party to one another.

## 3 DEFINITIONS

Unless otherwise defined herein, capitalized terms when used with initial capitalization, whether singular or plural, shall have the meaning set forth in the FERC-approved Glossary of Terms used in NERC Reliability Standards, the NERC Functional Model, the WECC/NERC Delegation Agreement, including the WECC Compliance Monitoring and Enforcement Program (CMEP).

**3.1** ***Commission*** shall mean the "BANC Commission," as established in the BANC Joint Powers Agreement, as that agreement may be amended from time-to-time.

**3.2** ***Compliance Officer*** shall mean the "BANC Compliance Officer," so designated by the Commission.

**3.3** ***Confidential Information*** shall mean : (a) all written materials marked "Confidential," "Proprietary," or with words of similar import provided to a Party by another Party; and (b) all observations of equipment (including computer screens) and oral disclosures related to a Party's systems, operations, or activities that are indicated as such at the time of observation or disclosure (or is identified as "confidential" or "proprietary" in a letter sent to another Party no later than five (5) calendar days after the disclosure), respectively. Confidential Information includes portions of documents, records, and other material forms or representations that any Party may create, including but not limited to, handwritten notes or summaries that contain or are derived from such Confidential Information.

**3.4** ***Electric System*** shall mean all properties and assets that are owned or operated by a Party or a PC Participant, including any interests in joint powers agency facilities, that are used for or pertain to the generation, transmission, transformation, or distribution of electric power, including all additions, replacements, extensions, expansions, improvements, and betterments thereto, and equipment associated therewith. Communication systems and equipment associated with operation of the Electric System shall be included as part of a Party's or a PC Participant's Electric

System. To the extent a Party or a PC Participant is not the sole owner of an asset or property, only that entity's ownership portion or entitlement in such property shall be considered as a part of its Electric System.

**3.5** ***FERC*** shall mean the "Federal Energy Regulatory Commission," or its successor.

**3.6** ***Internal Compliance Program*** shall mean the BANC Internal Compliance Program, approved by the BANC Commission, as that program may be amended from time-to-time.

**3.7** ***Internal Compliance Program Charter*** shall mean the policy-level document outlining the Internal Compliance Program, which has been adopted by the Commission, as that program may be amended from time-to-time.

**3.8** ***NERC*** shall mean the "North American Electric Reliability Corporation," or its successor.

**3.9** ***Planning Coordinator*** or ***PC*** shall have the same meaning as used in the NERC Glossary of Terms, as this definition may be amended from time-to-time.

**3.10** ***PC Function*** shall mean the role of PC as described in the NERC Reliability Functional Model (Model) and as defined in the NERC Glossary of Terms (Glossary), as the Model and Glossary may be amended from time-to-time.

**3.11** ***PC Committee*** shall mean the committee established under the terms of this Agreement to address PC issues and activities among BANC, the PC Services Provider and PC Participants.

**3.12** ***PC Participant*** shall mean a BANC member signatory to the PC Participation Agreement.

**3.13** ***PC Participant Cost(s)*** shall mean the cost responsibility of each PC Participant to BANC as described in Section 8 of this Agreement.

**3.14** ***PC Participation Agreement*** shall mean this Agreement.

**3.15** ***PC Participation Percentage*** shall mean the percentage allocation attributable to each PC Participant for purposes of PC Participant Cost and costs related to violations of Reliability Standards applicable to the PC Function.

**3.16** ***PC Scope and Applicability Procedure*** shall mean the BANC PC guiding principles and PC Standards set forth in Exhibit B to this Agreement.

**3.17** ***PC Services*** shall mean the Planning Coordinator services provided by SMUD, the PC Services Provider, to BANC as set forth in the PC Services Agreement.

**3.18** ***PC Services Agreement*** shall mean the agreement between BANC as the registered PC and SMUD as the PC Services Provider.

**3.19** ***PC Services Provider*** shall mean the entity providing PC Services to BANC. The PC Services Agreement establishes SMUD as the PC Services Provider.

**3.20** ***PC Standards*** shall mean those Reliability Standards applicable to the PC Function. A list of Reliability Standards applicable to the PC Function is provided in Exhibit B to this Agreement.

**3.21** ***Reliability Standards*** shall mean those NERC Reliability Standards and WECC Regional Reliability Standards that have been approved by the Federal Energy Regulatory Commission under Section 215 of the Federal Power Act and WECC applicable Regional Criterion referenced in FERC-approved Reliability Standards.

**3.22** ***Scope of Services*** shall mean those PC Services to be performed by SMUD, as the PC Services Provider, as set forth in Exhibit A to this Agreement.

**3.23** ***WECC*** shall mean the "Western Electricity Coordinating Council," or its successor.

## 4 TERM AND TERMINATION

### 4.1 Effective Date

This Agreement shall be effective concurrent with BANC becoming the NERC-registered Planning Coordinator for the BANC PC Area (Effective Date).

### 4.2 Term

This Agreement shall remain in effect from the Effective Date until terminated pursuant to Section 4.3, 4.4, or 4.5 of this Agreement.

### 4.3 Termination by PC Participants

Any PC Participant may terminate its participation in this Agreement by providing a notice of termination not less than one (1) year in advance of the date of intended termination.

### 4.4 Termination of this Agreement

This Agreement shall terminate if terminated by BANC or there are no further PC Participants. BANC shall provide PC Participants no less than thirty (30) calendar days written notice prior to seeking a termination decision by the Commission. In the event of termination of this Agreement by BANC, BANC agrees to work with the PC Services Provider and PC Participants to coordinate transfer of the PC Function responsibilities to a successor entity.

### 4.5 BANC Termination For Cause of Individual PC Participant Participation

BANC may terminate as to an individual PC Participant under this Agreement for cause, without liability to BANC. As used in the preceding sentence, "cause" shall mean a PC Participant's material default or breach of Section 7 of this Agreement and the PC Participant fails to cure the default/breach within fourteen (14) calendar days of written notice by BANC describing the default/breach.

Should the PC Participant fail to cure the default/breach within fourteen (14) calendar days of the written notice by BANC, BANC may provide written notice to the PC Participant indicating the reason for termination and the effective termination date; provided however, that no such termination shall be effective unless approved by the Commission. A copy of this written notice shall also be provided to the PC Committee.

### 4.6 Surviving Obligations

Termination of this Agreement or a Party's participation herein shall not extinguish the obligation of any Party to complete in-progress compliance investigations, implement any resulting corrective mitigating actions and otherwise complete any active compliance process as well as satisfy all other obligations, including any financial responsibilities. In addition, any outstanding financial right or obligation, and any provision of this Agreement necessary to give effect to such right or obligation, shall survive until satisfied, and all limitations of liability provided in this Agreement will survive until all statutes of limitation related to claims that could be made in connection with this Agreement have run.

## 5 SCOPE OF AGREEMENT

This Agreement, including Exhibits A-C, which are incorporated herein by reference, is for the purpose of establishing BANC as the registered PC for the signatories and is the sole expression of the Parties. Exhibits are expected to be revised and updated and will be amended in accordance with the terms of that Exhibit.

## 6 BANC OBLIGATIONS

BANC shall be responsible for the following:

**6.1** Registering as PC for the BANC PC Area;

**6.2** Serving as the PC for the PC Participants in accordance with this Agreement, including its Exhibits, as they may be amended from time-to-time;

**6.3** Implementing requirements for the Planning Coordinator Function (other applicable NERC registered entities are responsible for implementing requirements for each Reliability Standard);

**6.4** Providing written notification to each PC Participant that BANC is serving as their PC; provided however, that: 1) this does not create any obligation to assume any other NERC registration functions on behalf of that PC Participant; and 2) the BANC PC is not obligated to identify any gaps in a PC Participant's NERC registration; and

**6.5** To the extent practicable, performing additional studies, per request by a PC Participant, PC Participants or the PC Committee; provided, however, that BANC may, upon consultation with the PC Services Provider, require additional compensation for the performance of such studies. If additional compensation is required, a scope of work will be agreed to between BANC, the PC Services Provider and the PC Participant(s) and/or PC Committee with the associated costs. No work will be performed for any PC Participant until BANC, the PC Services Provider and the PC Participant(s) and/or PC Committee approve the scope of work and associated costs. BANC will invoice the PC Participants(s) within twenty (20) calendar days of completion of the studies and the PC Participant(s) shall pay the invoice within thirty (30) calendar days of receipt in accordance with the process described in Section 8 of this Agreement. In the case of additional studies performed on behalf of the PC Committee and not an individual PC Participant or a subset of PC Participants, the costs shall be allocated in accordance with the PC Participation Percentages set forth in Exhibit C to this Agreement and invoiced to each PC Participant in accordance with this Section.

## 7 PC PARTICIPANT OBLIGATIONS

PC Participants shall be responsible for the following:

**7.1** Reviewing and abiding by the procedures and principles set forth in the "PC Scope and Applicability Procedure," as set forth in Exhibit B to this Agreement, as Exhibit B may be amended from time-to-time;

**7.2** Review and concurrence with the PC Scope of Services set forth in Exhibit A to this Agreement;

**7.3** Participating on the PC Committee, as set forth in Section 9 of this Agreement;

**7.4** Using reasonable efforts to abide by any procedures, policies or timelines adopted by the PC Committee; and

**7.5** Paying in a timely manner any cost assessed to the PC Participant, including but not limited to PC Participant Costs as set forth in Section 8 and any final costs associated with a violation(s) of Reliability Standards applicable to the PC Function, as set forth in Section 11 of this Agreement.

## 8 PC PARTICIPANT COSTS

**8.1** Each PC Participant shall pay its share of PC Participant Costs, which comprise two components: 1) the Annual Budget for obtaining PC Services from the PC Services Provider, prepared in accordance with Section 6 (Costs and Compensation) and Exhibit C (Annual Budget) of the PC Services Agreement; and 2) other estimated administrative and legal costs for support of the PC Function, agreed upon by the PC Committee and approved by the Commission.

These two components are multiplied by the individual PC Participation Percentage set forth in Exhibit C to this Agreement to derive the PC Participant Costs. (For example, if the Annual Budget is $250,000 and other estimated administrative and legal costs are $50,000, a PC Participant with a ten (10) percent PC Participation Percentage would be responsible to pay $30,000 as its "PC Participant Cost" (($250,000 + $50,000) x .10 = $30,000).

**8.2** BANC shall calculate the PC Participant Cost within twenty (20) calendar days of the Annual Budget for PC Services and invoice each PC Participant to the addresses set forth in Appendix 1 (Notices) to this Agreement. The PC Participant shall pay this invoice within thirty (30) calendar days of receipt of the invoice. Payments shall be sent by each PC Participant to the following address:

Balancing Authority of Northern California
6001 S Street
M.S. D109
Sacramento, CA 95852-1830

## 9 PC COMMITTEE

### 9.1 Establishment of PC Committee

On or promptly after the Effective Date of this Agreement, the Parties shall establish the PC Committee by appointing PC Committee members as set forth in Section 9.4.

### 9.2 General Responsibilities of PC Committee

The PC Committee is responsible for the following:

9.2.1 Establishing roles and responsibilities among PC Participants, BANC and the PC Services Provider;

9.2.2 Identifying required documentation and data transfer from the PC Participants to the PC Services Provider and a timely process to do so;

9.2.3 Assisting in the development of procedures and processes to improve the accuracy and efficiency of data transfers from the PC Participants to the PC Services Provider;

9.2.4 Assisting in the review of corrective action plans; and

9.2.5 Identifying and providing input on evolving Reliability Standards that apply to PCs.

### 9.3 PC Committee Meetings

The PC Committee may be convened on an "as needed" basis at the request of BANC or PC Participants. At a minimum, the PC Committee shall meet at least once per calendar year.

### 9.4 PC Committee Representation and Alternates

Each PC Participant shall appoint one primary representative and at least one alternate to the PC Committee and provide those names to BANC. WAPA may also appoint non-voting representatives to the committee.

### 9.5 PC Committee Chair

The PC Committee may appoint a Chair to conduct meetings. In the absence of an appointed Chair, the PC Services Provider will serve in that role.

### 9.6 PC Committee Actions or Decisions

The PC Committee will seek consensus on any actions or decisions in the furtherance of its responsibilities set forth in this Section. If an action or decision requires voting, each PC Participant shall have one vote. In the event of a tie, BANC shall have a "tie breaker" vote.

### 9.7 PC Committee Charter and Procedures

The PC Committee may adopt a charter and/or procedures in furtherance of its internal administration.

## 10 PC STANDARDS

The Reliability Standards applicable to BANC as the registered PC on behalf of PC Participants are included in Exhibit B to this Agreement, as that Exhibit may be amended from time-to-time.

## 11 BANC VIOLATIONS OF PC STANDARDS

Any potential or actual violations of Reliability Standards applicable to the PC Function shall be addressed in accordance with the processes and procedures adopted in the Internal Compliance Program Charter and the BANC Member Agreement; provided, however, any final costs associated with a violation(s) of Reliability Standards applicable to the PC Function shall be allocated in accordance with Exhibit C to this Agreement, as that Exhibit may be amended from time-to-time.

## 12 CONFLICT BETWEEN PC PARTICIPATION AGREEMENT AND OTHER BANC AGREEMENTS

Nothing in this Agreement is intended to alter or amend other BANC agreements or program documents, including, but not limited to, the Joint Exercise of Powers Agreement, the Balancing Authority Operation Services Agreement, the Member Agreement, the Internal Compliance Program Charter, the Member Compliance Review Committee Charter, or the Planning Coordinator Services Agreement (BANC Agreement(s)). To the extent a conflict arises between a BANC Agreement and this Agreement, the BANC Agreement(s) shall prevail; however, reasonable efforts should be made to reconcile the matter among PC Participants and BANC.

## 13 DISPUTE RESOLUTION

Any dispute arising between the Parties regarding performance of their obligations under this Agreement shall be resolved according to the following procedures:

### 13.1 Informal Settlement

The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiations between BANC and an executive of the PC Participant, or, in the event there is more than one PC Participant, BANC and an executive of the PC Participants. Any Party may give the other Party, or Parties, written notice of any dispute, and within twenty (20) calendar days after delivery of such notice, the executives shall meet at a mutually acceptable time and place and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute. If the matter has not been resolved within sixty (60) calendar days of the first meeting, any of the Parties may initiate a mediation of the controversy in accordance with Section 13.2.

### 13.2 Mediation

Prior to initiation of litigation, disputing Parties shall initiate a mediation of the controversy. All negotiations, settlement conferences, compromise discussions, and any mediation conducted pursuant to this clause are non-binding, confidential, and shall be treated as compromise and settlement negotiations. Included in such mediation shall be negotiations including executive level management of each of the disputing Parties.

### 13.3 Retained Rights Under Law and Equity

Absent resolution of any dispute through mediation, each Party retains all rights in a court of law or equity to enforce its rights under this Agreement.

### 13.4 Continuing Performance Obligations

While a dispute, controversy, or claim is pending, each Party will continue to perform its respective obligations under the Agreement, unless such Party is otherwise entitled to terminate the Agreement in accordance with the terms hereof.

## 14 AMENDMENT

Except as specified in Appendix 1 and Exhibits A through C, which shall be amended in accordance with the terms set forth therein, this Agreement may only be amended or otherwise modified with the written agreement of the Parties.

## 15 ASSIGNMENT

This Agreement may be assigned by a Party only with the written consent of the other Parties, which consent shall not be unreasonably withheld.

## 16 CONFIDENTIALITY

### 16.1 Treatment of Confidential Information

The Parties recognize and agree that for the purposes of complying with the Reliability Standards and responding to any report or notice of potential violation, the Parties may receive information from each other that has been marked as Confidential Information. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the Party that produced the information.

### 16.2 Required Disclosure of Confidential Information

As provided in the CMEP, or as required by subpoena, request under the California Public Records Act, or other legal or regulatory process, the Parties may be required to disclose Confidential Information so designated by another Party. Compliance with that subpoena, request under the California Public Records Act, or other legal or regulatory process shall not constitute a breach of this Agreement. If any Party is required to disclose any Confidential Information so designated by any other Party, the disclosing Party shall notify the other Party in writing as promptly as feasible so that the other Party may, if it so chooses and at its own expense, challenge the disclosure or seek a protective order. The disclosing Party shall reasonably cooperate in resolving the dispute.

### 16.3 Third Parties

Except as set forth herein, each Party shall keep Confidential Information in confidence and shall not disclose such information or otherwise make it available, in any form or manner, to any other person or entity other than its employees, consultants, sub-contractors, sub-contractors' employees, attorneys, and agents without the prior written consent of the Party that produced the information. Each Party will cause each of its employees, contractors, sub-contractors, sub-contractors' employees, attorneys, and agents who will have access to Confidential Information, if any, to acknowledge that they have read this Agreement and agree to abide by all of its terms regarding use and disclosure of Confidential Information.

### 16.4 FERC Jurisdiction

Nothing in this Agreement shall be meant to imply or cede jurisdiction to FERC, NERC, and other regulatory or Compliance Enforcement Authority entities having no or limited jurisdiction over the Parties. FERC, NERC, and other regulatory or Compliance Enforcement Authority entities have limited jurisdiction over the Parties and, by executing this Agreement, no Party is waiving or conceding any defenses it has to assert jurisdictional defenses, including, but not limited to, sovereign immunity, intergovernmental immunities, or lack of subject matter jurisdiction.

## 17 GOVERNING LAW

The rights and obligations of the Parties and the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

## 18 HEADINGS

The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

## 19 SEVERABILITY

If any term, covenant, or condition of this Agreement, or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby but shall remain in full force and effect, and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such determination unless a court or governmental agency of competent jurisdiction holds that such provision is not separable from all other provisions of this Agreement.

## 20 LIMITATION ON LIABILITY

Except for costs for violation(s) of Reliability Standards incurred pursuant to Section 11 of this Agreement, or PC Participant Costs in accordance with Section 8 of this Agreement, no Party to this Agreement shall be liable to any other Party for any direct, indirect, special, incidental, exemplary, or consequential damages, claims, liabilities, costs or expenses (including attorneys fees and court costs) arising from tort or the performance or non-performance of its obligations under this Agreement regardless of the cause, including intentional action, willful action, gross or ordinary negligence, or an Uncontrollable Force.

## 21 NO THIRD PARTY BENEFICIARIES

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

## 22 NOTICES

Any notice, demand, or request in accordance with this Agreement shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by first class United States mail, postage prepaid, by electronic facsimile confirmed by the recipient, electronic mail confirmed by the recipient, or by prepaid commercial courier service to a Party via its representative or alternate representative at the address set forth in Appendix 1, unless otherwise provided in this Agreement. Any Party may at any time change the designation or address of a person specified in Appendix 1 upon written notice to the other Parties. Such a change to Appendix 1 shall not constitute an amendment to this Agreement.

## 23 UNCONTROLLABLE FORCE

No Party shall be considered to be in default in respect to any obligation hereunder if prevented from fulfilling such obligation by reason of an Uncontrollable Force. The term "Uncontrollable Force" for the purpose of this Agreement shall mean any cause beyond the control of the Party affected, including but not limited to flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which Uncontrollable Force by exercise of due diligence and foresight, such Party could not reasonably have been expected to avoid. Any Party rendered unable to fulfill any obligation by reason of

Uncontrollable Force shall exercise commercially reasonable efforts to remove such inability with all reasonable dispatch.

## 24 WAIVER

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by a Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Any waivers at any time by any Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement.

## 25 NO DEDICATION OF FACILITIES

Any undertaking by a Party under any provision of this Agreement is rendered strictly as an accommodation and shall not constitute the dedication of its Electric System or any portion thereof by the undertaking Party to the public, to any other Party, or to any third party, and any such undertaking by a Party shall cease upon the termination of such Party's obligations under this Agreement. The Electric System of a Party shall at all times be, and remain, in the exclusive ownership, possession, and control of that Party, and nothing in this Agreement shall be construed to give any other Party any right of ownership, possession, or control of such Electric System.

## 26 MULTIPLE COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

## 27 SIGNATURE CLAUSE

The signatories to this Agreement represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign.

**IN WITNESS THEREOF**, the Parties have executed this Agreement and it is effective as of the Effective Date set forth in Section 4.1.

**Balancing Authority of Northern California**

| | |
|---|---|
| By: | |
| Name: | |
| Title: | |
| Date: | |

**Modesto Irrigation District**

| | |
|---|---|
| By: | |
| Name: | |
| Title: | |
| Date: | |

**City of Redding, California**

| | |
|---|---|
| By: | |
| Name: | |
| Title: | |
| Date: | |

**City of Roseville, California**

MB

| | |
|---|---|
| By: | |
| Name: | |
| Title: | |
| Date: | |

**Sacramento Municipal Utility District**

| | |
|---|---|
| By: | |
| Name: | |
| Title: | |
| Date: | |

# Appendix 1 – Notices

## Balancing Authority of Northern California

| | |
|---|---|
| Name of Primary Representative: | James R. Shetler |
| Title: | General Manager |
| Company: | Balancing Authority of Northern California |
| Address: | P.O. Box 15830, MS D109 |
| City/State/Zip Code: | Sacramento, CA 95852-1830 |
| Email Address: | jimshetler@thebanc.org |
| Phone: | (916) 870-3774 |
| Fax: | |

| | |
|---|---|
| Name of Alternative Representative: | C. Anthony Braun |
| Title: | General Counsel |
| Company: | Braun Blaising McLaughlin and Smith, P.C. |
| Address: | 915 L Street, Suite 1480 |
| City/State/Zip Code: | Sacramento, CA 95814 |
| Email Address: | braun@braunlegal.com |
| Phone: | 916-326-5812 |
| Fax: | 916-441-4068 |

## Modesto Irrigation District

| | |
|---|---|
| Name of Primary Representative: | Greg Salyer |
| Title: | General Manager |
| Company: | Modesto Irrigation District |
| Address: | 1231 Eleventh Street |
| City/State/Zip Code: | Modesto, CA 95354 |
| Email Address: | greg.salyer@mid.org |
| Phone: | 209-526-7550 |
| Fax: | 209-526-7315 |

| | |
|---|---|
| Name of Alternative Representative: | James McFall |
| Title: | Assistant General Manager, Electric Resources |
| Company: | Modesto Irrigation District |
| Address: | 1231 Eleventh Street |
| City/State/Zip Code: | Modesto, CA 95354 |
| Email Address: | james.mcfall@mid.org |
| Phone: | 209-526-7521 |
| Fax: | 209-526-7575 |

## City of Redding, California

| | |
|---|---|
| Name of Primary Representative: | Barry Tippin |
| Title: | Electric Utility Director |
| Company: | Redding Electric Utility |
| Address: | 3611 Avtech Parkway |
| City/State/Zip Code: | Redding, CA 96002 |
| Email Address: | btippin@reupower.com |
| Phone: | (530) 339-7350 |
| Fax: | (530) 339-7389 |

| | |
|---|---|
| Name of Alternative Representative: | Paul Cummings |
| Title: | Asst. Director – Power Supply |
| Company: | Redding Electric Utility |
| Address: | 3611 Avtech Parkway |
| City/State/Zip Code: | Redding, CA 96002 |
| Email Address: | pcummings@reupower.com |
| Phone: | (530) 245-7016 |
| Fax: | (530) 339-7389 |

## City of Roseville, California

| | |
|---|---|
| Name of Primary Representative: | Jamie Johnson |
| Title: | Electric Compliance Analyst |
| Company: | City of Roseville |
| Address: | 2090 Hilltop Circle |
| City/State/Zip Code: | Roseville, CA 95747 |
| Email Address: | JJohnson@roseville.ca.us |
| Phone: | 916-746-1687 |
| Fax: | 916-784-3797 |

| | |
|---|---|
| Name of Alternative Representative: | Shawn Matchim |
| Title: | Electric Regulatory Compliance Administrator |
| Company: | City of Roseville |
| Address: | 2090 Hilltop Circle |
| City/State/Zip Code: | Roseville, CA 95747 |
| Email Address: | SMatchim@roseville.ca.us |
| Phone: | 916-774-5619 |
| Fax: | 916-784-3797 |

**Sacramento Municipal Utility District**

| | |
|---|---|
| Name of Primary Representative: | Joseph Gillette |
| Title: | Manager, Grid Planning |
| Company: | Sacramento Municipal Utility District |
| Address: | 6301 S Street |
| City/State/Zip Code: | Sacramento, CA 95817 |
| Email Address: | joseph.gillette@smud.org |
| Phone: | 916-732-6180 |
| Fax: | 916-732-5688 |

| | |
|---|---|
| Name of Alternative Representative: | Janice Zewe |
| Title: | Principal Transmission Planning Engineer |
| Company: | Sacramento Municipal Utility District |
| Address: | 6301 S Street |
| City/State/Zip Code: | Sacramento, CA 95817 |
| Email Address: | janice.zewe@smud.org |
| Phone: | 916-732-6804 |
| Fax: | 916-732-5688 |

## EXHIBIT A: PC Scope of Services

PC Services Provider will perform the following PC Services in support of BANC as the registered PC:

1. Perform technical analyses related to the Reliability Standards applicable to the PC Function, document study results, and store as evidence for WECC audit purposes.
2. Provide additional technical services upon request and agreement to additional compensation, if required.
3. Communicate PC-related methodologies to PC Participants.
4. Coordinate the distribution of BANC PC methodologies with adjacent PCs.
5. Support PC Participants' requests for generation, transmission, or load interconnection requests.
6. Collect relevant PC demand and resource planning data for the BANC PC Area. Coordinate data collection on a BANC BA basis and submit to WECC.
7. Ensure accurate PC Participants' power flow modeling data for WECC base case submittals.

### Amendments

This Exhibit A may be amended as determined by BANC without formal amendment to this Agreement; provided, however any amendment to this Exhibit A shall constitute an amendment to Exhibit A (PC Scope of Services) to both the PC Services Agreement and the PC Participation Agreement. Any amendment to this Exhibit A shall be in writing and transmitted to all Parties to the Agreements within seven (7) business days of the version change contained in the document Version History.

Any changes will be reflected through a change in the Procedure's Version. Minor, non-substantive changes will be reflected in 1/10$^{th}$ increments to the Version History (e.g., 1.1, 1.2, etc.).

### Version History

| VERSION | CHANGE | BY | DATE |
|---|---|---|---|
| 1.0 | Execution Version | Commission | 06/22/2016 |

# EXHIBIT B: PC Scope and Applicability Procedure

## TABLE OF CONTENTS

## A. Purpose and Scope

This Balancing Authority of Northern California (BANC) Planning Coordinator Scope and Applicability Procedure (Procedure) establishes the BANC Planning Coordinator Area (PCA) and sets forth the services the BANC Planning Coordinator will provide to BANC members who desire to have BANC serve as their PC. The applicable BANC PCA principles are included in this Procedure, along with the identified owners of facilities that are located within the BANC PCA.

The specific requirements of North American Electric Reliability Corporation (NERC) Reliability Standards (Reliability Standards) applicable to the PC are described in the PC Standards Section herein, which may be amended from time-to-time.

## B. NERC Definition of Planning Coordinator

The term Planning Coordinator has the same definition of Planning Authority, which is defined in the NERC Glossary of Terms as follows[1]: "The responsible entity that coordinates and integrates transmission Facilities and service plans, resource plans, and protection systems." The term Planning Coordinator is used throughout this document and is interchangeable with Planning Authority when used in the Reliability Standards.

## C. Planning Coordinator Services Agreement and Planning Coordinator Participation Agreement

BANC will contract with SMUD (the "PC Services Provider") via a Planning Coordinator Services Agreement, to provide PC functions to BANC members who agree to have BANC serve as their PC. Additionally, each BANC member that desires BANC to become their registered PC shall also enter into a PC Participation Agreement with BANC that establishes BANC as their NERC-registered PC. Signatories to the PC Participation Agreement are referred to as the "PC Participants."

1 http://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf

**D. BANC Planning Coordinator Area**

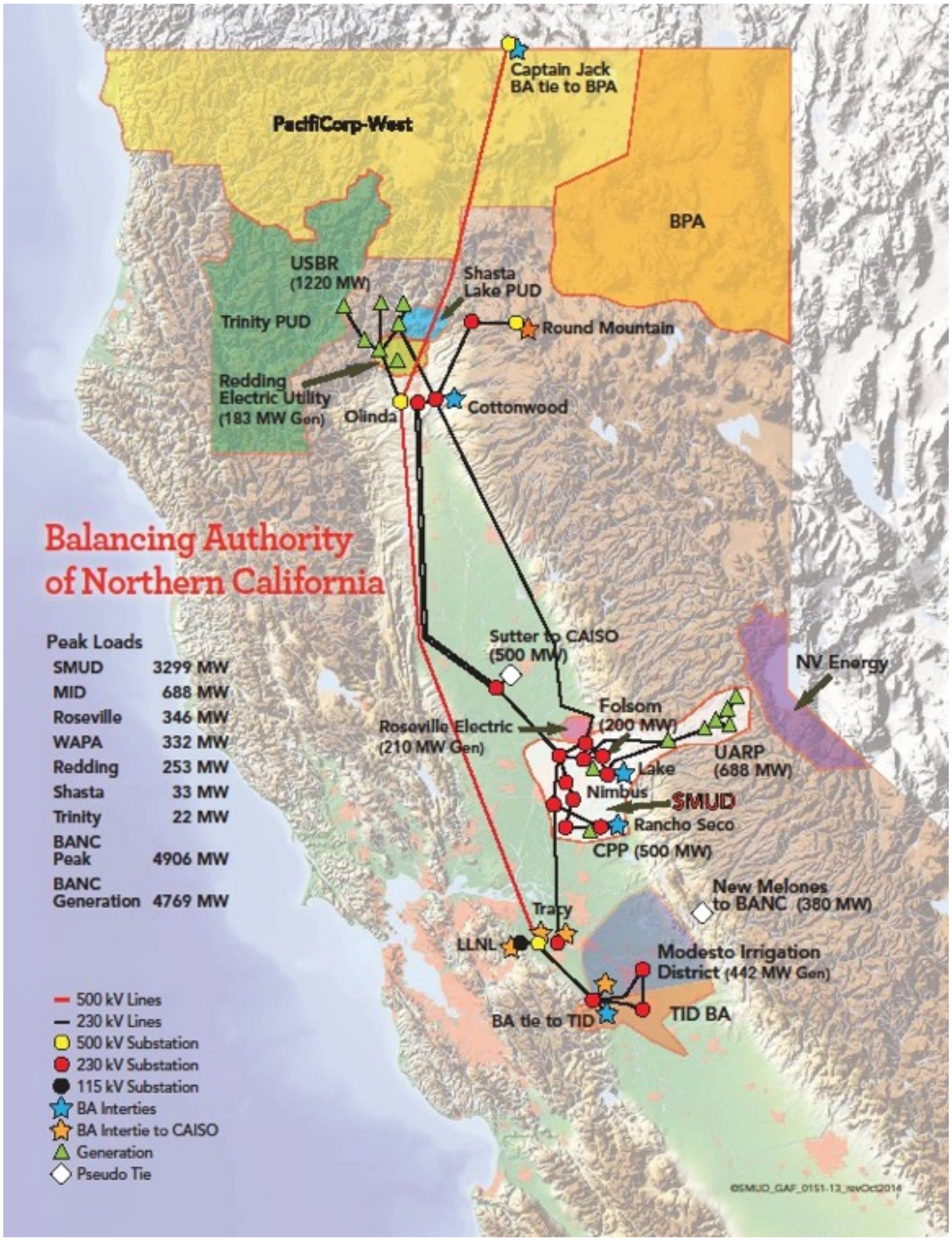
The BANC Planning Coordinator Area includes all of the facilities owned by the following BANC members:

1. Modesto Irrigation District (MID)
2. City of Redding (Redding)
3. City of Roseville (Roseville)
4. Sacramento Municipal Utility District (SMUD)

The BANC PCA is not identical to the BANC Balancing Authority Area (BAA). The BANC PCA does not include the facilities of the Western Area Power Administration – Sierra Nevada Region (WASN), the Transmission Agency of Northern California, the City of Shasta Lake, the Trinity Public Utilities District, or the United States Bureau of Reclamation. WASN is fully representing these facilities and providing PC services on their behalf.

The BANC and WASN PCs are adjacent and together constitute the BANC BAA. The BANC and WASN PCs will coordinate to ensure no PC gaps exist in their respective PCAs and that a BANC BAA view is maintained.

## E. BANC Map



Captain Jack
BA tie to BPA
PacifiCorp-West
BPA
USBR
(1220 MW)
Shasta
Lake PUD
Trinity PUD
Round Mountain
Redding
Electric Utility
(183 MW Gen)
Olinda
Cottonwood
Balancing Authority
of Northern California
Peak Loads
SMUD 3299 MW
MID 688 MW
Roseville 346 MW
WAPA 332 MW
Redding 253 MW
Shasta 33 MW
Trinity 22 MW
BANC
Peak 4906 MW
BANC
Generation 4769 MW
Sutter to CAISO
(500 MW)
NV Energy
Folsom
(200 MW)
Roseville Electric
(210 MW Gen)
UARP
(688 MW)
Lake
Nimbus
SMUD
Rancho Seco
CPP (500 MW)
New Melones
to BANC (380 MW)
Tracy
LLNL
Modesto Irrigation
District (442 MW Gen)
BA tie to TID
TID BA
500 kV Lines
230 kV Lines
500 kV Substation
230 kV Substation
115 kV Substation
BA Interties
BA Intertie to CAISO
Generation
Pseudo Tie
©SMUD_GAF_0151-13_revOct2014

## F. Adjacent Planning Coordinator Areas

1. Western Area Power Administration – Sierra Nevada Region (WASN)
2. California Independent System Operator (CAISO)
3. Bonneville Power Administration (BPA)
4. Turlock Irrigation District (TID)

## G. BANC PC Principles

The main objective of the BANC PC is to advance reliability while ensuring compliance with NERC reliability standards applicable to the PC Function. Thus, the following principles will be adhered to:

1. All facilities, regardless of NERC registration or Bulk Electric System (BES) designation, are required to have a PC to ensure there are no gaps in PC coverage.
2. The BANC PC will not compel or require NERC registration of any of the PC Participants.
3. Consistent with Section 6 of the PC Participation Agreement, the BANC PC may agree to provide advice and guidance regarding BES designation.
4. BANC will work with PC Participants to develop, document, and implement processes to ensure BANC receives all the necessary evidence for compliance.
5. Information from the PC Participants is important for the BANC PC to be able to fulfill its PC responsibilities. To the extent that a PC Participant is unable or unwilling to provide information requested by the BANC PC to fulfill its PC responsibilities, BANC will provide prompt notice to the PC Committee describing the request and gap in requested information.
6. PC issues will be vetted through the PC Committee and, if such issues are unable to be resolved through the PC Committee, brought to the BANC Commission for discussion and potential resolution, subject to PC Participants' and the PC Services Provider's ability subsequent to discussion by the BANC Commission to exercise their rights under the Dispute Resolution provisions set forth in the PC Services Agreement and PC Participation Agreement.
7. Prior to determining any changes to a PC Participant's compliance obligations (e.g. designating a low impact generating facility as medium impact), BANC and affected PC Participants will use best efforts to come to agreement on any such changes.

BANC encourages PC Participants to contact BANC directly if they have any questions or if there are any differences in understanding about the principles presented in this procedure and/or the relationship of any facilities mapped to BANC as a registered Planning Coordinator.

## H. Implementation Schedule

| **Date** | **Task** |
|---|---|
| Q3-Q4 2016 | Approve BANC Planning Coordinator Scope and Applicability Procedure |
| | Incorporate new BANC PCA facilities into 2016 planning cycle |
| | Begin assessment and documentation of BANC PC footprint |
| | Finalize BANC / SMUD and BANC / Member agreements |
| | Submit implementation plan to WECC |
| January 2017 | Formal start date |
| December 2017 | Full compliance date |

## I. Roles and Responsibilities

1. A Planning Coordinator is responsible for compliance with the NERC Standard Requirements applicable to the Planning Coordinator Function only; other NERC registered entities are responsible for implementing requirements for each Reliability Standard applicable to those functional registrations.
2. The BANC PC will notify each PC Participant that BANC is its Planning Coordinator. This does not create any obligation to assume any other NERC registration functions. The BANC PC is not obligated to identify any gaps in NERC registration of the PC Participants.
3. Registered Transmission Owners and Transmission Operators are required to have an identified Transmission Planner (TP). A Distribution Provider/DP with no qualifying Transmission Assets does not require a TP. The BANC PC is not obligated to perform TP functions for qualifying transmission assets but may perform TP studies under a separate contractual arrangement with the transmission asset owner.
4. Every facility must belong to a PCA.
5. PC Participants will provide a contact to receive and respond to data requests, both technical in nature (e.g. facility ratings verification) or load and resource related from the BANC PC. PC Participants will respond in timeframes established by the Planning Coordination Committee.

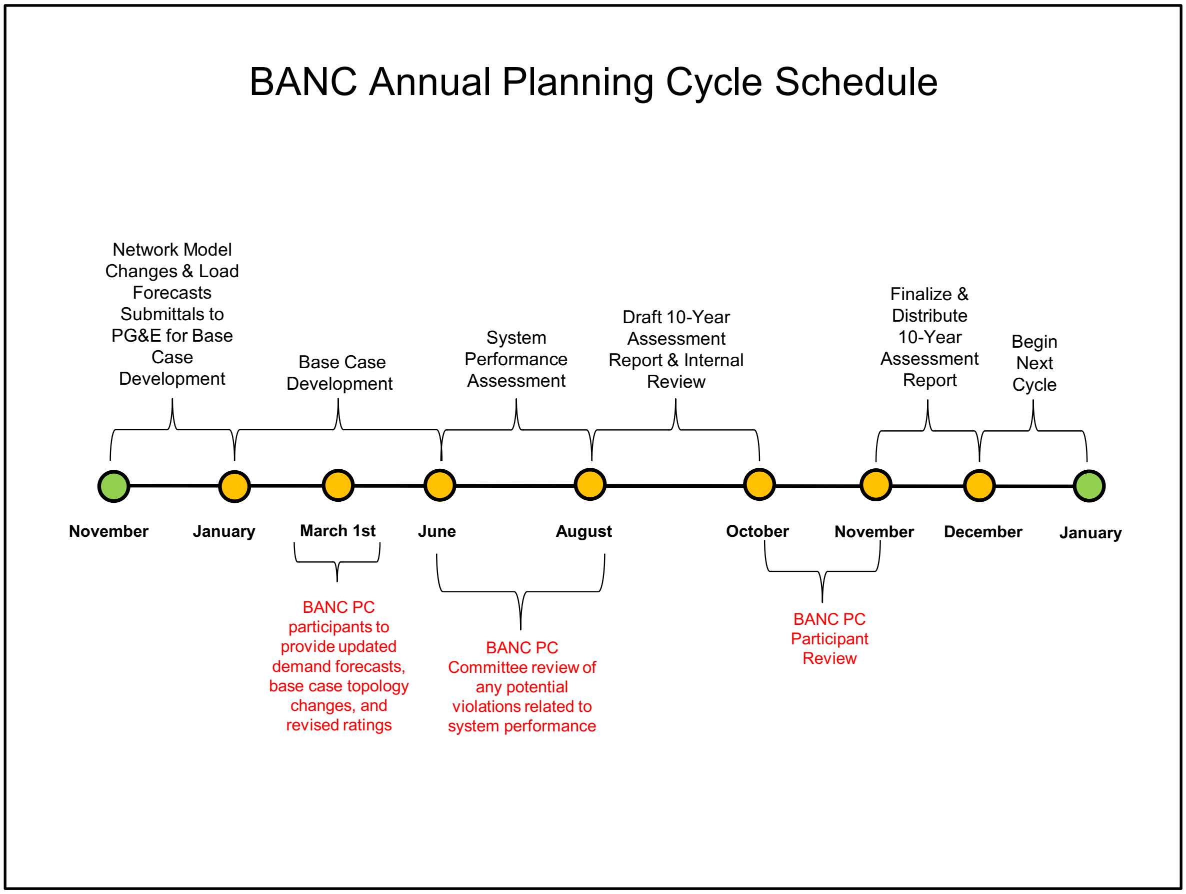
6. The existing WECC load and resource compilation processes that are currently being performed on a BA basis will become the responsibility of the BANC PC.
7. Pursuant to Section 9 of the PC Participation Agreement, BANC will establish a PC Committee consisting of a representative, or representatives, from each PC Participant.
8. SMUD, as the PC Services Provider, will utilize the existing SMUD/BANC compliance department SharePoint site as a repository for BANC PC compliance evidence.

**J. PC Standards**

1. CIP-002-5.1 – BES Cyber Security Categorization – The PC can designate a generation facility as a Medium Impact Rating as necessary to avoid adverse reliability impacts in the planning horizon of more than one year.
2. CIP-014-2 – Physical Security – Upon request for third party verification, the PC can review a TO's risk assessment.
3. FAC-002-2 – Facility Interconnection Studies – Each TP and PC to study the reliability impact of interconnecting new and/or modified generation, transmission, or end-user facilities. TP and PC shall have study reports that document reliability issues. Each GO, TO, DP, and LSE to have evidence (e.g. data provision) that it coordinated and cooperated on studies with its TP and PC.
4. FAC-003-3 – Transmission Vegetation Management – PC to identify any overhead transmission lines as elements of an IROL or WECC Path.
5. FAC-010-2.1 – System Operating Limits for the Planning Horizon – PC to have documented SOL methodology for use in developing SOLs in PCA. PC to distribute to adjacent PC, RC, TOP, and TP within PCA.
6. FAC-013-2 – Assessment of Transfer Capability for Near-Term Transmission Planning Horizon – Each PC has a methodology for and performs an annual assessment to identify future limiting facilities that could impact the BES ability to reliably transfer energy (e.g. import/export limits into SMUD and MID service areas). PC to distribute to adjacent PCs and respond to requests.
7. FAC-014-2 – Establish and Communicate System Operating Limits - Ensures SOLs used in planning and operation of the BES are based on established methodologies. The BANC PC shall establish SOLs, including IROLs, for its PCA. The BANC PC shall provide to the entities that have a reliability need for these limits. The BANC PC will identify any stability related limits and provide them to the RC.

8. IRO-017-1 – ***(effective date 4-1-2017)*** - Outage Coordination - PC to provide annual assessment to the RC. PC and TP to jointly develop solutions with the RC for identified issues or conflicts with planned outages in its planning assessment.
9. MOD-031-1(2) – Demand and Energy Data - Replaces and consolidates existing MODs (16, 17, 18, 19, 21). The BANC PC will coordinate the collection of historical and forecast demand, energy data, and DSM. WECC requests are sent to individual BAs, typically in January of each year. SMUD staff already performs this coordination effort on behalf of the BANC BAA. No change to this existing arrangement is expected or required. BANC PC participants are required to provide the data to SMUD by the end of February each year.
10. MOD-032-1 – Data for Power System Modeling and Analysis – Replaces the Area Coordinator concept with the registered Planning Coordinator. Discussions are underway with PG&E to determine whether data submittal requirements will be changed from the existing modeling gathering process overseen by SRWG.
11. MOD-033-1 ***(effective date 7-1-2017)*** – Steady State and Dynamic System Model Validation – Establishes consistent validation requirements for data collections and model development. The PC implements a data validation process to evaluate the PC's portion of the system to actual system response at least once every two years.
12. PRC-006-2 – Automatic Underfrequency Load Shedding – Establishes the design and documentation requirements for UFLS programs. Although applicability is to PC, this requirement is being met through the WECC UFLSRG which performs annual assessments using dynamic simulation to ensure the UFLS program meets the performance requirements.
13. PRC-010-0 – Assessment of the Design and Effectiveness of UVLS Program – The PC conducts, coordinates, and documents an UVLS assessment every five years.
14. PRC-023-3 – Transmission Relay Loadability – Ensures relay settings shall not limit transmission Loadability or interfere with operator actions while reliably detecting all fault conditions. PC to conduct annual assessment to determine which circuits in its PCA require compliance with R1 – R5.
15. PRC-024-2 – Generator Frequency and Voltage Protective Relay Settings – The GO will provide its applicable generator protection trip settings to the PC.
16. PRC-026-1 – ***(effective date 1-1-2018)*** - Relay Performance During Stable Power Swings – PC shall provide notification of each BES element including: 1) generators' angular stability limit is a SOL or a RAS, 2) elements that are part of a stability limited SOL, 3) element on the boundary of an UFLS island, and 4) elements where relay tripping occurs due to unstable power swing during simulated disturbance.

17. TPL-001-4 – Transmission System Planning Performance Requirements – Apply planning performance requirements to the BES to ensure reliable operations over a broad spectrum of system conditions and contingencies. BANC's annual planning cycle is shown below:




18. TPL-007-1 – Geomagnetic Disturbance Events – PC to identify the responsibilities of the PC and the TPs in the PCA for model development and required studies.

## K. Compliance Evidence Storage

All documentation storage for the BANC PC function compliance evidence will be done using SMUD's Regulatory Compliance & Coordination existing SharePoint site. Copies of these documents may be kept in other repositories but the copy used for regulatory reporting purposes will be located here.

## L. Facility Owners within BANC PC Area

Facility owners within the BANC Planning Coordinator Area:

1. Sacramento Municipal Utility District
2. Modesto Irrigation District
3. City of Redding
4. City of Roseville

Facility owners within the BANC Balancing Authority Area but are ***not*** part of the BANC Planning Coordinator Area:

1. Western Area Power Administration –Sierra Nevada Region
2. U. S. Bureau of Reclamation
3. Transmission Agency of Northern California
4. City of Shasta Lake
5. Trinity Public Utilities District

## M. Amendments

This Planning Coordinator Scope and Applicability Procedure may be amended as determined by BANC without formal amendment to the PC Services Agreement or the PC Participation Agreement; provided, however any amendment to this Planning Coordinator Scope and Applicability Procedure shall constitute an amendment to Exhibit B (PC Scope and Applicability Procedure) to both the PC Services Agreement and the PC Participation Agreement. Any amendment to this Exhibit B shall be in writing and transmitted to all Parties to the Agreements within seven (7) business days of the amendment revision date.

Any changes will be reflected through a change in the Procedure's Version History and forwarded to the Distribution List set forth in Appendix 1. Minor, non-substantive changes, such as changes to the Distribution list, will be reflected in $1/10^{th}$ increments to the Version History (e.g., 1.1, 1.2, etc.).

## N. Version History

| VERSION | CHANGE | BY | DATE |
|---|---|---|---|
| 1.0 | Execution Version | C. Cameron | 8/21/2016 |

## Appendix 1: PC Scope and Applicability Procedure Acronyms

| Acronym | Definition |
|---|---|
| BAA | Balancing Authority Area |
| BANC | Balancing Authority of Northern California |
| BES | Bulk Electric System |
| BPA | Bonneville Power Administration |
| CAISO | California Independent System Operator |
| DP | Distribution Provider |
| GO | Generator Owner |
| GOP | Generator Operator |
| LSE | Load Serving Entity |
| MID | Modesto Irrigation District |
| NERC | North American Electric Reliability Corporation |
| PA | Planning Authority |
| PC | Planning Coordinator |
| PCA | Planning Coordinator Area |
| PG&E | Pacific Gas & Electric |
| RC | Reliability Coordinator |
| RP | Resource Planner |
| SMUD | Sacramento Municipal Utility District |
| SOL | System Operating Limit |
| SRWG | System Review Work Group |
| TID | Turlock Irrigation District |
| TO | Transmission Owner |
| TOP | Transmission Operator |
| TP | Transmission Planner |
| TPUD | Trinity Public Utilities District |
| UFLS | Underfrequency Load Shedding |
| WASN | Western Area Power Administration – Sierra Nevada Region |
| WECC | Western Electricity Coordinating Council |

## Appendix 2: PC Scope and Applicability Procedure Distribution

Updates to this PC Scope and Applicability Procedure are to be sent to the following distribution list:

| Name | Employer | E-mail Address |
|---|---|---|
| Nick Braden | MID | nick.braden@mid.org |
| Martin Caballero | MID | martin.caballero@mid.org |
| Renee Knarreborg | MID | renee.knarreborg@mid.org |
| Craig Cameron | SMUD | craig.cameron@smud.org |
| Joseph Gillette | SMUD | joseph.gillette@smud.org |
| Michael Ramirez | SMUD | michael.ramirez@smud.org |
| Paul Hauser | TPUD | phauser@trinitypud.com |
| Kevin Howard | WASN | howard@wapa.gov |
| Kirk Sornborger | WASN | sornborg@wapa.gov |
| Elizabeth Hadley | Redding | ehadley@reupower.com |
| Bill Hughes | Redding | bhughes@reupower.com |
| Holly Johnson | Redding | hjohnson@reupower.com |
| Jamie Johnson | Roseville | jjohnson@roseville.ca.us |
| Shawn Matchim | Roseville | smatchim@roseville.ca.us |
| Tom Miller | Shasta Lake | tmiller@cityofshastalake.org |
| Jim Shetler | BANC | jimshetler@thebanc.org |
| Kevin Smith | BBMS | smith@braunlegal.com |

## EXHIBIT C: PC Participation Percentages

### Background and Methodology

1. *Background.* In allocating the administrative costs and potential NERC penalties and/or related violation costs applicable to the BANC PC to BANC PC Participants, the following issues were considered:
   - The driver for BANC taking on the PC Function for its members was the WECC analysis that identified "unclaimed" circuits that were not covered by a PC. Entities that had "unclaimed" circuits included several of the BANC members.
   - SMUD had been a registered PC entity and had been performing the PC Function for its circuits and was not included in the entities with "unclaimed" circuits.
   - SMUD originally planned on not participating in the BANC PC effort, but later agreed to become a PC Participant to consolidate the number of PCs in the BANC Balancing Authority Area footprint. This provided an additional entity for sharing the costs for the PC effort.
   - The original contract estimate for the PC effort was ~1.5-2.0x the cost that SMUD was willing to charge for the service. Thus, SMUD agreed to provide these services for a lower cost.
   - Based upon the aforementioned facts and internal BANC discussions, it has been determined that a "rough justice" methodology for allocating the initial costs for the PC effort is appropriate, as described in Section 2 below.

2. *Methodology.* The following shall be the PC Participation Percentage methodology until revised in accordance with this Exhibit C:
   - Assign SMUD 50% of the PC Function costs as the largest member in the group.
   - Assign the other 50% of the PC Function costs to the remaining BANC members in the ratio of generation and 60 kV and above buses identified by each of the members as follows:
     - Modesto Irrigation District – 87 busses - 30%
     - City of Redding – 28 busses – 9.5%
     - City of Roseville – 31 busses – 10.5%

### PC Participation Percentages

This Exhibit C defines the Participation Percentage as follows:

| PC Participant | Percentage |
|---|---|
| Sacramento Municipal Utility District | 50% |
| Modesto Irrigation District | 30% |
| City of Redding | 9.5% |
| City of Roseville | 10.5% |

**Amendments**

This Exhibit C may be amended as determined by the BANC Commission, without formal amendment to this Agreement. Any amendment to this Exhibit C shall be in writing and transmitted to all Parties to this Agreement within seven (7) business days of the version change contained in the document Version History.

Any changes will be reflected through a change in the Version History. Minor, non-substantive changes will be reflected in 1/10th increments to the Version History (e.g., 1.1, 1.2, etc.).

**Version History**

| VERSION | CHANGE | BY | DATE |
|---|---|---|---|
| 1.0 | Execution Version | Commission | 08/31/2016 |

**PLANNING COORDINATOR SERVICES AGREEMENT**

**BETWEEN THE**

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA**

**AND THE**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

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## 1 PREAMBLE

This Planning Coordinator Services Agreement (Agreement) is entered into between the BALANCING AUTHORITY OF NORTHERN CALIFORNIA, a joint exercise of powers agency (JPA) organized under Section 6500 *et seq.,* of the California Government Code, hereinafter called "BANC," its successors and assigns; and the SACRAMENTO MUNICIPAL UTILITY DISTRICT (SMUD), a local publicly owned electric utility within the State of California. BANC and SMUD may be referred to herein individually as the "Party" or collectively as the "Parties."

## 2 EXPLANATORY RECITALS

**2.1** WHEREAS, BANC has determined that Planning Coordinator (PC) Services are needed by certain BANC members to further promote reliability within the BANC Balancing Authority Area;

**2.2** WHEREAS, it was further determined by the BANC Commission that BANC should enter into a contract with SMUD to provide these PC Services to BANC for those members who desire to have BANC serve as their PC;

**2.3** WHEREAS, this Agreement, along with its appendices and exhibits, contains the agreed upon terms and conditions respecting the PC Services to be provided by SMUD to BANC;

**2.4** WHEREAS, prior to the Effective Date of this Agreement, BANC shall further enter an agreement with any of its members requesting that BANC become that BANC member's registered PC (the "PC Participation Agreement");

**2.5** WHEREAS, the PC Participation Agreement shall describe the terms, conditions, obligations and scope of services BANC agrees to provide to its members which request such services;

**2.6** WHEREAS, the PC Participation Agreement shall also describe the terms, conditions and obligations each BANC member must abide by in order for BANC to serve as its PC;

**2.7** WHEREAS, for purposes of clarity, the use of the term "Planning Coordinator" or "PC" and "Planning Authority" or "PA" and are synonymous; and

**2.8** WHEREAS, for further purposes of clarity, SMUD is solely supporting, and BANC is solely registering for, the PC Function; and neither SMUD nor BANC are obligated to provide support to any BANC member for other NERC registered functions unless otherwise provided by separate agreement between the BANC member and SMUD and/or the BANC member and BANC;

**NOW THEREFORE**, in view of the understandings set forth in the recitals above, which the Parties acknowledge and agree are accurate representations of the facts, the Parties agree to the terms of this Agreement that set forth the roles, obligations, and responsibilities of each Party to one another.

## 3 DEFINITIONS

Unless otherwise defined herein, capitalized terms when used with initial capitalization, whether singular or plural, shall have the meaning set forth in the FERC-approved NERC Glossary of Terms, the NERC Functional Model, the Western Electricity Coordinating Council (WECC)/NERC Delegation Agreement, including the WECC Compliance Monitoring and Enforcement Program (CMEP).

**3.1** ***Commission*** shall mean the "BANC Commission," as established in the BANC Joint Powers Agreement, as that agreement may be amended from time-to-time.

**3.2** ***Compliance Officer*** shall mean the "BANC Compliance Officer," so designated by the Commission.

**3.3** ***Confidential Information*** shall mean: (a) all written materials marked "Confidential," "Proprietary," or with words of similar import provided to a Party by another Party; and (b) all observations of equipment (including computer screens) and oral disclosures related to a Party's systems, operations, or activities that are indicated as such at the time of observation or disclosure (or is identified as "confidential" or "proprietary" in a letter sent to another Party no later than five (5) calendar days after the disclosure), respectively. Confidential Information includes portions of documents, records, and other material forms or representations that any Party may create, including but not limited to, handwritten notes or summaries that contain or are derived from such Confidential Information.

**3.4** ***FERC*** shall mean the "Federal Energy Regulatory Commission," or its successor.

**3.5** ***Internal Compliance Program*** shall mean the BANC Internal Compliance Program, approved by the BANC Commission, as that program may be amended from time-to-time.

**3.6** ***NERC*** shall mean the "North American Electric Reliability Corporation," or its successor.

**3.7** ***Planning Coordinator*** or ***PC*** shall have the same meaning as used in the NERC Glossary of Terms, as this definition may be amended from time-to-time.

**3.8** ***PC Function*** shall mean the role of PC as described in the NERC Reliability Functional Model (Model) and as defined in the NERC Glossary of Terms (Glossary), as the Model and Glossary may be amended from time-to-time.

**3.9** ***PC Participant*** shall mean a BANC member signatory to the PC Participation Agreement.

**3.10** ***PC Scope and Applicability Procedure*** shall mean the BANC PC guiding principles and PC Standards set forth in Exhibit B to this Agreement.

**3.11** ***PC Committee*** shall mean the committee established under the terms of the PC Participation Agreement to address PC issues and activities among BANC, the PC Services Provider and PC Participants.

**3.12** ***PC Participation Agreement*** shall mean the agreement between BANC and individual BANC members electing to have BANC serve as their registered Planning Coordinator. For purposes of clarity, the PC Participation Agreement is a "Project Agreement," as provided in Section 4.26 of the JPA.

**3.13** ***PC Services*** shall mean the Planning Coordinator services provided by SMUD, the PC Services Provider, to BANC as set forth in this Agreement.

**3.14** ***PC Services Agreement*** shall mean this Agreement.

**3.15** ***PC Services Provider*** shall mean the entity providing PC Services to BANC. This Agreement establishes SMUD as the PC Services Provider.

**3.16** ***PC Standards*** shall mean those Reliability Standards applicable to the PC Function. A list of Reliability Standards applicable to the PC Function is provided in Exhibit B to this Agreement.

**3.17** ***Reliability Standards*** shall mean those NERC Reliability Standards and WECC Regional Reliability Standards that have been approved by the Federal Energy Regulatory Commission under Section 215 of the Federal Power Act and WECC applicable Regional Criterion referenced in FERC-approved Reliability Standards.

**3.18** ***Scope of Services*** shall mean those PC Services to be performed by SMUD, as the PC Services Provider, as described in Section 5.2 and set forth in Exhibit A to this Agreement.

**3.19** ***WECC*** shall mean the "Western Electricity Coordinating Council," or its successor.

## 4 TERM AND TERMINATION

### 4.1 Effective Date

The Agreement shall be effective upon execution by the last Party (Effective Date).

### 4.2 Term

This Agreement shall remain in effect from the Effective Date until terminated in accordance with Section 4.3.

### 4.3 Termination

Either Party may terminate this Agreement on not less than one (1) year written notice to the other Party; however, in the event of termination, SMUD agrees to work with BANC to coordinate transfer of the PC Function responsibilities to a successor entity to perform the PC Services provided under this Agreement, and SMUD will work with the successor entity, BANC and BANC members, to the extent reasonably practicable, to transition SMUD's obligations under this Agreement to a successor entity.

## 5 BANC AND SMUD OBLIGATIONS

### 5.1 BANC Obligations

BANC agrees to support SMUD in accordance with the following:

5.1.1 BANC shall enter into a PC Participation Agreement with each of its members who elect to have BANC serve as their PC (individually "PC Participant" or collectively "PC Participants"). The PC Participation Agreement will include, at a minimum, all of the following:

5.1.1.1. A description of the rights and obligations of BANC and PC Participants in order to ensure SMUD may effectively perform its obligations under this Agreement, including but not limited to, matters relating to timely data exchanges;

5.1.1.2. The creation of a PC Committee that consists of representatives from BANC and PC Participants, as generally described in Section 11 of this Agreement; and

5.1.1.3. A methodology to allocate the costs of PC Services to PC Participants.

5.1.2 Prior to the commencement of services by SMUD under this Agreement, BANC shall register with NERC and WECC as a PC;

5.1.3 PC Participants may request BANC to perform technical studies as provided in Exhibit A to this Agreement;

5.1.4 Notwithstanding anything herein to the contrary, BANC shall indemnify, defend, and hold the PC Services Provider (including its governing bodies, officers, employees, assigns, and agents) harmless from and against any and all claims, demands, liabilities imposed for injury (as defined by Government Code Section

810.8), losses, costs, expenses, penalties, suits, judgments, or damages, arising in whole or in part, directly or indirectly, from performance or non-performance of PC Services set forth in Section 5.2 of this Agreement.

### 5.2 SMUD Obligations

SMUD agrees to provide PC Services in accordance with the following:

5.2.1 Provide BANC with a description of the resource needs and costs associated with performing the services under the Agreement prior to its commencement of PC Services;

5.2.2 Perform the activities described in the PC Scope of Services document, set forth in Exhibit A to this Agreement, as that Exhibit A may be modified from time-to-time in accordance with the procedures set forth therein and the terms of this Agreement;

5.2.3 Perform the PC Services in accordance with PC Standards, as set forth in Exhibit B, as that Exhibit B may be updated from time-to-time in accordance with the procedures set forth therein and the terms of this Agreement;

5.2.4 Provide regular coordination with, and updates to, BANC, including, but not limited to, the Commission and the PC Committee, as determined by the protocols developed by the Parties;

5.2.5 Unless directed otherwise by law or an enforcement agency, cooperate with the Compliance Officer and BANC counsel in the event of any potential violation of applicable Reliability Standards or any Internal Compliance Investigation activities; and, participate and be responsive to all other CMEP activities;

5.2.6 Review, provide advice and consent, and support BANC on such technical studies identified in Section 5.1.3.

## 6 COSTS AND COMPENSATION

BANC agrees to compensate SMUD for its performance of services under this Agreement in accordance with the following:

**6.1** The initial and estimated on-going Annual Budget for PC Services will be formulated and agreed to by BANC and SMUD and included as Exhibit C to this Agreement, as that Exhibit C may be amended from time-to-time in accordance with the terms of that exhibit.

**6.2** BANC shall be obligated to pay SMUD in accordance with an approved Annual Budget as set forth in Exhibit C, except that, subject to Commission approval, SMUD may seek additions to its Annual Budget. In the event the Commission does not approve the entire additions, the Parties shall prioritize the work SMUD shall perform within the approved Annual Budget.

**6.3** BANC shall pay SMUD within twenty (20) calendar days after receipt of its invoice for providing PC Services.

Invoices will be sent to the following address:

Balancing Authority of Northern California
P.O. Box 15830
MS D109
Sacramento, CA 95852-1830

SMUD shall be under no obligation to perform services absent funding.

## 7 LIABILITY

### 7.1 General

Except for any loss, damage, claim, cost, charge, or expense resulting from gross negligence or intentional misconduct, or for the nonpayment of monies due, neither Party, its directors, members of governing bodies, officers, employees, or agents shall be liable to the other Party for any death, injury, loss, damage, claim, cost, charge, or expense of any kind or nature incurred by the other Party, including, without limitation, direct, indirect, or consequential loss, damage, claim, cost, charge, or expense; and whether or not resulting from the negligence of any Party, its directors, members of governing bodies, officers, employees, or any person or entity whose negligence would be imputed to such Party from the performance or non-performance of the obligations under the Agreement. Except for any death, injury, loss, damage, claim, cost, charge, or expense resulting from willful action, each Party releases the other Party, their directors, members of governing bodies, officers, employees, or agents from any such liability.

### 7.2 Reliability Standards

BANC shall be responsible for addressing all violations of Reliability Standards or directives from an enforcement authority applicable to the PC Function. Nothing in this Section relieves SMUD from its obligations under Section 5.2 of this Agreement.

## 8 CONFIDENTIALITY

### 8.1 Treatment of Confidential Information

The Parties recognize and agree that for the purposes of complying with applicable Reliability Standards and responding to any report or notice of potential violation, they may receive information from each other that has been marked as Confidential Information.

Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the other Party.

### 8.2 Required Disclosure of Confidential Information

As provided in the CMEP, or as required by subpoena, the California Public Records Act, or other legal or regulatory process, the Parties may be required to disclose Confidential Information so designated by the other Party. Compliance with a subpoena, request under the California Public Records Act, or other legal or regulatory process shall not constitute a breach of this Agreement. If either Party is required to disclose any Confidential Information so designated by the other Party, the disclosing Party shall notify the other Party in writing as promptly as feasible so that the other Party may, if it so chooses and at its own expense, challenge the disclosure or seek a protective order. The disclosing Party shall reasonably cooperate in resolving the dispute.

### 8.3 Third Parties

Except as set forth herein, each Party shall keep Confidential Information in confidence and shall not disclose such information or otherwise make it available, in any form or manner, to any other person or entity other than its employees, consultants, or attorneys without the prior written consent of the other Party. Each Party will cause each of its employees, contractors, sub-contractors, sub-contractors' employees, and agents who will have access to Confidential Information, if any, to acknowledge that they have read this Agreement and agree to abide by all of its terms regarding the use and disclosure of Confidential Information. Disclosure of Confidential Information to the Compliance Officer, the BANC Member Compliance Review Committee or to the PC Committee does not constitute a breach of this Agreement.

## 9 DISPUTE RESOLUTION

In the event of any dispute regarding the terms, conditions and performance of this Agreement, the Parties shall attempt in good faith to promptly resolve any such dispute informally by negotiations between an executive representative, or his or her delegate, from each Party. If the matter cannot be resolved informally, any Party shall proceed as follows:

### 9.1 Mediation

Either party may initiate a mediation of the controversy. All negotiations, settlement conferences, compromise discussions, and any mediation conducted pursuant to this clause are non-binding, confidential, and shall be treated as compromise and settlement negotiations.

### 9.2 Arbitration

In the absence of a voluntary resolution reached in accordance with this Section, then the Parties may submit the dispute for arbitration before a single arbitrator in accordance with the provisions of this Section and in accordance with the Commercial Arbitration Rules of the American Arbitration Association (Rules).

### 9.3 Fees

The fees and expenses of any arbitrator will be shared equally by the Parties.

### 9.4 Notice of Arbitration

Any Party desiring arbitration will serve on the other Party and the San Francisco, California office of the American Arbitration Association, in accordance with the Rules, its notice of intent to arbitrate (Arbitration Notice). In no event may a dispute be commenced under this Section regarding the terms, conditions and performance of this Agreement later than three (3) months before the applicable statutes of limitations would run upon institution of legal or equitable proceedings based on such dispute, controversy, or claim. In order to meet the time period for filing a claim under California Government Code Section 911.2, the time period for filing a claim shall be tolled from the date of filing an Arbitration Notice pursuant to this Subsection.

### 9.5 Appointment of Arbitrator

If the Parties cannot agree on an arbitrator, then BANC shall, on reasonable notice to the other Party, make application to the San Francisco, California office of the American Arbitration Association for the appointment of a single arbitrator who shall serve as the arbitrator under this Section.

### 9.6 Conduct of the Arbitrator

The arbitrator selected to act hereunder shall be qualified by education, experience, and training to pass upon the particular controversy in dispute. The arbitrator shall fix a reasonable time and place for a hearing, at which time each of the Parties hereto may submit such evidence as each Party may see fit with respect to the controversy in issue. The arbitrator will determine all questions of fact and law relating to any dispute, controversy or claim that arises under, out of, or in relation to the Agreement. The arbitration shall be held and completed no later than three (3) months following the Arbitration Notice provided in Section 9.4. The arbitrator shall determine the matters submitted to him or her pursuant to the provisions of this Agreement and render a decision thereon no later than sixty (60) calendar days after the arbitration has been completed.

### 9.7 Finality and Enforcement of Decision

Any decision or award of an arbitrator shall govern, and the decision in writing shall be final, non-appealable, and binding on the Parties, subject to vacation only as expressly set forth under the provisions of Part 3 of Title 9 of the California Code of Civil Procedure (and/or any other section or sections of the California Code of Civil Procedure that are subsequently adopted to replace or amend Part 3 of Title 9). Each of the Parties hereto agrees that the arbitrator's award may be enforced against it or its assets wherever they may be found and that a judgment upon an arbitrator's award may be entered in any court having jurisdiction thereof. The arbitration award may be confirmed and judgment entered in accordance with the provisions of Part 3 of Title 9 of the California Code of Civil Procedure (and/or any other section or sections of the California Code of Civil Procedure that are subsequently adopted to replace or amend Part 3 of Title 9).

### 9.8 Damages Waiver

No arbitrator will have the power to award damages.

### 9.9 Continuing Performance Obligations

While a dispute, controversy, or claim is pending, each Party will continue to perform its respective obligations under the Agreement, unless such Party is otherwise entitled to suspend its performance hereunder or terminate the Agreement in accordance with the terms hereof.

## 10 AMENDMENT

Except as specified in Appendix 1 and Exhibits A through C, which shall be amended in accordance with the terms set forth therein, this Agreement may only be amended or otherwise modified with the written agreement of the Parties.

## 11 PC PARTICIPATION AGREEMENT

BANC will develop a PC Participation Agreement whereby interested BANC members can authorize BANC to become their PC, hereafter referred to individually as “PC Participant” or collectively as “PC Participants.” The PC Participation Agreement shall establish a PC Committee to provide for the coordination of issues and activities among BANC, SMUD and PC Participants related to the ongoing performance by BANC as the registered PC. The PC Committee shall, at a minimum, be responsible for the following activities:

**11.1** Establishing roles and responsibilities among PC Participants and SMUD;

**11.2** Identifying required documentation and data transfer from the PC Participants to SMUD and a timely process to do so;

**11.3** Assisting in the development of procedures and processes to improve the accuracy and efficiency of data transfers from the PC Participants to BANC;

**11.4** Assisting in the review of corrective action plans; and

**11.5** Identifying and providing input on evolving Reliability Standards that apply to PCs.

## 12 PC COMMITTEE

The PC Committee shall be formed, and may develop a Committee Charter, through the PC Participation Agreement described in Section 11 herein. The PC Committee will meet on a regular basis, as determined by BANC and PC Participants. SMUD, as the PC Services Provider, will provide support and participate on the PC Committee. At a minimum, the PC Committee shall include representatives from BANC, as determined by BANC, each of the PC Participants, and SMUD, in its role as the PC Services.

## 13 GOVERNING LAW

The rights and obligations of the Parties and the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

## 14 NO THIRD PARTY BENEFICIARIES

No right or obligation contained in this Agreement shall inure to the benefit of any person or entity not a Party to this Agreement. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any third party.

## 15 ASSIGNMENTS

BANC or SMUD may make an assignment of its rights and obligations under this Agreement only after obtaining the written consent of the other Party, which consent shall not be unreasonably withheld. A Party's assignee shall expressly assume, in writing, the duties and obligations of such Party under this Agreement and shall immediately furnish or cause to be furnished to the other Party a true and correct copy of the documents evidencing such assignment and assumption of duties and obligations. The assigning Party shall give notice to and provide the other Party with a copy of the documents evidencing such proposed assignment no less than thirty (30) calendar days prior to the proposed effective date of the assignment. Each Party shall give notice of its consent or denial of consent within such thirty (30) day period in accordance with Section 22 of this Agreement.

## 16 NO EXCLUSIVE REMEDY

Subject to the provisions of Section 9 (Dispute Resolution), no remedy in this Agreement conferred upon or reserved to any Party is intended to be exclusive of any other remedy or remedies available under this Agreement or existing at law, in equity, by statute, or otherwise, but each and every such remedy shall be cumulative and shall be in addition to every other remedy under this Agreement or now or hereafter existing at law or in equity or otherwise provided by statute. The pursuit by any Party of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other or others, whether provided hereunder or at law, in equity, by statute, or otherwise.

## 17 UNCONTROLLABLE FORCE

**17.1** No Party shall be considered to be in default in the performance of any of its obligations when a failure to perform is due to an Uncontrollable Force.

**17.2** No Party shall be considered to be in default in respect to any obligation hereunder if prevented from fulfilling such obligation by reason of an Uncontrollable Force. The term "Uncontrollable Force" for the purpose of this Agreement shall mean any cause beyond the control of the Party affected, including but not limited to flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight, such Party could not reasonably have been expected to avoid. Any Party rendered unable to fulfill any obligation by reason of Uncontrollable Force shall exercise commercially reasonable efforts to remove such inability with all reasonable dispatch.

**17.3** Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved.

**17.4** In the event a Party is rendered unable to fulfill any of its obligations under this Agreement by reason of an Uncontrollable Force, such Party shall give prompt written notice of such fact to the Coordination Committee and shall seek to remove such inability with all reasonable dispatch.

## 18 JUDGEMENTS AND DETERMINATIONS

When the terms of this Agreement provide that an action may or must be taken, or that the existence of a condition may be established, based on a judgment or determination of a Party, such action or judgment shall be exercised or such determination shall be made in good faith and where applicable in accordance with Good Utility Practice, and shall not be arbitrary or capricious.

## 19 NON-WAIVER

Any waiver at any time by a Party of its rights with respect to any default or other matter arising in connection with this Agreement shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

## 20 SEVERABILITY

If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition shall be held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

## 21 NO DEDICATION OF FACILITIES

Any undertaking by a Party under any provision of this Agreement is rendered strictly as an accommodation and shall not constitute the dedication of its electric system by the undertaking Party to the public, to the other Party, or to any third party, and any such undertaking by a Party shall cease upon the termination of all such Party's obligations under this Agreement. The electric system of a Party shall at all times be, and remain, in the exclusive ownership, possession, and control of that Party, and nothing in this Agreement shall be construed to give the other Party any right of ownership, possession, or control of such electric system.

## 22 NOTICES

Any notice, demand, or request in accordance with this Agreement, shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by first class United States mail, postage prepaid, by confirmed electronic facsimile or by prepaid commercial courier service to a Party via its representative or alternate representative at the address set forth in Appendix 1, unless otherwise provided in this Agreement. Any Party may at any time change the designation or address of a person specified in Appendix 1 upon written notice to the other Party designated for such notice. Such written notice shall further be provided to the BANC Compliance Officer and the BANC General Counsel. Such a change to Appendix 1 shall not constitute an amendment to this Agreement.

## 23 PRESERVATION OF OBLIGATIONS

Upon termination of this Agreement, all unsatisfied obligations of each Party shall be preserved until satisfied.

## 24 APPENDICES AND EXHIBITS MADE PART OF AGREEMENT

Referenced Appendices and Exhibits shall become a part of this Agreement; however, may be amended as provided individually therein. The initial Appendix 1 and Exhibits A-C are attached hereto, and shall be in force and effect in accordance with their respective terms until superseded by a subsequent exhibit or modified in accordance with this Agreement and the terms thereof.

## 24 MULTIPLE COUNTERPARTS

This Agreement and any Exhibit or Appendix may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

## 25 SIGNATURE CLAUSE

The signatories to this Agreement represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign.

**IN WITNESS THEREOF**, the Parties have executed this Agreement and it is effective as of the Effective Date set forth in Section 4.1.

**Balancing Authority of Northern California**

By: ______________________________

Name: James R. Shetler

Title: General Manager

Date: ______________________________

**Sacramento Municipal Utility District**

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

# Appendix 1 – Notices

## Sacramento Municipal Utility District

| | |
|---|---|
| Name of Primary Representative: | Maria Veloso-Koenig |
| Title: | Director, Grid Planning |
| Company: | SMUD |
| Address: | 4401 Bradshaw Road, M.S. EA401 |
| City/State/Zip Code: | Sacramento, CA 95827 |
| Email Address: | Maria.Veloso_Koenig@smud.org |
| Phone: | (916) 732-5794 |
| Fax: | |

| | |
|---|---|
| Name of Alternative: Representative: | Joseph Gillette |
| Title: | Manager, Grid Planning |
| Company: | SMUD |
| Address: | 6301 S Street, M.S. A205 |
| City/State/Zip Code: | Sacramento, CA 95817 |
| Email Address: | joseph.gillette@smud.org |
| Phone: | (916) 732-6180 |
| Fax: | |

## Balancing Authority of Northern California

| | |
|---|---|
| Name of Primary Representative: | James R. Shetler |
| Title: | General Manager |
| Company: | Balancing Authority of Northern California |
| Address: | P.O. Box 15830, MS D109 |
| City/State/Zip Code: | Sacramento, CA 95852-1830 |
| Email Address: | jimshetler@thebanc.org |
| Phone: | (916) 870-3774 |
| Fax: | |

| | |
|---|---|
| Name of Alternative Representative: | C. Anthony Braun |
| Title: | General Counsel |
| Company: | Braun Blaising McLaughlin and Smith, P.C. |
| Address: | 915 L Street, Suite 1480 |
| City/State/Zip Code: | Sacramento, CA 95814 |
| Email Address: | braun@braunlegal.com |
| Phone: | 916-326-5812 |
| Fax: | 916-441-4068 |

**Balancing Authority of Northern California - Compliance**

| | |
|---|---|
| Name of Primary Representative: | James Leigh-Kendall |
| Title: | Compliance Officer |
| Company: | Balancing Authority of Northern California |
| Address: | P.O. Box 15830, MS D109 |
| City/State/Zip Code: | Sacramento, CA 95852-1830 |
| Email Address: | James.Leigh-kendall@smud.org |
| Phone: | 916-732-5357 |
| Fax: | 916-732-7527 |

| | |
|---|---|
| Name of Alternative Representative: | Kevin Smith |
| Title: | Counsel |
| Company: | Braun Blaising McLaughlin and Smith, P.C. |
| Address: | 915 L Street, Suite 1480 |
| City/State/Zip Code: | Sacramento, CA 95814 |
| Email Address: | smith@braunlegal.com |
| Phone: | 916-326-5812 |
| Fax: | 916-441-4068 |

This Appendix 1 may be updated as needed by either Party without formal amendment to this Agreement. Any changes will be provided to all individuals listed herein. Email may be used to communicate the revisions.

# EXHIBIT A: PC Scope of Services

SMUD will perform the following PC Services in support of BANC as the registered PC:

1. Perform technical analyses related to the Reliability Standards applicable to the PC Function, document study results, and store as evidence for WECC audit purposes.
2. Provide additional technical services upon request and agreement to additional compensation, if required.
3. Communicate PC-related methodologies to PC Participants.
4. Coordinate the distribution of BANC PC methodologies with adjacent PCs.
5. Support PC Participants' requests for generation, transmission, or load interconnection requests.
6. Collect relevant PC demand and resource planning data for the BANC PC Area. Coordinate data collection on a BANC BA basis and submit to WECC.
7. Ensure accurate PC Participants' power flow modeling data for WECC base case submittals.

## Amendments

This Exhibit A may be amended as determined by BANC without formal amendment to this Agreement; provided, however any amendment to this Exhibit A shall constitute an amendment to Exhibit A (PC Scope of Services) to both the PC Services Agreement and the PC Participation Agreement. Any amendment to this Exhibit A shall be in writing and transmitted to all Parties to the Agreements within seven (7) business days of the version change contained in the document Version History.

Any changes will be reflected through a change in the Procedure's Version. Minor, non-substantive changes will be reflected in 1/10$^{th}$ increments to the Version History (e.g., 1.1, 1.2, etc.).

## Version History

| VERSION | CHANGE | BY | DATE |
|---|---|---|---|
| 1.0 | Execution Version | Commission | 08/31/2016 |

# EXHIBIT B: PC Scope and Applicability Procedure

## TABLE OF CONTENTS

## A. Purpose and Scope

This Balancing Authority of Northern California (BANC) Planning Coordinator Scope and Applicability Procedure (Procedure) establishes the BANC Planning Coordinator Area (PCA) and sets forth the services the BANC Planning Coordinator will provide to BANC members who desire to have BANC serve as their PC. The applicable BANC PCA principles are included in this Procedure, along with the identified owners of facilities that are located within the BANC PCA.

The specific requirements of North American Electric Reliability Corporation (NERC) Reliability Standards (Reliability Standards) applicable to the PC are described in the PC Standards Section herein, which may be amended from time-to-time.

## B. NERC Definition of Planning Coordinator

The term Planning Coordinator has the same definition of Planning Authority, which is defined in the NERC Glossary of Terms as follows1: “The responsible entity that coordinates and integrates transmission Facilities and service plans, resource plans, and protection systems.” The term Planning Coordinator is used throughout this document and is interchangeable with Planning Authority when used in the Reliability Standards.

## C. Planning Coordinator Services Agreement and Planning Coordinator Participation Agreement

BANC will contract with SMUD (the “PC Services Provider”) via a Planning Coordinator Services Agreement, to provide PC functions to BANC members who agree to have BANC serve as their PC. Additionally, each BANC member that desires BANC to become their registered PC shall also enter into a PC Participation Agreement with BANC that establishes BANC as their NERC-registered PC. Signatories to the PC Participation Agreement are referred to as the “PC Participants.”

1 http://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf

## D. BANC Planning Coordinator Area

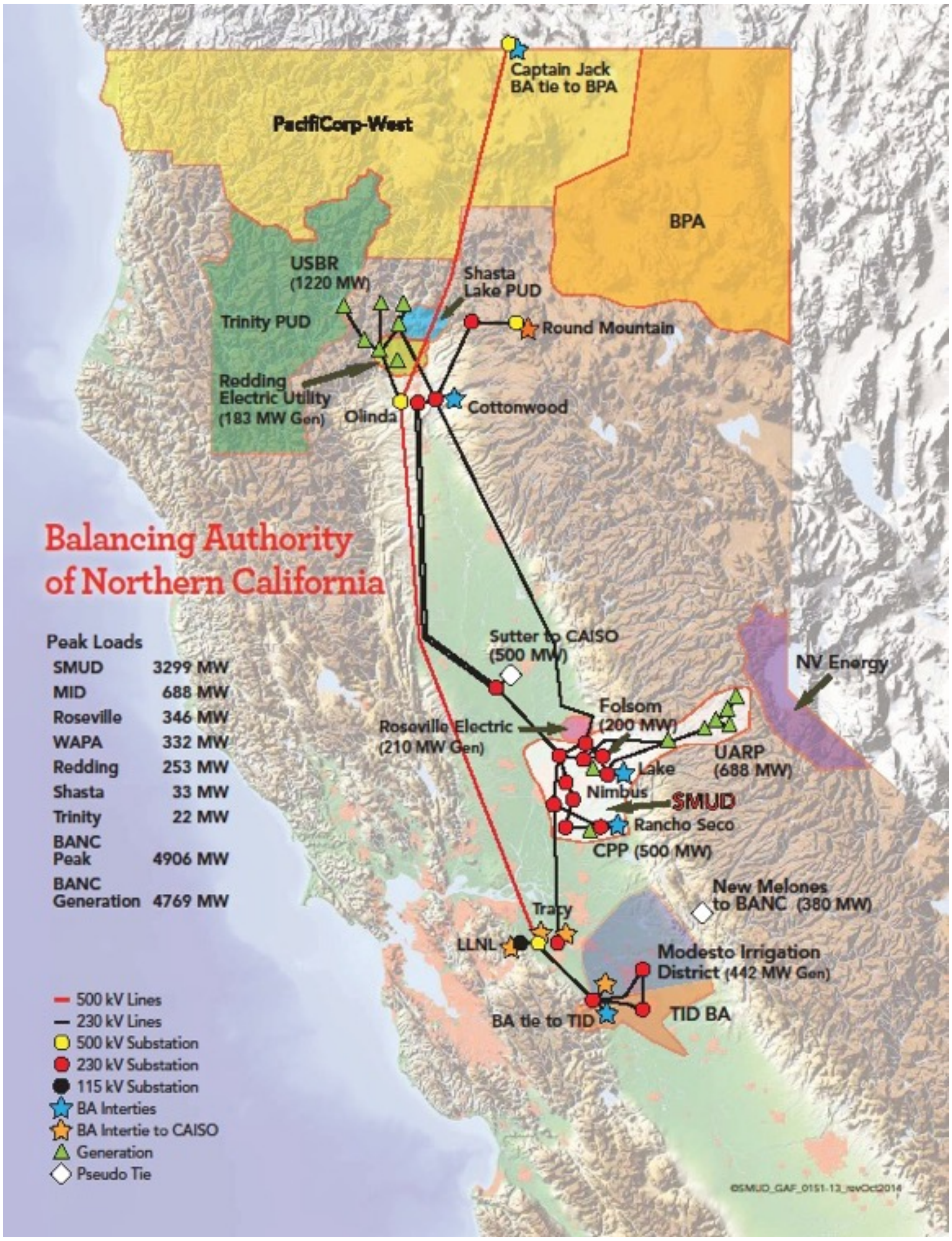
The BANC Planning Coordinator Area includes all of the facilities owned by the following BANC members:

1. Modesto Irrigation District (MID)
2. City of Redding (Redding)
3. City of Roseville (Roseville)
4. Sacramento Municipal Utility District (SMUD)

The BANC PCA is not identical to the BANC Balancing Authority Area (BAA). The BANC PCA does not include the facilities of the Western Area Power Administration – Sierra Nevada Region (WASN), the Transmission Agency of Northern California, the City of Shasta Lake, the Trinity Public Utilities District, or the United States Bureau of Reclamation. WASN is fully representing these facilities and providing PC services on their behalf.

The BANC and WASN PCs are adjacent and together constitute the BANC BAA. The BANC and WASN PCs will coordinate to ensure no PC gaps exist in their respective PCAs and that a BANC BAA view is maintained.

## E. BANC Map



Captain Jack
BA tie to BPA
PacifiCorp-West
BPA
USBR
(1220 MW)
Shasta
Lake PUD
Trinity PUD
Round Mountain
Redding
Electric Utility
(183 MW Gen)
Olinda
Cottonwood
Balancing Authority
of Northern California
Peak Loads
SMUD 3299 MW
MID 688 MW
Roseville 346 MW
WAPA 332 MW
Redding 253 MW
Shasta 33 MW
Trinity 22 MW
BANC
Peak 4906 MW
BANC
Generation 4769 MW
Sutter to CAISO
(500 MW)
NV Energy
Folsom
(200 MW)
Roseville Electric
(210 MW Gen)
UARP
(688 MW)
Lake
Nimbus
SMUD
Rancho Seco
CPP (500 MW)
New Melones
to BANC (380 MW)
Tracy
LLNL
Modesto Irrigation
District (442 MW Gen)
BA tie to TID
TID BA
500 kV Lines
230 kV Lines
500 kV Substation
230 kV Substation
115 kV Substation
BA Interties
BA Intertie to CAISO
Generation
Pseudo Tie

## F. Adjacent Planning Coordinator Areas

1. Western Area Power Administration – Sierra Nevada Region (WASN)
2. California Independent System Operator (CAISO)
3. Bonneville Power Administration (BPA)
4. Turlock Irrigation District (TID)

## G. BANC PC Principles

The main objective of the BANC PC is to advance reliability while ensuring compliance with NERC reliability standards applicable to the PC Function. Thus, the following principles will be adhered to:

1. All facilities, regardless of NERC registration or Bulk Electric System (BES) designation, are required to have a PC to ensure there are no gaps in PC coverage.
2. The BANC PC will not compel or require NERC registration of any of the PC Participants.
3. Consistent with Section 6 of the PC Participation Agreement, the BANC PC may agree to provide advice and guidance regarding BES designation.
4. BANC will work with PC Participants to develop, document, and implement processes to ensure BANC receives all the necessary evidence for compliance.
5. Information from the PC Participants is important for the BANC PC to be able to fulfill its PC responsibilities. To the extent that a PC Participant is unable or unwilling to provide information requested by the BANC PC to fulfill its PC responsibilities, BANC will provide prompt notice to the PC Committee describing the request and gap in requested information.
6. PC issues will be vetted through the PC Committee and, if such issues are unable to be resolved through the PC Committee, brought to the BANC Commission for discussion and potential resolution, subject to PC Participants' and the PC Services Provider's ability subsequent to discussion by the BANC Commission to exercise their rights under the Dispute Resolution provisions set forth in the PC Services Agreement and PC Participation Agreement.
7. Prior to determining any changes to a PC Participant's compliance obligations (e.g. designating a low impact generating facility as medium impact), BANC and affected PC Participants will use best efforts to come to agreement on any such changes.

BANC encourages PC Participants to contact BANC directly if they have any questions or if there are any differences in understanding about the principles presented in this procedure and/or the relationship of any facilities mapped to BANC as a registered Planning Coordinator.

## H. Implementation Schedule

| Date | Task |
|---|---|
| Q3-Q4 2016 | Approve BANC Planning Coordinator Scope and Applicability Procedure |
| | Incorporate new BANC PCA facilities into 2016 planning cycle |
| | Begin assessment and documentation of BANC PC footprint |
| | Finalize BANC / SMUD and BANC / Member agreements |
| | Submit implementation plan to WECC |
| January 2017 | Formal start date |
| December 2017 | Full compliance date |

## I. Roles and Responsibilities

1. A Planning Coordinator is responsible for compliance with the NERC Standard Requirements applicable to the Planning Coordinator Function only; other NERC registered entities are responsible for implementing requirements for each Reliability Standard applicable to those functional registrations.
2. The BANC PC will notify each PC Participant that BANC is its Planning Coordinator. This does not create any obligation to assume any other NERC registration functions. The BANC PC is not obligated to identify any gaps in NERC registration of the PC Participants.
3. Registered Transmission Owners and Transmission Operators are required to have an identified Transmission Planner (TP). A Distribution Provider/DP with no qualifying Transmission Assets does not require a TP. The BANC PC is not obligated to perform TP functions for qualifying transmission assets but may perform TP studies under a separate contractual arrangement with the transmission asset owner.
4. Every facility must belong to a PCA.
5. PC Participants will provide a contact to receive and respond to data requests, both technical in nature (e.g. facility ratings verification) or load and resource related from the BANC PC. PC Participants will respond in timeframes established by the Planning Coordination Committee.

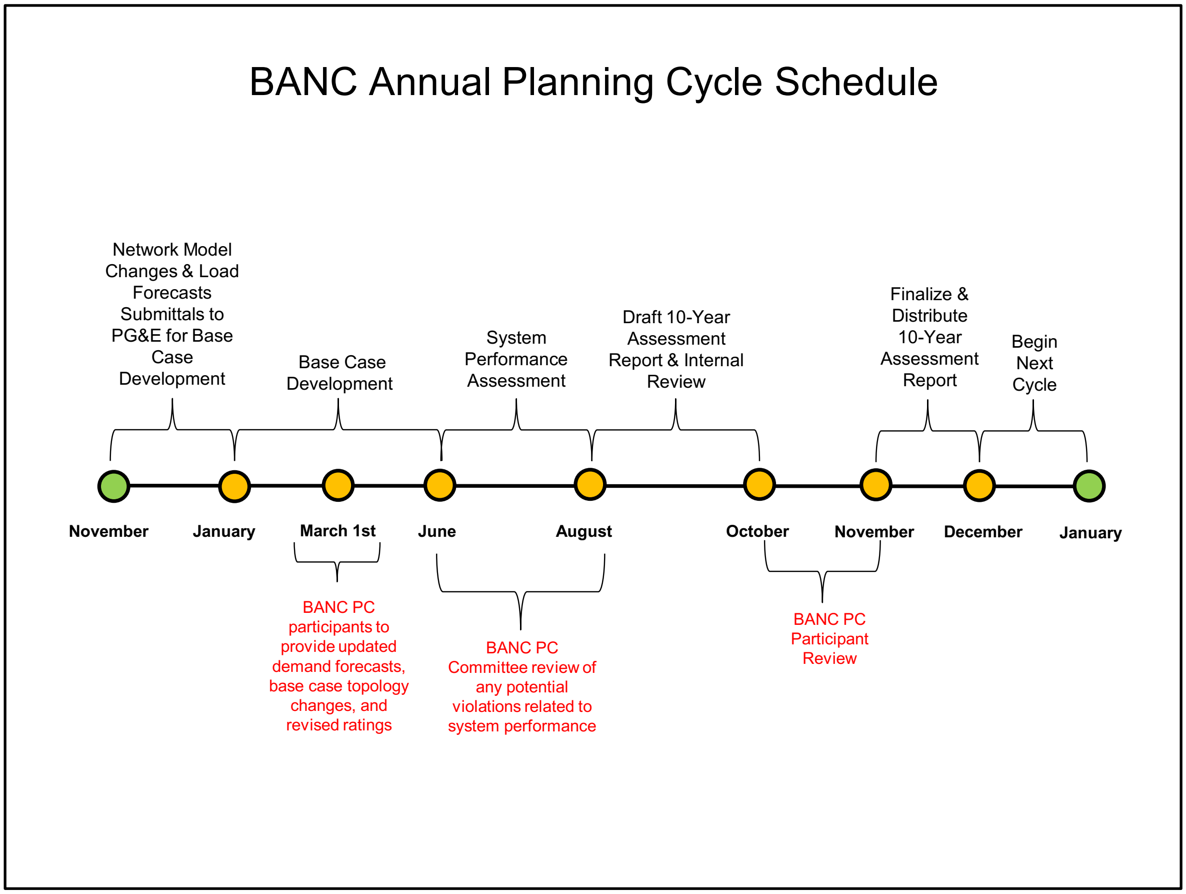
6. The existing WECC load and resource compilation processes that are currently being performed on a BA basis will become the responsibility of the BANC PC.
7. Pursuant to Section 9 of the PC Participation Agreement, BANC will establish a PC Committee consisting of a representative, or representatives, from each PC Participant.
8. SMUD, as the PC Services Provider, will utilize the existing SMUD/BANC compliance department SharePoint site as a repository for BANC PC compliance evidence.

## J. PC Standards

1. CIP-002-5.1 – BES Cyber Security Categorization – The PC can designate a generation facility as a Medium Impact Rating as necessary to avoid adverse reliability impacts in the planning horizon of more than one year.
2. CIP-014-2 – Physical Security – Upon request for third party verification, the PC can review a TO's risk assessment.
3. FAC-002-2 – Facility Interconnection Studies – Each TP and PC to study the reliability impact of interconnecting new and/or modified generation, transmission, or end-user facilities. TP and PC shall have study reports that document reliability issues. Each GO, TO, DP, and LSE to have evidence (e.g. data provision) that it coordinated and cooperated on studies with its TP and PC.
4. FAC-003-3 – Transmission Vegetation Management – PC to identify any overhead transmission lines as elements of an IROL or WECC Path.
5. FAC-010-2.1 – System Operating Limits for the Planning Horizon – PC to have documented SOL methodology for use in developing SOLs in PCA. PC to distribute to adjacent PC, RC, TOP, and TP within PCA.
6. FAC-013-2 – Assessment of Transfer Capability for Near-Term Transmission Planning Horizon – Each PC has a methodology for and performs an annual assessment to identify future limiting facilities that could impact the BES ability to reliably transfer energy (e.g. import/export limits into SMUD and MID service areas). PC to distribute to adjacent PCs and respond to requests.
7. FAC-014-2 – Establish and Communicate System Operating Limits - Ensures SOLs used in planning and operation of the BES are based on established methodologies. The BANC PC shall establish SOLs, including IROLs, for its PCA. The BANC PC shall provide to the entities that have a reliability need for these limits. The BANC PC will identify any stability related limits and provide them to the RC.

8. IRO-017-1 – ***(effective date 4-1-2017)*** - Outage Coordination - PC to provide annual assessment to the RC. PC and TP to jointly develop solutions with the RC for identified issues or conflicts with planned outages in its planning assessment.
9. MOD-031-1(2) – Demand and Energy Data - Replaces and consolidates existing MODs (16, 17, 18, 19, 21). The BANC PC will coordinate the collection of historical and forecast demand, energy data, and DSM. WECC requests are sent to individual BAs, typically in January of each year. SMUD staff already performs this coordination effort on behalf of the BANC BAA. No change to this existing arrangement is expected or required. BANC PC participants are required to provide the data to SMUD by the end of February each year.
10. MOD-032-1 – Data for Power System Modeling and Analysis – Replaces the Area Coordinator concept with the registered Planning Coordinator. Discussions are underway with PG&E to determine whether data submittal requirements will be changed from the existing modeling gathering process overseen by SRWG.
11. MOD-033-1 ***(effective date 7-1-2017)*** – Steady State and Dynamic System Model Validation – Establishes consistent validation requirements for data collections and model development. The PC implements a data validation process to evaluate the PC's portion of the system to actual system response at least once every two years.
12. PRC-006-2 – Automatic Underfrequency Load Shedding – Establishes the design and documentation requirements for UFLS programs. Although applicability is to PC, this requirement is being met through the WECC UFLSRG which performs annual assessments using dynamic simulation to ensure the UFLS program meets the performance requirements.
13. PRC-010-0 – Assessment of the Design and Effectiveness of UVLS Program – The PC conducts, coordinates, and documents an UVLS assessment every five years.
14. PRC-023-3 – Transmission Relay Loadability – Ensures relay settings shall not limit transmission Loadability or interfere with operator actions while reliably detecting all fault conditions. PC to conduct annual assessment to determine which circuits in its PCA require compliance with R1 – R5.
15. PRC-024-2 – Generator Frequency and Voltage Protective Relay Settings – The GO will provide its applicable generator protection trip settings to the PC.
16. PRC-026-1 – ***(effective date 1-1-2018)*** - Relay Performance During Stable Power Swings – PC shall provide notification of each BES element including: 1) generators' angular stability limit is a SOL or a RAS, 2) elements that are part of a stability limited SOL, 3) element on the boundary of an UFLS island, and 4) elements where relay tripping occurs due to unstable power swing during simulated disturbance.

17. TPL-001-4 – Transmission System Planning Performance Requirements – Apply planning performance requirements to the BES to ensure reliable operations over a broad spectrum of system conditions and contingencies. BANC's annual planning cycle is shown below:




18. TPL-007-1 – Geomagnetic Disturbance Events – PC to identify the responsibilities of the PC and the TPs in the PCA for model development and required studies.

## K. Compliance Evidence Storage

All documentation storage for the BANC PC function compliance evidence will be done using SMUD's Regulatory Compliance & Coordination existing SharePoint site. Copies of these documents may be kept in other repositories but the copy used for regulatory reporting purposes will be located here.

**L. Facility Owners within BANC PC Area**

Facility owners within the BANC Planning Coordinator Area:

1. Sacramento Municipal Utility District
2. Modesto Irrigation District
3. City of Redding
4. City of Roseville

Facility owners within the BANC Balancing Authority Area but are ***not*** part of the BANC Planning Coordinator Area:

1. Western Area Power Administration –Sierra Nevada Region
2. U. S. Bureau of Reclamation
3. Transmission Agency of Northern California
4. City of Shasta Lake
5. Trinity Public Utilities District

**M. Amendments**

This Planning Coordinator Scope and Applicability Procedure may be amended as determined by BANC without formal amendment to the PC Services Agreement or the PC Participation Agreement; provided, however any amendment to this Planning Coordinator Scope and Applicability Procedure shall constitute an amendment to Exhibit B (PC Scope and Applicability Procedure) to both the PC Services Agreement and the PC Participation Agreement. Any amendment to this Exhibit B shall be in writing and transmitted to all Parties to the Agreements within seven (7) business days of the amendment revision date.

Any changes will be reflected through a change in the Procedure's Version History and forwarded to the Distribution List set forth in Appendix 1. Minor, non-substantive changes, such as changes to the Distribution list, will be reflected in 1/10$^{th}$ increments to the Version History (e.g., 1.1, 1.2, etc.).

## N. Version History

| VERSION | CHANGE | BY | DATE |
|---|---|---|---|
| 1.0 | Execution Version | C. Cameron | 8/21/2016 |

## Appendix 1: PC Scope and Applicability Procedure Acronyms

| Acronym | Definition |
|---|---|
| BAA | Balancing Authority Area |
| BANC | Balancing Authority of Northern California |
| BES | Bulk Electric System |
| BPA | Bonneville Power Administration |
| CAISO | California Independent System Operator |
| DP | Distribution Provider |
| GO | Generator Owner |
| GOP | Generator Operator |
| LSE | Load Serving Entity |
| MID | Modesto Irrigation District |
| NERC | North American Electric Reliability Corporation |
| PA | Planning Authority |
| PC | Planning Coordinator |
| PCA | Planning Coordinator Area |
| PG&E | Pacific Gas & Electric |
| RC | Reliability Coordinator |
| RP | Resource Planner |
| SMUD | Sacramento Municipal Utility District |
| SOL | System Operating Limit |
| SRWG | System Review Work Group |
| TID | Turlock Irrigation District |
| TO | Transmission Owner |
| TOP | Transmission Operator |
| TP | Transmission Planner |
| TPUD | Trinity Public Utilities District |
| UFLS | Underfrequency Load Shedding |
| WASN | Western Area Power Administration – Sierra Nevada Region |
| WECC | Western Electricity Coordinating Council |

**Appendix 2: PC Scope and Applicability Procedure Distribution**

Updates to this PC Scope and Applicability Procedure are to be sent to the following distribution list:

| **Name** | **Employer** | **E-mail Address** |
|---|---|---|
| Nick Braden | MID | nick.braden@mid.org |
| Martin Caballero | MID | martin.caballero@mid.org |
| Renee Knarreborg | MID | renee.knarreborg@mid.org |
| Craig Cameron | SMUD | craig.cameron@smud.org |
| Joseph Gillette | SMUD | joseph.gillette@smud.org |
| Michael Ramirez | SMUD | michael.ramirez@smud.org |
| Paul Hauser | TPUD | phauser@trinitypud.com |
| Kevin Howard | WASN | howard@wapa.gov |
| Kirk Sornborger | WASN | sornborg@wapa.gov |
| Elizabeth Hadley | Redding | ehadley@reupower.com |
| Bill Hughes | Redding | bhughes@reupower.com |
| Holly Johnson | Redding | hjohnson@reupower.com |
| Jamie Johnson | Roseville | jjohnson@roseville.ca.us |
| Shawn Matchim | Roseville | smatchim@roseville.ca.us |
| Tom Miller | Shasta Lake | tmiller@cityofshastalake.org |
| Jim Shetler | BANC | jimshetler@thebanc.org |
| Kevin Smith | BBMS | smith@braunlegal.com |

## EXHIBIT C: Annual Budget

| Budget Year | Amount | Commission Approval Date |
|---|---|---|
| 2016 | $125,000 | 6/22/2016 |
| 2017 | $250,000 | 6/22/2016 |

### Amendments

This Exhibit C may be amended as determined by BANC, subject to Commission approval, without formal amendment to this Agreement. Any amendment to this Exhibit C shall be in writing and transmitted to all Parties to this Agreement within seven (7) business days of the version change contained in the document Version History.

Any changes will be reflected through a change in the Procedure's Version. Minor, non-substantive changes will be reflected in $1/10^{th}$ increments to the Version History (e.g., 1.1, 1.2, etc.).

### Version History

| VERSION | CHANGE | BY | DATE |
|---|---|---|---|
| 1.0 | Execution Version | Commission | 6/22/2016 |

# COUNCIL COMMUNICATION

**CC #: 8070**
**File #: 0400-04-09-1**

| | |
|---|---|
| **Title:** | Fiddyment Ranch Phase 2 Village F-19A-1 - Certificate of Completion |
| **Contact:** | Orville Chatterton 916-223-5347 ochatterton@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.9.**

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council take the following action:

1. Adopt the attached resolution accepting Fiddyment Ranch Phase 2 Village F-19-A1, CWJ#140046, as complete.

2. Authorize the City Engineer to execute the Certificate of Completion.

BACKGROUND

The Engineering Division has made a final inspection of the above project and has found the roadway infrastructure work complete in accordance with the improvement plans and City Specifications.

FISCAL IMPACT

The actions requested as part of this action have no impact to the City's General Fund. Construction costs were paid by the developer.

ECONOMIC DEVELOPMENT / JOBS CREATED

Accepting the project as complete will not directly create jobs but rather maintain current employee levels of the developer until such a time the project is fully built out.

ENVIRONMENTAL REVIEW

The Council action of accepting Fiddyment Ranch Phase 2 Village F-19-A1 as complete will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guideline 15060(c)(2). Adoption of this Certificate of Completion does not include the potential for a significant environmental effect and therefore is not subject to CEQA.

Respectfully Submitted,

Orville Chatterton, Construction Inspector

Kevin Payne, Development Services Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-447

COC

Vicinity Map

RESOLUTION NO. 16-447

RESOLUTION OF THE COUNCIL OF THE CITY OF ROSEVILLE ACCEPTING THE PUBLIC WORK KNOWN AS Fiddyment Ranch Phase 2 Village F-19A1 PROJECT, APPROVING THE "CERTIFICATE OF COMPLETION", AND AUTHORIZING AND DIRECTING THE CITY ENGINEER TO EXECUTE SAID NOTICE ON BEHALF OF THE CITY OF ROSEVILLE, THEREFORE, AND ACCEPTING ALL DEDICATIONS OFFERED ON THE RECORDED MAP OF THE SUBDIVISION.

BE IT RESOLVED by the Council of the City of Roseville as follows:

1. The "Certificate of Completion" on file in the City Clerk's Department relative to that public work known as the Fiddyment Ranch Phase 2 Village F-19A1 is hereby approved and the public work accepted.

2. All rights of way and easements as offered on the final map of recorded with Placer County Recorder's Office Book DD of Maps, Page 70 is hereby accepted.

3. The City Engineer is hereby authorized and directed to execute said Notice on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville, this_____day of __________________, 2016 , by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

______________________________________
MAYOR

ATTEST:

______________________________________
CITY CLERK

AFTER RECORDING RETURN TO:
CITY CLERK
311 VERNON STREET
ROSEVILLE, CA 95678

CERTIFICATE OF COMPLETION

NOTICE IS HEREBY GIVEN that the public work known as FIDDYMENT RANCH PHASE 2 VILLAGE F-19-A1 Project was completed and accepted by the City of Roseville on ______________________.The location is indicated on the attached map, marked as Exhibit "A" and incorporated herein by this reference.

The general contractor on said project was **LUND CONSTRUCTION**.

The surety on said project was **A SUBDIVISION MAINTENANCE BOND GUARANTEE AND WARRANTY SECURITY BOND NUMBER 9819172M FROM LEXON INSURANCE COMPANY A TEXAS CORPORATION**

_______________________________________

MARC STOUT
City Engineer
City of Roseville

ATTEST:

_______________________________________
SONIA OROZCO, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF PLACER )

I, MARC STOUT, being first duly sworn, depose and say: I am the City Engineer of the City of Roseville, a municipal corporation in the State of California, owner of the property described in the above Notice. I am duly authorized to make this verification for and on behalf of the City of Roseville. I have read the Certificate of Completion and know its contents and the facts stated therein are true.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

_________________________
MARC STOUT
City Engineer
City of Roseville

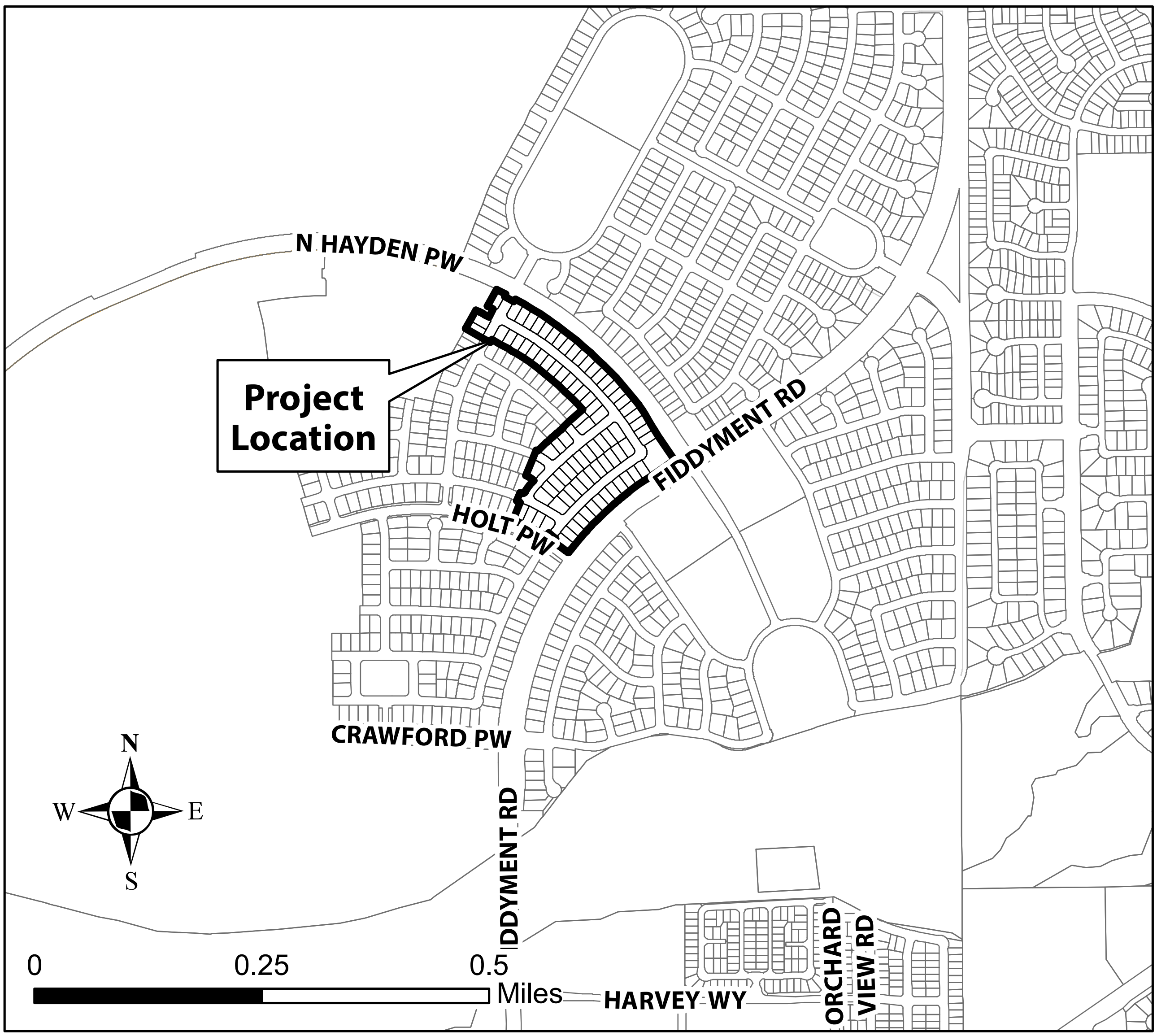
STATE OF CALIFORNIA )
COUNTY OF PLACER )

Subscribed and sworn to (or affirmed) before me on this ____day of _____________, 2016, by ________________ proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

_________________________________
Notary Public in and for said County and State

# EXHIBIT A

City of Roseville
Fiddyment Ranch Phase 2
Village F-19-A1



# COUNCIL COMMUNICATION

**CC #: 8089**
**File #: 0800-03**

| | |
|---|---|
| **Title:** | Home Energy Report Program - Service Agreement Amendment |
| **Contact:** | David Bradford 916-746-1672 dbradford@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.10.**

RECOMMENDATION TO COUNCIL

Staff recommends City Council adopt a resolution authorizing the City Manager to execute a first amendment to the Application Service Agreement with Oracle, Inc. (Oracle), formerly referred to as Opower, Inc. (Opower), to expand the Home Energy Report program from 20,000 residential customer participants to allow for all of the electric utility's 51,000+ residential customers to participate. The amendment extends the term of the contract for two years and increases the cost of the contract by $975,143.00, bringing the total cost of the agreement to $1,539,193.00. Funding is included in the FY 2017 Electric Budget for Public Benefits programs.

BACKGROUND

As a requirement of California Assembly Bill 1890 and Assembly Bill 2021, Roseville Electric Utility is required to allocate at least 2.85% of its total budget (almost $6 million per year) toward electric utility public benefit programs. A portion of the public benefit programs must be dedicated to the successful development and implemention energy efficiency programs for customers.

Energy efficiency programs consist of a variety of rebate and educational programs customized to meet the needs of customers, as well as to achieve the targets established for utilities by state regulatory agencies. In March of 2014, Roseville Electric Utility entered into an Application Service Agreement for one such program with Opower, Inc. to provide Home Energy Reports to a portion of the utility's residential customers. Home Energy Reports are a cost effective energy efficiency measure allowing the utility to claim state-recognized energy savings through a proven method of comparative analysis and customer awareness. The Application Service Agreement was for a three year period, serving 20,000 residential customers.

Based on the performance of the Home Energy Report program, Roseville Electric Utility is recommending expansion of the program to allow all 51,000+ residential customers to participate. This expansion will more than double the energy efficiency savings that the electric utility is currently recognizing. Additionally,staff recommends extending the term of the service agreement two additional years, for a total term of five years, with a not to exceed amount of $1,539,193.00.

Roseville Electric Utility has invested two years collecting and analyzing customer usage data in a proprietary database with Opower that cannot be replicated by another provider. Roseville Electric Utility has also invested in custom programming to aid the City's Information Technology department in order to develop the data extracts required to meet the Opower data protocol. In addition, Home Energy Reports through Opower have become an industry standard for behavior based energy efficiency programs. These factors support the recommendation to extend our service agreement with Oracle.

As opportunities for electric utilities to claim recognized energy savings through equipment upgrades become more narrow, behavior based programs such as the Home Energy Report program continue to become more common and highly successful. The savings achieved through this program design have been validated by independent consulting firms and are recognized by the California Energy Commission as an acceptable form of mandated energy savings.

## FISCAL IMPACT

The requested amendment extends the term of the contract an additional two years, at an additional cost of $975,143.00, bringing the total cost of the agreement to $1,539,193.00. Funding is included in the FY 2017 Electric Budget for Public Benefits programs. Future program budget approval is subject to City Council approval.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

## ENVIRONMENTAL REVIEW

The services provided by Oracle America, Inc. are not considered a "project" as defined by the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378. Consequently, no CEQA action is required.

Respectfully Submitted,

David Bradford, Interim Retail Services Supervisor

Michelle Bertolino, Electric Utility Director

Rob Jensen, City Manager

**ATTACHMENTS:**

## Description

Resolution No. 16-457

First Amendment to Agt for Home Energy Report Expansion

RESOLUTION NO. 16-457

APPROVING A FIRST AMENDMENT TO APPLICATION SERVICE AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND ORACLE, INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a first amendment to Application Service Agreement for energy efficiency services, by and between the City of Roseville and Oracle, Inc., has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said first amendment is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of ______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

______________________________
MAYOR

ATTEST:

________________________
City Clerk

**AMENDMENT NO. 1 TO APPLICATION SERVICE AGREEMENT**

This Amendment No. 1 ("***Amendment No. 1***") is dated and effective as of the date this Amendment No. 1 is executed by both Parties (the "***Effective Date***"), by and between Oracle, Inc. ("***Oracle***"), as the successor in interest to Opower, Inc., and City of Roseville ("***Utility***"), and amends the Application Service Agreement dated as of March 6, 2014 by and between Utility and Oracle (the "***Agreement***"). Each of Utility and Oracle may be referred to as a "Party" or together as the "Parties."

Oracle America, Inc., as the successor in Interest to Opower, Inc., has assumed all rights and obligations of Opower, Inc. under the Agreement. All references to "Opower, Inc." or "Opower" in the Agreement and this Amendment No. 1 shall mean Oracle America, Inc.

WHEREAS the Parties wish to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the following:

1. Attachment A (Statement of Work) of the Agreement is hereby amended and restated in its entirety, and replaced with Attachment A (Statement of Work), attached hereto and made part of this Amendment No. 1.

2. As modified by this Amendment No. 1, Oracle and Utility agree that the terms and conditions set forth in the Agreement, and all exhibits, schedules and addenda thereto, shall remain in full force and effect and shall govern, control, and contain the entire understanding between the parties with respect to the subject matter of the Agreement, except as otherwise modified herein by the express written agreement between the Parties.

[*The remainder of this page is left intentionally blank*]

EXECUTED as of the date first set forth above.

At Utility's request, Oracle has signed this Amendment No. 1 first. Utility agrees by its execution of this Amendment No. 1 any handwritten, typewritten or other change or modification to this Amendment No. 1 shall be void and of no force or effect.

| **CITY OF ROSEVILLE** | **ORACLE AMERICA, INC.** |
|---|---|
| By:__________ | By:__________ |
| Name:__________ | Name: Brian Higgins |
| Title:__________ | Title: Vice President |
| Date:__________ | Date: 9/27/2016 |
| | By:__________ |
| | Name: Brian Higgins |
| | Title: Assistant Secretary |
| | Date: 9/27/2016 |

## Statement of Work

## Attachment A

This Statement of Work ("**Statement of Work**") is entered into pursuant to and forms a part of the Application Service Agreement (the "**Agreement**"), dated as of March 6, 2014, between Oracle, Inc. ("**Oracle**") and the City of Roseville ("**Utility**), as amended. Capitalized terms used but not defined in this Statement of Work have the meanings assigned thereto in the Agreement.

The fees associated with the services provided in this Statement of Work are set forth in Exhibit A-2, and shall be payable in accordance with the Agreement.

### ABOUT ORACLE'S SERVICES

Oracle offers a Software-as-a-Service (SaaS) platform with the following characteristics:

- **Ready-made content:** Oracle's services and platform are ready-made and built upon standard templates enabling efficient Program implementation. The templates cannot be altered unless this Statement of Work (or another Statement of Work executed by the parties) expressly provides for customization. Customizations outside the scope of this Statement of Work may require additional fees.
- **Ongoing enhancement**: Oracle continually seeks to improve its platform and services by leveraging its insight and experience working with over 90 Utility partners. Oracle may suggest new approaches to further Utility Program objectives and implement enhancements to its SaaS platform over time.

The services to be provided under this Statement of Work are described in detail below. For purposes of this document only, "**Program**" shall mean the services to be provided by Oracle pursuant to this Statement of Work. Descriptions of the functionality and operation of these services are provided in Oracle technical briefs ("**Technical Briefs**"), data standards, and data specifications, which will be provided separately and are available at support.opower.com.

### 1. BEHAVIORAL ENERGY SAVINGS PROGRAM

Oracle and Utility have been working together to implement a behavioral energy savings / customer experience and satisfaction Program, and Oracle and Utility will continue to work together to implement an expanded behavioral energy savings / customer experience and satisfaction Program that targets up to 46,000 Utility electric residential customers to receive access to Oracle Energy Reports, Email High Bill Alerts, and access to the Oracle Website Portal ("**Designated Customers**").

### A. Program Offerings

The Program includes Oracle's:

- Printed Home Energy Reports
- Email Home Energy Reports
- Email High Bill Alerts (non-AMI)
- Standalone customer Web Portal [with single-sign on ("**SSO**") integration]
- Legacy Customer Service Application
- Inside Oracle
- Tip Management Tool

See the Product Glossary, Exhibit A-1, for more information on the above Program offerings.

B. **Program scope**

The following table summarizes the number of Designated Customers to be targeted during the Program. The Program Years continue from Program Year 3 of the existing ongoing Program.

| Customer Channel | Number of Designated Customers* | | |
|---|---|---|---|
| | **Program Year 3**<br>**12/1/16 – 6/30/17** | **Program Year 4**<br>**7/1/17 – 6/30/18** | **Program Year 5**<br>**7/1/18 – 6/30/19** |
| **Customer Web Portal** | Access for up to 55,000 Designated Customers | Access for up to 55,000 Designated Customers | Access for up to 55,000 Designated Customers |
| **Printed Home Energy Reports** | **Track 1:** Up to 20,000 existing Designated Customers @ 4 reports per customer<br>**Track 2:** Up to 26,000 newly enrolled Designated Customers @ 5 reports per customer | Up to 46,000 Designated Customers @ 4 reports per customer | Up to 46,000 Designated Customers @ 4 reports per customer |
| **Welcome Inserts** | Up to 26,000 Designated Customers receiving 1 Welcome Insert in Printed Home Energy Report | N/A | N/A |
| **Promotional Modules** | Up to 46,000 Designated Customers receiving 4 unique promotional modules in Home Energy Reports or Email High Bill Alerts | Up to 46,000 Designated Customers receiving 4 unique promotional modules in Home Energy Reports or Email High Bill Alerts | Up to 46,000 Designated Customers receiving 4 unique promotional modules in Home Energy Reports or Email High Bill Alerts |
| **Email Home Energy Reports** | Up to 46,000 Designated Customers receiving emails | Up to 46,000 Designated Customers receiving | Up to 46,000 Designated Customers receiving |

| | | | |
|---|---|---|---|
| | once per billing cycle | emails once per billing cycle | emails once per billing cycle |
| **Email High Bill Alerts (non-AMI; opt-out)** | N/A | Up to 46,000 Designated Customers with valid email addresses and usage data receiving emails once per billing cycle | Up to 46,000 Designated Customers with valid email addresses and usage data receiving emails once per billing cycle |
| **Customer Service Interface** | Access for designated CSRs and EPTs | Access for designated CSRs and EPTs | Access for designated CSRs and EPTs |

***Note:** The actual number of Designated Customers may be affected by attrition, opt-outs, customer eligibility and data availability. Otherwise, the number of Designated Customers targeted to receive Home Energy Reports or access to the Website Portal as set forth in the table above and the pricing there of set forth in Exhibit A-2 may be modified only pursuant to an amendment to this Statement of Work or a new change order signed by Utility and Oracle.

The actual number of Designated Customers targeted to receive Email High Bill Alerts will be determined based on Utility's adherence to the data standards set forth in the ***High Bill Alerts (non-AMI) Technical Brief*** including data lag-time.

** Program Year 3 is estimated to commence December 1, 2016.

2. **PROGRAM IMPLEMENTATION**

This section offers an overview of the key tasks such as Program Design and Data Transfer required for Program implementation. A more detailed implementation schedule is provided in Section 4.

A. **Expansion Program Design**

Oracle will develop the expansion Program design. Oracle will provide expansion Program design details to Utility to review during expansion Program implementation.

- **Customer selection**. Oracle targets customers according to Utility goals. For this Program, with the goal of maximizing Energy Efficiency ("**EE**") savings, Oracle will target all eligible customers to maximize savings potential.
- **Content strategy.** Oracle will define the content and channel approach, which establishes the frequency of communications, content of communications, channels by which communications will be sent and customer groups being targeted with these communications.

Utility will provide Oracle:

- ✓ **Customer selection inputs.** Participation data for programs similar to the Program, including other EE programs.
- ✓ **Existing marketing initiatives**: Examples of EE and other relevant marketing campaigns (used to market Utility rebates, programs and recommendations, if available).

B. **Program branding**

Oracle will continue to use Utility's branding material on Program content.

C. **Data transfer**

In order to continue to receive the Services, Utility will continue to deliver Utility Data to Oracle in accordance with the data format and frequency set forth in the *Oracle Billing Data Requirements* Technical Brief, which can be found at: ***support.opower.com.***

3. **PROGRAM IMPLEMENTATION – PRODUCT CONFIGURATION**

Certain Oracle product features will be configured for Utility during the implementation phase and are detailed in this section.

A. **Web portal platform configuration**

**SSO Web Portal Implementation**

Oracle and Utility will work together to implement the standalone Web Portal with SSO.

**SSO Requirements**

The Oracle platform supports SSO through the SAML (Security Assertion Markup Language) 2.0 protocol. More detailed information on the requirements to implement SSO is available in the *Oracle Portal Single Sign-On Requirements and Capabilities* Technical Brief. The following requirements will also apply:

- Implementation of SSO requires Utility to have SAML 2.0 implemented prior to implementation of SSO. The timeline set forth below is based on the assumption that Utility will have SAML 2.0 implemented within 8 weeks of Program kick-off; in the event Utility SAML 2.0 implementation is delayed, the timeline may be adjusted accordingly.
- Utility agrees to make IT resources available to perform this work as part of the Program implementation timeline.

**Web Browser Support**

Oracle supports the current major release, plus the previous major release, for the Internet Explorer, Firefox, Chrome and Safari browsers. The Web Portal and other web sites maintained by Oracle may not perform properly in other web browsers and older releases of supported web browsers.

**URL Configuration**

The customer facing web portal will reside at: RSVL.opower.com. However, Utility has the flexibility to choose any URL (Utility must own the URL) for use on customer facing collateral, such as Home Energy Reports and Email Reports. Utility agrees to configure/re-direct this customer facing URL back to: RSVL.opower.com and that this URL cannot be changed upon contract confirmation.

B. **Email High Bill Alerts (non-AMI) configuration**

Oracle and Utility will work collaboratively to launch Email High Bill Alerts (non-AMI) in Program Year 4. While implementing Email High Bill Alerts (non-AMI), Oracle and Utility will work together to establish thresholds and triggers for sending Email High Bill Alerts (non-AMI).

Utility will pass data to Oracle as described in and meet the specifications outlined in the *High Bill Alerts (non-AMI) Technical Brief*) during the implementation and duration of the Email High Bill Alerts (non-AMI) services.

### C. **Promotional modules**

Oracle will adapt up to 4 unique Utility promotional modules to be displayed on Printed Home Energy Reports or Email Home Energy Reports, or Email High Bill Alerts in each Program Year. This type of module can be used for targeted marketing of EE, Demand Response and other Utility programs, including new rate pricing plans. Oracle will work with Utility to determine module content. Note that targeted modules for Email High Bill Alerts are not supported (i.e. every Designated Customer will see the same module).

Oracle will design and Utility will approve module content. Utility will have the ability to run one program promotion module in any of the "swappable" Home Energy Report/High Bill Alert slots. Only one promotion per Home Energy Report or Email High Bill Alert can be run at any one time.

## 4. **PROGRAM IMPLEMENTATION SCHEDULE**

### A. **Expansion schedule**

Both Oracle and Utility share responsibility for performing the tasks required for a successful deployment of the expansion Program. Oracle anticipates the implementation phase for the expansion Program will be approximately 8 weeks. This does not include work necessary for SSO implementation, data mapping work around the CIS upgrade, or configuration of Email High Bill Alerts. Utility and Oracle will agree to a Program implementation kick-off date at contract signature, which will be determined by both Oracle and Utility dependencies.

Implementation timelines may vary depending on data-quality and the availability of Utility resources to ensure that data adheres to Oracle's data transfer requirements. Utility will work with Oracle to achieve expansion Program milestones and delays in completion of Utility tasks may result in Program delays.

No later than the kickoff meeting, Oracle and Utility will finalize dates for the expansion Program schedule.

### B. **Data Mapping around Customer Information System Upgrade**

Utility anticipates a billing system upgrade during Program Year 3. Utility's customers will be moving to a new billing system.

Prior to the start of the conversion period and finalization of new data feeds as part of the conversion, the original data feeds that have been agreed to and configured during implementation may not be changed subsequently, except as otherwise agreed by Oracle. Once Utility enters the conversion period, Oracle and Utility will work together to map out new data feed processes and perform work as laid out below.

To avoid disruption in Oracle Program delivery, Oracle will conduct a data mapping exercise designed to enable the relationship between old data fields and new data fields to be understood. Oracle will work with Utility to establish additional data transfer from the primary billing systems at these times. Oracle will work with Utility to scope and map the migration exercise, including mutually agreeing to a program timetable, which will comprise the following general steps:

- After Utility has completed the new CIS data model, Utility will provide separate mapping files for all Oracle Data Elements that have changed from the old system to the new system. All customers should be included in this extract. Utility will confirm to Oracle that there will be no more changes to Utility's new CIS data model before starting this conversion process.
- Oracle will complete the mapping in Oracle's database for all data elements that have changed. Oracle will update the Home Energy Reports and Email High Bill Alerts to display the new account number (where applicable). Oracle will update the Website Portal signup to use the new account number. Oracle will verify that all customers are mapped correctly and will perform QA testing.
- Utility will provide an iterative file. Oracle will perform QA on the new iterative file (to be sent at least weekly) to ensure that all customer attributes match the new unique identifiers in Oracle's database.

Oracle and Utility will agree on a process to discontinue data transfer from the old billing system and to establish additional data transfer from the new billing system, which will include testing and quality assurance processes.

Utility and Oracle will mutually agree on a timeframe for migrating data files from Utility's billing system into production in order to minimize customer impact.

Utility acknowledges that during this conversion period, the Oracle customer facing portal and Customer Service tools may become unavailable for a limited period of time and printed and email reports may not generate during that time. Oracle will notify Utility of any risks or circumstances that may lead to platform unavailability. Oracle will not have liability under the Agreement resulting from such issues, and Oracle agrees to use its reasonable efforts to minimize any such down time.

## 5. Program Management

### A. Program Management Teams

Oracle and Utility will each designate and provide contact information for members for their respective Program management teams. The roles shall be roughly as follows:

- **Oracle Program Management Team.**

  **Engagement Lead.** Primary point of contact, overall Program responsibility, general communication, marketing decisions, Program scope, customer service training, Program performance and optimization, and strategic planning.

  **Technical Project Manager.** Primary point of contact for Program launch work streams, project scheduling, resource management, technical dependency management, engineering coordination and test coordination.

- **Utility Program Management Team.**

  **Program Lead.** Primary point of contact, overall program responsibility, general communication, pilot/control selection, measurement and verification. Utility's Program lead will be authorized on behalf of Utility to grant all approvals, execute all documents and take all actions relating to the Program.

  **Project Manager.** Project scheduling, resource management, dependency tracking.

  **Technical Lead.** Data extracts, data analysis, system configuration & set-up.

  **Marketing Lead.** Consumer content, presentation, branding, segmentation, collateral approvals.

  **Customer Service Lead.** Customer service preparation, training coordination, customer feedback.

B. **Program responsibilities**

- **Oracle Program Responsibilities.** Oracle will:
  During Program implementation:
    - Oversee the Program implementation
    - Make Utility aware of critical dependencies that could impact a timely Program launch
    - Set a standing regular status call and separate marketing and data calls as required
    - Provide a weekly progress report including risks and key decisions

  After Program launch, the Oracle Engagement Manager will manage the Program, deliver Program results reports, drive ongoing optimization efforts, and closely monitor key milestones.

- **Utility Program Responsibilities.** Utility will:
  Provide names and contact information for Program Management Team members;

  Attend regular status calls, as appropriate;

  Make available the appropriate resources, experts and decision-makers for acquiring, transferring and utilizing data necessary for the delivery of Oracle's services;

  Promptly respond to all Oracle communications and requests.

C. **Client Support**

**Refresher Training**

At Utility's request, Oracle will provide one annual web-based refresher training session for Utility's customer service representatives ("**CSRs**").

**Oracle and Client Responsibilities**

The Oracle Client Support Operations team serves as the primary point of contact for Client on issues that occur in the production environment. The Client Support operations team will provide support for Utility's CSR and Program Management Teams through the Oracle Client Support Portal. This support includes:

- Answering questions or resolving issues that Utility's CSRs may not be able to answer or resolve. Utility-designated Program Managers, leads and CSR Managers will be able to escalate issues to Oracle Client Support Operations Team through the Client Support Portal
- Communicating to Utility issue resolution updates and outcomes through the Client Support Portal
- Working with Utility's customer service team on an ongoing basis to analyze inquiries to the department and monitor program and customer feedback

Utility CSRs will respond to customer inquiries with Utility's Program Lead as the escalation point for customer service questions (or other relevant escalation processes for resolution internal to Utility).

**Access to Oracle Support**

The Oracle Client Support Portal is the primary vehicle for submitting issues and communicating with Oracle about issue resolution. Oracle Client Support Engineers will resolve any issues or questions, and will notify Utility of the outcome through the Client Support Portal. The Client Support Portal provides Client access to resources and information related to the Program. Utility will be able to:

- Submit and view cases;
- Track communication and follow-up;
- Follow email conversations between the case owner and Oracle Client Support Engineers; and

- Access articles and read Oracle Support-related news.

Utility may reach Client Support Operations:

- Online: http://support.opower.com
- By email: support@opower.com
- By phone: 1-877-870-8416

### D. Tip Management Tool

The Oracle Tip Management Tool allows Utility representatives to manage the Oracle Tip Library. The tool is available within the Inside Oracle Reporting Tool. More information is available in the *Inside Oracle* Technical Brief.

### E. Scope changes

Changes to the scope of the services specified in this Statement of Work must be approved by Oracle and Utility and documented in an amendment or change order signed by Oracle and Utility that documents any schedule impacts or pricing increases resulting from such changes.

## 6. PROGRAM RESULTS & EVALUATION

### A. Program Reporting

Oracle will deliver Program results to Utility starting approximately four months after Program launch.

Reporting will include:

- **Each quarter,** Program information delivered via email or the internet containing:
  Subscription metrics, including:
    - Number of Designated Customers in the program
    - Number of opt-outs
    - Modeled energy savings (percent and absolute) by month and quarter.

  Website usage statistics, including:
    - Number of visitors, page-views and accounts created
    - Average time on site
    - Number of tip actions and commitments made.

### B. *Inside Oracle* Reporting Tool

The Inside Oracle Tool will be available to Utility. This tool allows access to pre-defined Program and customer-level data in the form of a dashboard for aggregate data and data extracts for customer-level data.

Oracle will continue to develop additional reporting capability, which will be provided to Utility as it becomes available. Certain future functionality for Inside Oracle may be subject to additional pricing, which will be mutually agreed upon subject to a change order between Oracle and Utility.

Information regarding Inside Oracle functionality and features is available in the *Inside Oracle* Technical Brief available at ***support.opower.com***.

### C. Additional reporting requests

Any Utility ad-hoc reporting requests will be assessed on a case-by-case basis between Oracle and Utility. Additional or ad-hoc reporting may require additional fees and are contingent on execution of an amendment or change order by Oracle and Utility as described above in Section 5.E.

### D. Evaluation, Measurement & Verification ("EM&V")

Oracle will evaluate energy savings through the use of industry-standard statistical analysis. Utility does not have a test and control group so Oracle will use a modeled savings approach to estimate energy savings. The methodology to calculate energy savings is based on:

- Measuring savings using treatment and control data from similar Oracle-run Utility programs in the same geographic area as Utility
- Controlling for variables such as program size, number of reports per household, monthly usage and other Utility specific variables
- Calculating Utility's savings based on the regression of the Utility specific variables and the measured savings from the comparable programs mentioned above

## 7. ADDITIONAL OBLIGATIONS

Utility will provide to Oracle all documentation and data reasonably requested by Oracle to allow Oracle to perform the Services specified in this Statement of Work.

Utility is responsible for obtaining such consents from its customers as may be required by applicable laws, rules and regulations or Utility's policies for Oracle to contact Utility's customers through each communication channel specified in this Statement of Work (e.g., direct mail, email, and outbound telephone calls). Utility's inability to obtain such consents may delay the Program or limit the availability of such communication channels.

Oracle will be excused from any delay in performing or failure to perform any of its obligations under this Statement of Work as a result of the acts or omissions of Utility or any governmental authority, including changes in applicable laws, rules or regulations.

## SOW EXHIBIT A-1

### Oracle Product Glossary

This glossary provides a high-level description of the Oracle platform. It indicates features that require AMI and rate data. There may be additional third-party and historical data requirements for some features. Consult the more detailed Oracle Technical Briefs to learn more, in particular:

- *Oracle Web Portal* Technical Brief
- *Oracle Home Energy Reports* Technical Brief
- *Oracle High Bill Alerts (non-AMI)* Program Technical Brief

**Web Portal**

The Oracle Web Portal allows customers to explore their energy usage in detail and receive energy efficiency information. A normative comparison provides a comparison between the customer, their efficient neighbors and all of their neighbors. A customer can set a commitment to reduce their consumption, see comparisons between their bills and explore an interactive time series data display of their billing periods that fall into the last 12 months. A library of energy recommendations and an Energy Questionnaire (audit) help customers learn how to reduce their energy consumption.

**Printed Home Energy Reports**

Printed reports are paper reports sent to a customer's home via the mail. They include a normative comparison that compares a customer to all neighbors and efficient neighbors. Configurable introductory and promotional modules may also be included.

**Email Home Energy Reports**

Email reports are designed specifically to engage recipients via the email channel. They include a normative comparison that compares a customer to all neighbors and efficient neighbors. Configurable introductory and promotional modules may also be included.

**Email High Bill Alerts (non-AMI)**

Email High Bill Alerts (non-AMI) are designed to alert Customers when, due to changes in weather, they may be headed for a high bill. The emails also give Utility an opportunity to market relevant programs and services through promotional modules in a highly segmented fashion.

For more information, please see the ***High Bill Alerts (non-AMI) Program*** Technical Brief, provided separately.

## SOW EXHIBIT A-2

### Payment Table

Utility shall pay Oracle $153,525 upon execution of this Amendment No. 1. Oracle will invoice Utility for such amount upon execution of this Statement of Work. Thereafter, Oracle will invoice Utility for each payment set forth in the table below at least 30 days prior to each Payment Due Date set forth in the table below, and Utility will pay each such invoice on or before the applicable Payment Due Date.

**Note: All prices are in USD**

| Program Year 3 | Amendment Execution | Dec 1, 2016 | Mar 1, 2017 | Jun 1, 2017 | Sep 1, 2017 | Year 3 Total |
|---|---|---|---|---|---|---|
| Data Analytics | 111,206 | - | - | - | - | 111,206 |
| Print & Mail | - | 52,122 | 52,122 | 17,374 | - | 121,618 |
| Setup & Configuration | 42,319 | - | - | - | - | 42,319 |
| **Year 3 Total** | **153,525** | **52,122** | **52,122** | **17,374** | **-** | **275,143** |

| Program Year 4 | | Dec 1, 2017 | Mar 1, 2018 | Jun 1, 2018 | Sep 1, 2018 | Year 4 Total |
|---|---|---|---|---|---|---|
| Data Analytics | - | 228,382 | - | - | - | 228,382 |
| Print & Mail | - | 30,403 | 30,405 | 30,405 | 30,405 | 121,618 |
| **Year 4 Total** | **-** | **258,785** | **30,405** | **30,405** | **30,405** | **350,000** |

| Program Year 5 | | Dec 1, 2018 | Mar 1, 2019 | Jun 1, 2019 | | Year 5 Total |
|---|---|---|---|---|---|---|
| Data Analytics | - | 228,382 | - | - | - | 228,382 |
| Print & Mail | - | 30,404 | 30,405 | 60,809 | - | 121,618 |
| **Year 5 Total** | **-** | **258,786** | **30,405** | **60,809** | **-** | **350,000** |

| | |
|---|---|
| **Total Price (USD)** | **975,143** |

*These fees are inclusive of $40,000 for data mapping work around Utility CIS migration upgrade and $15,000 for SSO Web Portal implementation.

**The final month of services in Program Year 3 of the Original Program (December 2016) will not be delivered to Utility. Oracle agrees to issue a credit of $5,428.57 (USD) on the next invoice to Utility to account for Original Program services that were paid for but not delivered.

**Payment notes:**

**Print Management, Printing & Mailing**: Postage costs included in the Print & Mail fees above are based upon currently applicable postage prices. If postage costs incurred by Oracle increase by more than 8% from the previous Program Year, Oracle may charge client for the portion of such increase in excess of 8%.

Additional services may be subject to additional Fees as quoted by Oracle.

All Fees are non-refundable except as expressly provided herein.

# COUNCIL COMMUNICATION

**CC #: 8082**
**File #: 0721-05**

| | |
|---|---|
| **Title:** | 2016 Bike Trail Resurfacing Project - Notice of Completion |
| **Contact:** | Noah Siviglia 916-746-1379 nsiviglia@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.11.**

RECOMMENDATION TO COUNCIL

Staff recommends that City Council accept this project as complete and adopt a resolution authorizing the Public Works Director to execute the Notice of Completion.

BACKGROUND

The scope of this project consisted of resurfacing various bike trails throughout the City. Resurfacing provides a water proof membrane to protect the existing bike trail surface and extend the life of the underlying pavement. This project was part of our proactive bike trail maintenance program designed to seal, protect, and preserve bike trail pavement by placing relatively affordable asphalt resurfacing products at 7 to 10 year intervals. This maintenance keeps our bike trails in good condition and avoids pavement failure that would require more costly rehabilitation or reconstruction.

The Engineering Division has made the final inspection of the project and has found the work to be completed in accordance with the project's plans and specifications, and it is now ready for acceptance. In accordance with the specifications and the Faithful Performance Bond, the contractor shall guarantee the installation of the improvements for a period of twelve months from the date of the notice of completion.

FISCAL IMPACT

This project was awarded at the August 3, 2016 council meeting for $213,350.00 and the final construction cost was $206,005.06. The reduced cost is due to the difference in actual verse estimated material quantities. Full funding for the project was provided from Local Transportation Funds.

No General Funds were used for this project.

ECONOMIC DEVELOPMENT / JOBS CREATED

Based on Federal guidelines, there is one job created for every $92,000.00 in direct government spending.  Based on that figure, this project created 2.2 jobs.

ENVIRONMENTAL REVIEW

The Council action of accepting the 2016 Bike Trail Resurfacing Project as complete will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15060(c)(2)). Adoption of the 2016 Bike Trail Resurfacing Project Notice of Completion does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Noah Siviglia, Assistant Engineer

Rhon Herndon, Public Works Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-455

Notice of Completion

Location Map - Exhibit A

RESOLUTION NO. 16-455

ACCEPTING THE PUBLIC WORK KNOWN AS THE 2016 BIKE TRAIL RESURFACING PROJECT, APPROVING THE "NOTICE OF COMPLETION", AND AUTHORIZING THE PUBLIC WORKS DIRECTOR TO EXECUTE SAID NOTICE ON BEHALF OF THE CITY OF ROSEVILLE

BE IT RESOLVED by the City Council of the City of Roseville as follows:

1. The "Notice of Completion" on file in the City Clerk's Department relative to that public work known as the 2016 Bike Trail Resurfacing Project has been approved and the public work accepted.

2. The Public Works Director is hereby authorized and directed to execute said Notice on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of ______________________, 20___, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

________________________________
MAYOR

ATTEST:

___________________________________
City Clerk

AFTER RECORDING RETURN TO:
CITY CLERK
311 VERNON STREET
ROSEVILLE, CA 95678

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the public work known as 2016 Bike Trail Resurfacing Project, was completed and accepted by the City of Roseville on 11/2/2016. The location is indicated on the attached map, marked as Exhibit "A" and incorporated herein by this reference.

The general contractor on said project was Telfer Pavement Technologies, LLC.

The surety on said project was Western Surety Company.

______________________
RHON L. HERNDON
Public Works Director
City of Roseville

ATTEST:

______________________________
SONIA OROZCO, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF PLACER )

I, Rhon L. Herndon, being first duly sworn, depose and say: I am the Public Works Director of the City of Roseville, a municipal corporation in the State of California, owner of the property described in the above Notice. I am duly authorized to make this verification for and on behalf of the City of Roseville. I have read the Notice of Completion and know its contents and the facts stated therein are true.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

________________________
RHON L . HERNDON
Public Works Director
City of Roseville

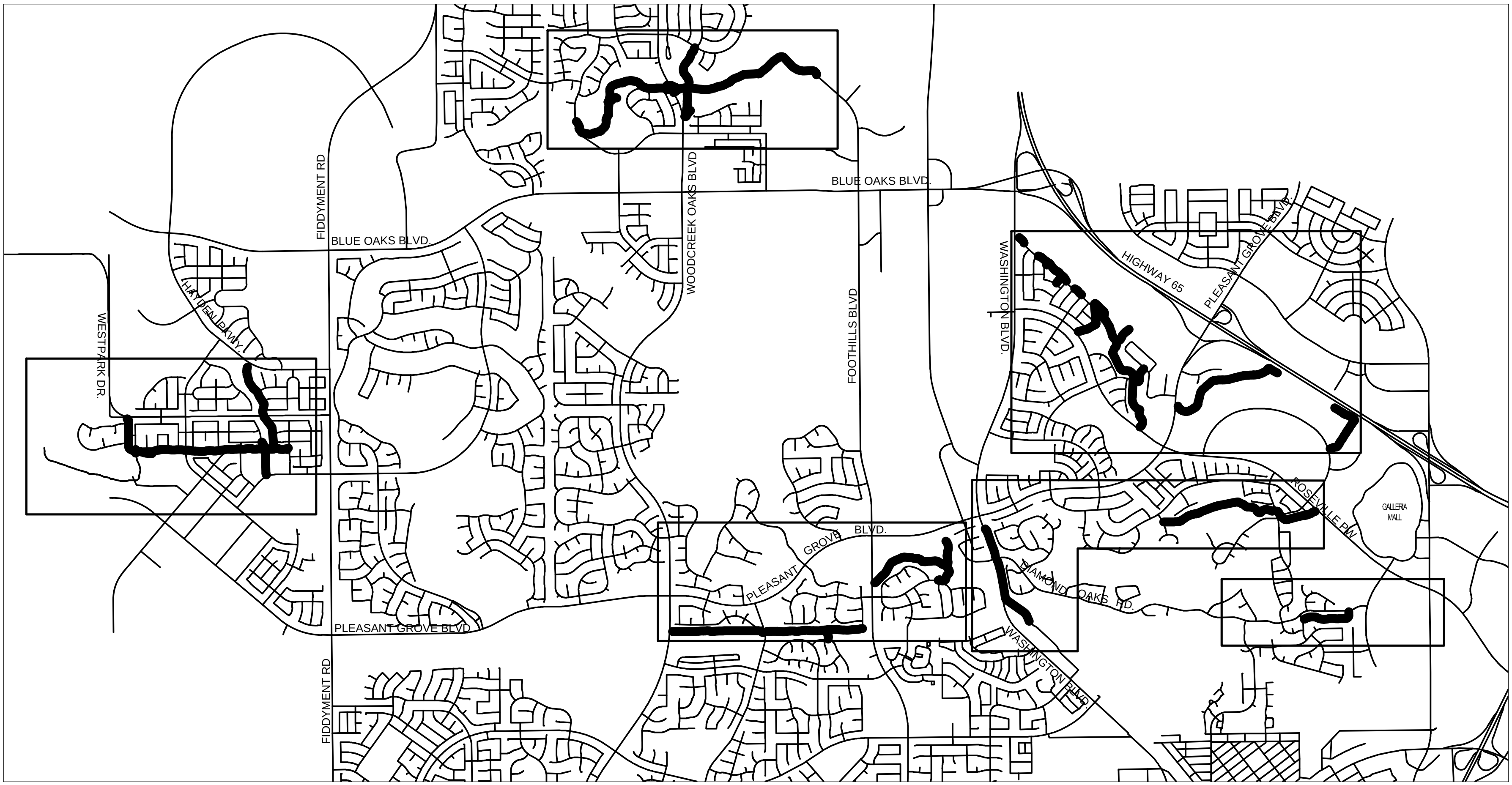
State of California )
County of Placer )

Subscribed and sworn to (or affirmed) before me on this ____day of _____________, 2016, by RHON L. HERNDON proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

________________________________
Notary Public in and for said County and State

EXHIBIT A

# 2016 BIKE TRAIL RESURFACING PROJECT




PROJECT LOCATIONS INDICATED BY BOLD LINES

# COUNCIL COMMUNICATION

**CC #: 8083**
**File #: 0900-04-02**

**Title:** 2016 Roseville Heights Curb Ramp Upgrade Project - Notice of Completion
**Contact:** Noah Siviglia 916-746-1379 nsiviglia@roseville.ca.us

**Meeting Date: 11/2/2016**
**Item #: 7.12.**

## RECOMMENDATION TO COUNCIL

Staff recommends that City Council accept this project as complete and adopt a resolution authorizing the Public Works Director to execute the Notice of Completion.

## BACKGROUND

The Roseville Heights neighborhood is one of the original developments in Roseville, with a majority of the homes and infrastructure being constructed in the early 1900's. Within the neighborhood there are many locations where vertical curbs act as "architectural barriers" to residents trying to access the existing sidewalk infrastructure. This project removed some of the barriers by installing 22 curb ramps a these locations throughout the neighborhood.

The Engineering Division has made the final inspection of the project and has found the work to be completed in accordance with the project's plans and specifications, and it is now ready for acceptance. In accordance with the specifications and the Faithful Performance Bond, the contractor shall guarantee the installation of the improvements for a period of twelve months from the date of notice of completion.

## FISCAL IMPACT

This project was awarded at the July 20, 2016 council meeting for $149,650.00 and the final construction cost was $149,650.00. Full funding for the project was provided by Community Development Block Grant (CDBG) Funds.

No General Funds were used for this project.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Based on Federal guidelines, there is one job created for every $92,000.00 in direct government spending. Based on that figure, this project created 1.6 jobs.

ENVIRONMENTAL REVIEW

The Council action of accepting the 2016 Roseville Heights Curb Ramp Upgrade Project as complete will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15060(c)(2)). Adoption of the 2016 Roseville Heights Curb Ramp Upgrade Project Notice of Completion does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Noah Siviglia, Assistant Engineer

Rhon Herndon, Public Works Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-456

Notice of Completion - 2016 Roseville Heights Curb Ramp Upgrade

Exhibit A_2016 Roseville Heights CR Upgrade Location Map

RESOLUTION NO. 16-456

ACCEPTING THE PUBLIC WORK KNOWN AS THE 2016 ROSEVILLE HEIGHTS CURB RAMP UPGRADE PROJECT, APPROVING THE "NOTICE OF COMPLETION", AND AUTHORIZING THE PUBLIC WORKS DIRECTOR TO EXECUTE SAID NOTICE ON BEHALF OF THE CITY OF ROSEVILLE

BE IT RESOLVED by the City Council of the City of Roseville as follows:

1. The "Notice of Completion" on file in the City Clerk's Department relative to that public work known as the 2016 Roseville Heights Curb Ramp Upgrade Project has been approved and the public work accepted.

2. The Public Works Director is hereby authorized and directed to execute said Notice on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of ______________________, 20___, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

________________________________
MAYOR

ATTEST:

___________________________________
City Clerk

AFTER RECORDING RETURN TO:
CITY CLERK
311 VERNON STREET
ROSEVILLE, CA 95678

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the public work known as 2016 Roseville Heights Curb Ramp Upgrade Project, was completed and accepted by the City of Roseville on 11/2/2016. The location is indicated on the attached map, marked as Exhibit "A" and incorporated herein by this reference.

The general contractor on said project was FBD Vanguard Construction, Inc.

The surety on said project was Travelers Casualty and Surety Company of America.

__________________________
RHON L. HERNDON
Public Works Director
City of Roseville

ATTEST:

____________________________________
SONIA OROZCO, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF PLACER )

I, Rhon L. Herndon, being first duly sworn, depose and say: I am the Public Works Director of the City of Roseville, a municipal corporation in the State of California, owner of the property described in the above Notice. I am duly authorized to make this verification for and on behalf of the City of Roseville. I have read the Notice of Completion and know its contents and the facts stated therein are true.

_____________________________
RHON L . HERNDON
Public Works Director
City of Roseville

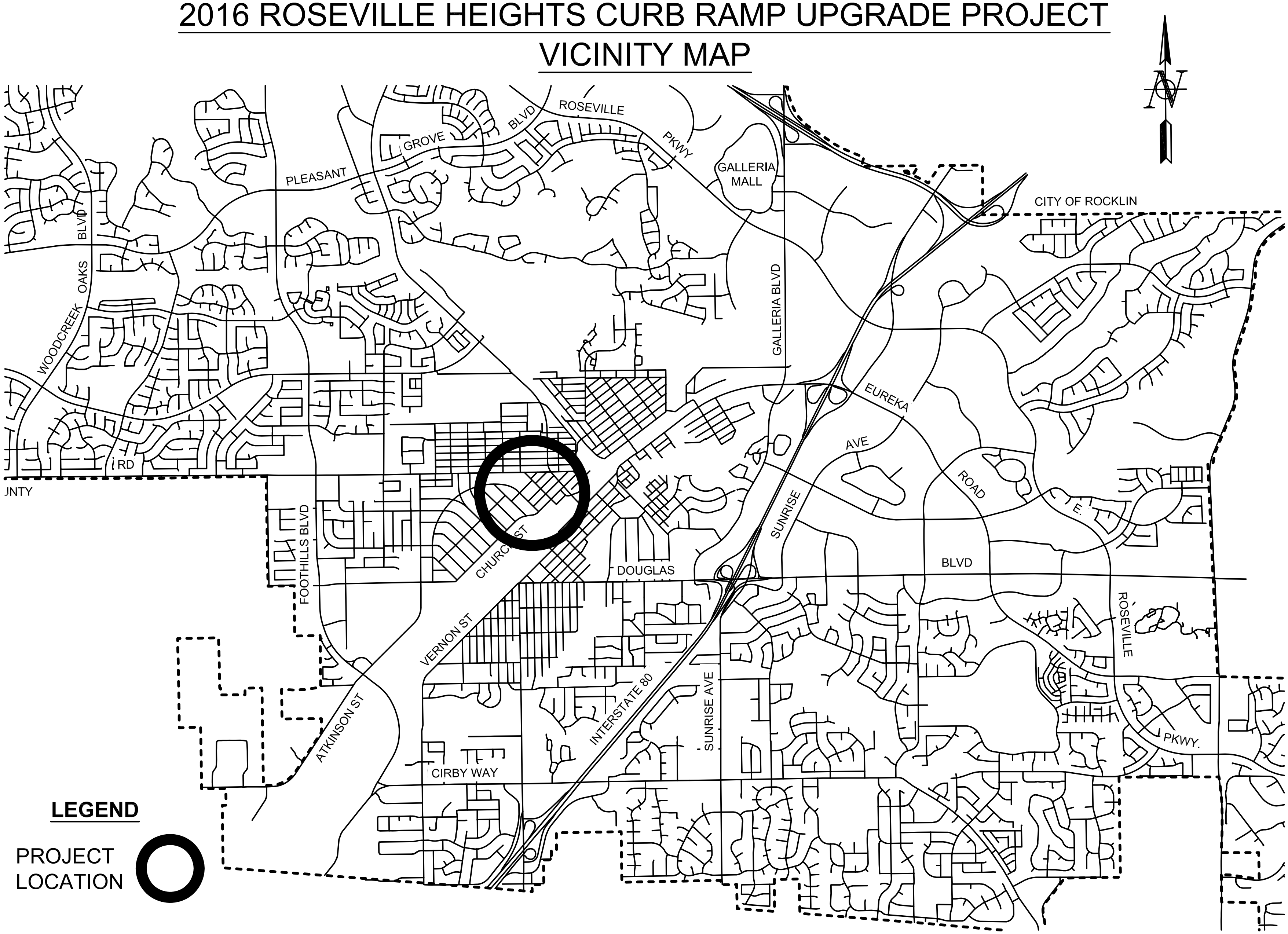
> A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Placer )

Subscribed and sworn to (or affirmed) before me on this ____day of ______________, 2016, by RHON L. HERNDON proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

_______________________________________
Notary Public in and for said County and State

# "EXHIBIT A"
# 2016 ROSEVILLE HEIGHTS CURB RAMP UPGRADE PROJECT
# VICINITY MAP




**LEGEND**

PROJECT LOCATION

# COUNCIL COMMUNICATION

**CC #: 8072**
**File #: 0109-02**

| | |
|---|---|
| **Title:** | Street Closure Request - 55th Annual Sylvia Besana Holiday Parade - November 19, 2016 |
| **Contact:** | Jamie Hazen 916-774-5978 jhazen@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.13.**

RECOMMENDATION TO COUNCIL

Recommend Council adopt a resolution authorizing the City Manager or his designee to execute an Agreement for Special Event and Temporary Street Closure with the Roseville Chamber of Commerce on November 19, 2016 for the 55th Annual Sylvia Besana Holiday Parade.

Street Closures for the Holiday Parade 7:00 a.m. – 12:30 p.m.

- Vernon Street between Sixth Street and Lincoln Street
- Folsom Road between Vernon Street and Roseville Square Shopping Center
- South Grant Street between Oak and Atlantic Street
- Pratt Street between Vernon Street and Oak Street

BACKGROUND

This year will mark the 55th year of the Annual Sylvia Besana Holiday Parade. The parade's name is in memory of one of Roseville's finest volunteers, and one of the founding members of this annual tradition.

The Holiday Parade, organized and run by the Roseville Chamber of Commerce, is set to start at 10:30 a.m. on Saturday, November 19, 2016. The parade will begin at the intersection of Riverside/Douglas/Vernon, proceed east along Vernon Street, turn right at Folsom Road and finish behind the Roseville Square Shopping Center. Staging and registration for the parade will take place in the area of Vernon Street and Sixth Street.

New this year, the Roseville Chamber of Commerce is working with the Downtown Roseville Partnership and the City of Roseville to host a parade pre-event in the Vernon Street Town Square (VSTS). Parade goers are invited to come early, place their chairs along the parade route and head to the VSTS. There, attendees will experience the season by visiting various booths and participating in activities hosted by Downtown Roseville merchants and other local vendors. Attendees will also have the opportunity to experience strolling holiday carolers, purchase a light breakfast and visit with Santa. No additional street closures or increased times of closures is required for this event.

In addition to notifying residents and businesses directly impacted, staff continues to distribute the "Downtown Roseville Area Street Closures" e-newsletter. Staff also submitted a Downtown Closure Notification letter to designated representatives of the Downtown Roseville Merchants Association, the Downtown Roseville Partnership and the Roseville Community Development Corporation requesting comments. No comments were received.

FISCAL IMPACT

The Roseville Chamber of Commerce will reimburse the City of Roseville for costs incurred for street closures for the parade. There is no net general fund impact.

ECONOMIC DEVELOPMENT / JOBS CREATED

Although there are no jobs created as a result of events downtown, the exposure could have a positive impact to the businesses in the downtown area. It is the vision of the Roseville Chamber of Commerce and the Downtown Roseville Partnership that parade attendees will visit downtown retail establishments and restaurants once the parade has ended.

ENVIRONMENTAL REVIEW

The proposed Street Closure Agreement outlines applicant and City responsibilities for proposed temporary street closures required to safely accommodate the event. The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061(b)(3). Because the request for approval of the Temporary Street Closure Agreement does not include the potential for a significant environmental effect, it is not subject to CEQA and no further action is required.

Respectfully Submitted,

Jamie Hazen, Community Relations Analyst

Dion Louthan, Parks, Recreation & Libraries Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

RESOLUTION NO. 16-449

APPROVING AN AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND ROSEVILLE CHAMBER OF COMMERCE AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, an Agreement for Special Event and Temporary Street Closure regarding 55th Annual Sylvia Besana Holiday Parade, between the City of Roseville and Roseville Chamber of Commerce, has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of _______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

_________________________________
MAYOR

ATTEST:

__________________________
City Clerk

AGREEMENT FOR SPECIAL EVENT AND

TEMPORARY STREET CLOSURE

Event: 55th Annual Sylvia Besana Holiday Parade

THIS AGREEMENT is made and entered into this _ _ day of ___________, 20_ by and between the City of Roseville, a municipal corporation ("CITY"), and Roseville Chamber of Commerce, a California nonprofit corporation ("PROMOTER"), and

W I T N E S S E T H:

WHEREAS, PROMOTER has requested the closure of certain public streets for the 55th Annual Sylvia Besana Holiday Parade ("Event") to be held on November 19, 2016; and

WHEREAS, CITY approves said request subject to the following terms and conditions.

NOW, THEREFORE, the parties agree as follows:

1. PROMOTER shall comply with all applicable provisions of the Roseville Municipal Code.

2. The following streets may be closed to traffic between 7:00 a.m. and 12:30 p.m. on Saturday, November 19, 2016:

a. Vernon Street, between 6th Street and Lincoln Street; and

b. S. Grant Street, between Oak Street and Atlantic Street; and

c. Folsom Road, between Vernon Street and Roseville Square Shopping Center; and

d. Pratt Street, between Vernon Street and Oak Street.

3. Adequate barriers and warning signs, as requested by the Public Works Director/City Engineer, shall be placed by City personnel at all street entrances and alleys leading into the closed area. No markings of any kind will be permitted on the street, street lights, or electrical poles.

4. All debris, booths, exhibits, or other materials resulting from the Event shall be completely removed and all streets and alleyways shall be reopened to traffic by 12:30 p.m. on the date of the Event.

5. PROMOTER shall notify in writing all businesses, located on the streets to be closed, of the Event and planned street closure not later than five (5) days in advance of the Event.

6. To the fullest extent allowed by law, PROMOTER shall defend, indemnify, and save and hold harmless CITY, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from, arising out of or in connection with the Event or the attendant street and/or garage closures, except those matters arising from CITY' s sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed.

PROMOTER's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

7. The PROMOTER shall obtain insurance covering the Event in accordance with the attached insurance requirements, which are incorporated herein by this reference.

8. CITY reserves the right to cancel this Agreement if PROMOTER has knowingly made a false statement of material fact or has knowingly omitted to state a material fact to CITY.

9. PROMOTER shall reimburse CITY for all staff costs incurred relating to this event including, but not limited to, street closure costs.

10. No alcoholic beverages shall be sold on City streets or property.

11. Either party may terminate this Agreement by giving the other party ten (10) days advance written notice.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _________, adopted by the Council of the City of Roseville on the ___ day of ___________, 20__, and PROMOTER has caused this Agreement to be executed.

| | |
|---|---|
| CITY OF ROSEVILLE, a municipal corporation | ROSEVILLE CHAMBER OF COMMERCE, a California nonprofit corporation |
| BY: ________________<br>ROB JENSEN<br>City Manager | BY: ________________<br>its: Treasurer |
| ATTEST: | and |
| BY: ________________<br>SONIA OROZCO<br>City Clerk | BY: ________________<br>its: ________________ |

APPROVED AS TO FORM:

BY: ______________________

ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY: ______________________

DION LOUTHAN
Parks, Recreation & Libraries Director

# COUNCIL COMMUNICATION

**CC #: 8077**
**File #: 0201-01 & 0801**

| | |
|---|---|
| **Title:** | Capital Improvement Projects – Budget Adjustment |
| **Contact:** | Brandon Ladd 916-774-5389 bladd@roseville.ca.us<br>Kathy Cullen 916-746-1306 kcullen@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.14.**

## RECOMMENDATION TO COUNCIL

Staff recommends the City Council approve the attached budget adjustment relating to the ongoing Capital Improvement Projects.

## BACKGROUND

The attached budget adjustment lists Capital Improvement Projects and associated transfers that were approved by the City Council prior to June 30, 2016. These projects are ongoing, requiring the unspent budget balances in the FY2015-16 budget to be brought forward to the current fiscal year's budget. The projects were analyzed during the preparation of the FY2016-17 budget and were included in the financial analysis of the individual funds. This budget adjustment does not increase the previously approved spending limits for each project.

## FISCAL IMPACT

This budget adjustment has no fiscal impact.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Approval of this request will not create any new jobs.

## ENVIRONMENTAL REVIEW

The budget carry forward process is not considered a "project" as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines §15378). Consequently, no CEQA action is required.

Respectfully Submitted,

Brandon Ladd, Budget Analyst

Monty Hanks, Finance Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Ordinance No. 5752

CIP Carry over budget adjustment

ORDINANCE NO. 5752

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE
AUTHORIZING CERTAIN AMENDMENTS TO THE 2016-17
BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY
EFFECTIVE AS AN APPROPRIATION MEASURE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. The City of Roseville Annual Budget, Fiscal Year 2016-17, is hereby amended by transferring appropriation to and from the activities indicated below:

Appropriate ongoing costs from Fiscal Year 2015-16 to Capital Improvement Projects for Fiscal Year 2016-17, as listed on the attached.

SECTION 2. This ordinance is hereby declared to be an appropriation measure, immediately effective pursuant to the provisions of Section 5.03 of the Charter.

SECTION 3. The City Clerk is hereby authorized and directed to post a true copy of the foregoing ordinance in each of three (3) conspicuous locations in the City and she shall immediately after such posting enter in the ordinance book, under the record of the ordinance, a certificate under her hand stating the time and place of such publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville, this ______________ day of _________________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

_______________________________
MAYOR

ATTEST:

__________________________
City Clerk

Requestor: Brandon Ladd    Dept: Finance    Effective Date: FY2016-17    Council Date: 11/2/16

# CIP Carry Forward Budget Adjustment
## FY2015-16 to FY2016-17

| Fund | Project Number | Project description | Revenue | Expense |
|---|---|---|---|---|
| **GENERAL FUND** | 059001 | CITY FACILITIES SECURITY IMP | | 521,388 |
| | 079005 | ENTERPRISE ASSET MANAGEMENT | | 1,103,236 |
| | 079006 | CAD/RMS REPLACEMENT PROJECT | | 280,111 |
| | 109002 | MULTI-HAZARD PLAN UPDATE | | 217,994 |
| | 142001 | MULTI-AGENCY FLOOD EMER RESP | 195,290 | 131,748 |
| | 152001 | EAST ST ALLEY DRAINAGE PROJ | | 29,624 |
| | 152002 | FLOOD ALERT SYSTEM REPL PROJ | | 68,732 |
| | 982002 | ROCKY RIDGE TO OLD AUBURN DRN | | 87,916 |
| | 982003 | CONFLUENCE TO TIFFANY | | 104,656 |
| **GENERAL FUND Total** | | | **195,290** | **2,545,405** |
| **STRATEGIC IMPROVEMENT FUND** | 109003 | REGIONAL ANIMAL CONTROL FAC | | 5,534,326 |
| **STRATEGIC IMPROVEMENT FUND Total** | | | | **5,534,326** |
| **STATE GAS TAX** | 082001 | STORM DRAIN PROJECT | | 1,595,809 |
| **STATE GAS TAX Total** | | | | **1,595,809** |
| **TECHNOLOGY REPLACEMENT FUND** | 129006 | PERMIT SYSTEM REPLACEMENT | | 269,866 |
| **TECHNOLOGY REPLACEMENT FUND Total** | | | | **269,866** |
| **FIRE FACILITIES** | 121001 | FIRE STATION 1 RELOCATION | | 184,794 |
| **FIRE FACILITIES Total** | | | | **184,794** |
| **TRAFFIC MITIGATION** | 002503 | DEVELOPER REIMBURSEMNT-TMF | | 1,037,611 |
| | 072515 | WASHINGTON/ANDORA WIDENING | | 3,890,201 |
| | 102508 | INDUSTRIAL AVE BRIDGE REPLACEM | 4,244,138 | 3,975,097 |
| | 112503 | OAKRIDGE BRIDGE REPLACEMENT | 91,173 | 366,629 |
| | 152501 | BLUE OAKS-PLEASNT GR CMS PROJ | | 152,513 |
| | 162502 | WOODCREEK OAKS WIDENING | | 135,601 |
| | 162503 | PL GRV/RSVL PKWY TRIPLE LEFT | | 1,149,784 |
| | 162504 | ATL/EUREKA I80 WB ONRAMP | | 478,756 |
| | 969001 | CITY TRAFFIC MODEL UPDATE | | 58,233 |
| | 972505 | CIRBY WAY/ROSEVILLE RD | 900,000 | 3,466,483 |
| **TRAFFIC MITIGATION Total** | | | **5,235,312** | **14,710,907** |
| **PUBLIC FACILITIES** | 091003 | WRSP COMMUNITY CENTER | | 180,222 |
| | 139002 | DOWNTOWN PEDESTRIAN BRIDGE | | 131,696 |

| Fund | Project Number | Project description | Revenue | Expense |
|---|---|---|---|---|
| **PUBLIC FACILITIES** | 151001 | OAK STREET PARKING GARAGE | | 11,378,860 |
| | 151002 | DOWNTOWN BLDG-316 VERNON ST | | 12,300,095 |
| **PUBLIC FACILITIES Total** | | | | **23,990,873** |
| **UTILITY EXPLORATION CENTER** | 099003 | UEC-CAPITAL REPLACEMENT | | 615,043 |
| **UTILITY EXPLORATION CENTER Total** | | | | **615,043** |
| **CITY-WIDE PARK FUND-WRSP** | 155006 | SPORTS PARK COMPLEX | | 3,814,340 |
| | 165002 | FIDDYMENT HOUSES | | 269,499 |
| **CITY-WIDE PARK FUND-WRSP Total** | | | | **4,083,839** |
| **CITY-WIDE PARKS** | 045001 | CENTRAL PARK-PHASE ONE | | 1,760,576 |
| | 085003 | MAIDU INTRPTV CTR PERM BLDG EX | | 18,281 |
| | 165001 | STORAGE UNITS | | 80,805 |
| **CITY-WIDE PARKS Total** | | | | **1,859,662** |
| **PARK DEVELOPMENT-NCRSP** | 115002 | NC 55B PARKSITE | | 120,216 |
| | 155002 | NC-57 NEIGHBORHOOD PARK | | 199,517 |
| **PARK DEVELOPMENT-NCRSP Total** | | | | **319,733** |
| **PARK DEVELOPMENT-NRSP** | 025003 | LEONARD DUKE DAVIS PARK | | 30,000 |
| | 055001 | WM BILL HUGHES PRK-DIMND CRK | 175,000 | 472,585 |
| **PARK DEVELOPMENT-NRSP Total** | | | **175,000** | **502,585** |
| **PARK DEVELOPMENT-STONERIDGE** | 035003 | HARRY CRABB PARK | | 2,259,935 |
| | 155005 | WALTRIP JR. PARK (STONERIDGE) | | 123,159 |
| **PARK DEVELOPMENT-STONERIDGE Total** | | | | **2,383,094** |
| **PARK DEVELOPMENT-NRSP III** | 155007 | HAMEL PARK EXPANSION | | 173,730 |
| **PARK DEVELOPMENT-NRSP III Total** | | | | **173,730** |
| **PARK DEVELOPMENT-WRSP** | 155001 | FIDDYMENT PARCEL 50 PARK | | 1,924,881 |
| | 159006 | WRSP F-83 TRAIL & PR SITE | | 25,108 |
| **PARK DEVELOPMENT-WRSP Total** | | | | **1,949,988** |
| **PLEASANT GROVE DRAINAGE BASIN** | 029001 | PLEASANT GROVE RETENTION BASIN | | 482,830 |
| | 069001 | PLEASANT GROVE CRK HYDRLC MODL | | 43,308 |
| **PLEASANT GROVE DRAINAGE BASIN Total** | | | | **526,138** |
| **ROADWAY FUND** | 152503 | BRIDGE PREVENTATIVE MAINT PROJ | 719,502 | 895,720 |
| | 152509 | 2015 RSTP ARTERIAL MICROSUR | 6,500,000 | 8,272,027 |
| | 162501 | 2017 RESIDENTIAL RESURFACING | | 99,354 |
| | 162505 | 2017 ARTERIAL ADA RAMPS | | 160,418 |
| **ROADWAY FUND Total** | | | **7,219,502** | **9,427,519** |

| Fund | Project Number | Project description | Revenue | Expense |
|---|---|---|---|---|
| **COMMUNITY DEVEL BLOCK GRANT** | 162508 | 2016 RSVL HEIGHTS CURB/RAMP | | 145,455 |
| **COMMUNITY DEVEL BLOCK GRANT Total** | | | | **145,455** |
| **BUILDING** | 051003 | LIBRARIES REMODEL | | 370,452 |
| **BUILDING Total** | | | | **370,452** |
| **GENERAL CIP REHAB FUND** | 149003 | MDC FOR NEW VEHICLES | | 1,436 |
| | 159002 | SOFTWARE & TECHNOLOGY PROJECTS | | 1,352,359 |
| | 169006 | 800MHZ RADIO SYSTEM REPL | | 20,325 |
| **GENERAL CIP REHAB FUND Total** | | | | **1,374,120** |
| **TRANSIT** | 099007 | ITS FAREBOX MDT CAMERA | 209,481 | 127,248 |
| | 099011 | SIERRA GARDENS TRS POINT IMP | 122,293 | 470,137 |
| | 099012 | LOUIS/ORLANDO TRS POINT IMP | 968,363 | 1,130,495 |
| | 159004 | BUS PURCHASES-4 BUSES-GILLIG | 609,622 | 2,000,000 |
| **TRANSIT Total** | | | **1,909,759** | **3,727,880** |
| **TRANSPORTATION** | 099004 | DRY CRK GREENWY COMM PLAN/OUTR | | 253,105 |
| | 099005 | FOOTHILLS BUSINESS PARK BIKETR | | 74,344 |
| | 099006 | BIKE PARKING PROGRAM | | 58,396 |
| | 109001 | OAK ST EXT-MINERS RAVINE TRAIL | | 78,888 |
| | 119001 | HARDING-ROYER TRAIL SEGMENT 3 | 155,857 | 1,065,271 |
| | 129001 | DOWNTOWN TRSFR STATION RECONST | | 123,965 |
| | 129005 | DOWNTOWN REPLACEMENT BRIDGE PR | 511,306 | 312,589 |
| | 159005 | HARDING-ROYER TRAIL SGMNT4 | | 50,042 |
| | 169001 | MINERS RAV TR SHOULDER-SUNRISE | | 98,433 |
| | 169002 | 2016 BIKE TRAIL RESURFACING | | 236,929 |
| | 169003 | MAIDU PARK TRAIL REPAIR | | 274,968 |
| | 169004 | PL GRV CRK TRAIL GAP CLOSURE | | 180,000 |
| | 169005 | PED/BIKE BRIDGE INSPEC/RATING | | 125,000 |
| **TRANSPORTATION Total** | | | **667,163** | **2,931,931** |
| **GOLF IMPROVEMENT FUND** | 065501 | DIAMOND OAKS GOLF COURSE RENOV | | 11,253 |
| | 085501 | WOODCREEK GOLF COURSE | | 69,601 |
| **GOLF IMPROVEMENT FUND Total** | | | | **80,854** |
| **SOLID WASTE** | 113901 | UEC-IDEASCAPE | | 2,082,027 |
| **SOLID WASTE Total** | | | | **2,082,027** |
| **WASTEWATER** | 093501 | EU SOFTWARE APPLICATION UPGRDS | | 2,499,480 |
| | 143504 | CIS TECHNICAL UPGRADE-EU | | 18,389 |

| Fund | Project Number | Project description | Revenue | Expense |
|---|---|---|---|---|
| **WASTEWATER** | | | | |
| | 963503 | RADIO TELEMETRY COMMUNICATIONS | | 101,016 |
| **WASTEWATER Total** | | | | **2,618,885** |
| **WASTEWATER REHABILITATION FUND** | 043505 | WASTEWATER SYSTEM MODEL | | 238,593 |
| | 103501 | SCADA SYSTEM REPLACEMENT | 481,599 | 3,410,375 |
| | 123503 | ATKINSON ST AT DRY CRK WW PIPE | | 310,791 |
| | 133501 | CIPP SEWER REHABILITATION-2013 | | 1,880,205 |
| | 133502 | DRY CRK/PL GR WWTP ARC FLASH M | 359,004 | 268,843 |
| | 143501 | SHADOWBROOK LIFT STN WELL REP | | 1,070,813 |
| | 153504 | DCWWTP TERTIARY FILTER PROJ | 279,072 | 765,000 |
| | 153505 | DCWWTP PLC REHABILITATION PROJ | 145,920 | 396,229 |
| | 153506 | VACTOR WASHOUT FACILITY | | 131,256 |
| | 163502 | WW COLLEC SYS REHAB PROJ | | 1,046,998 |
| | 163504 | WW INTERCEPTOR CLEANING PROJ | 36,190 | 99,924 |
| | 163505 | WW INTERCEPTOR INSP/COND/CLEAN | 72,380 | 200,000 |
| | 163506 | WWTP CONDITION ASSESS | 133,903 | 344,333 |
| | 163508 | MAXIMO/GRANITE XP INTGRT DB MG | | 150,000 |
| | 163509 | DCWWTP NITRATE REDUCTION | | 938,855 |
| **WASTEWATER REHABILITATION FUND Total** | | | **1,508,068** | **11,252,216** |
| **WATER CONSTRUCTION** | 023001 | AQUIFER STORAGE/RECOVERY PROG | | 440,067 |
| | 043001 | WATER TREATMENT PLANT EXP #3 | | 99,377 |
| | 043002 | WOODCREEK NORTH WELL | 40,000 | 682,809 |
| | 053005 | GROUNDWATER MANAGEMENT PLAN | 180,001 | 409,199 |
| | 063001 | WEST SIDE TANK/PUMP STN PROJ | | 13,371,997 |
| | 073002 | PROCESS CONTROL STANDARDS | | 48,876 |
| | 083004 | RSVL/PCWA WTR MODEL DEVELOPMNT | | 142,939 |
| | 113002 | INTEGR REG WTR MGMT PROP84WELL | | 319,716 |
| | 113003 | CONNECTION FEE ANALYSIS-STUDY | | 25,501 |
| | 143001 | INTERTIE-ZN 4 PMP BCK PMP STN | | 258,602 |
| | 153003 | REGIONAL WTR SUPPLY RELIAB STD | | 610,557 |
| **WATER CONSTRUCTION Total** | | | **220,001** | **16,409,640** |
| **WATER REHABILITATION FUND** | 153001 | SUNRISE AVE-I80 21 IN WTR COND | | 150,000 |
| | 153002 | ARC FLASH MITIGATION-REMOTE | | 444,497 |
| | 163001 | ATLANTIC ST 6/12 IN RR XING | | 300,000 |
| | 163002 | WATER FACILITIES COND ASSESS | | 300,000 |
| **WATER REHABILITATION FUND Total** | | | | **1,194,497** |

| Fund | Project Number | Project description | Revenue | Expense |
|---|---|---|---|---|
| **ELECTRIC CONSTRUCTION** | 134003 | REHAB SUBSTATION BATTERY REPL | | 142,906 |
| | 134004 | ELECTRIC REHAB RELAY REPL | | 12,026 |
| | 134005 | CABLE REPLACEMENT-REHAB | | 33,395 |
| | 134006 | BERRY ST CIRCUIT BR REPL-REHB | | 6,002 |
| | 134008 | 60KV RESTRINGING | | 113,057 |
| | 144001 | DOUGLAS SUBSTN REHAB/NETWORK | | 1,971,909 |
| | 144008 | REHAB FAILURE REPL-CONTRL SYS | | 41,672 |
| | 144009 | REHAB COMMUNICATIONS EQUIP | | 100,000 |
| | 164003 | FIDDYMENT DFR REPL | | 222,592 |
| | 164004 | RSVL PWR PLNT 2 REHAB | | 299,299 |
| | 164006 | CT GEAR REPLACEMENT | | 418,428 |
| **ELECTRIC CONSTRUCTION Total** | | | | **3,361,285** |
| Grand Total | | | 17,130,095 | 116,222,554 |

# CIP Carry Forward Budget Transfers Adjustment
## FY2015-16 to FY2016-17

| In Fund # | In Fund Name | Out Fund # | Out Fund Name | Project # | Amount $ |
|---|---|---|---|---|---|
| 00100 | GENERAL FUND | 00201 | STATE GASOLINE TAX | 079005 | 4,172 |
| 00100 | GENERAL FUND | 00209 | UTILITY IMPACT REIMB FUND | 079005 | 58,433 |
| 00100 | GENERAL FUND | 00225 | TRAFFIC SIGNAL MAINTENANCE FD | 079005 | 20,999 |
| 00100 | GENERAL FUND | 00252 | HIGHWAY USERS TAX FUND | 079005 | 23,088 |
| 00100 | GENERAL FUND | 00310 | GENERAL CIP REHAB FUND | 059001 | 521,388 |
| 00100 | GENERAL FUND | 00310 | GENERAL CIP REHAB FUND | 079005 | 4,144 |
| 00100 | GENERAL FUND | 00460 | SOLID WASTE | 079005 | 24,265 |
| 00100 | GENERAL FUND | 00460 | SOLID WASTE | 109002 | 34,083 |
| 00100 | GENERAL FUND | 00470 | WASTEWATER | 079005 | 89,491 |
| 00100 | GENERAL FUND | 00474 | WASTEWATER REHABILITATION | 079005 | 126,195 |
| 00100 | GENERAL FUND | 00480 | WATER | 079005 | 13,829 |
| 00100 | GENERAL FUND | 00481 | WATER CONSTRUCTION | 079005 | 195,977 |
| 00100 | GENERAL FUND | 00490 | ELECTRIC | 079005 | 390,859 |
| 00100 | GENERAL FUND | 00501 | AUTOMOTIVE SERVICES | 079005 | 7,713 |
| 00100 | GENERAL FUND | 00502 | AUTOMOTIVE REPLACEMENT | 079005 | 6,158 |
| 00110 | STRATEGIC IMPROVEMENT FUND | 00215 | ANIMAL CONTROL SHELTER FUND | 109003 | 96,033 |
| 00201 | STATE GAS TAX | 00252 | HIGHWAY USERS TAX FUND | 082001 | 17,256 |
| 00216 | TECHNOLOGY REPLACEMENT FUND | 00100 | GENERAL FUND | 129006 | 65,230 |
| 00221 | TRAFFIC MITIGATION | 00253 | ROADWAY FUND | 102508 | 11,046 |
| 00222 | PUBLIC FACILITIES | 00212 | DOWNTOWN PARKING FUND | 151001 | 1,967,137 |
| 00222 | PUBLIC FACILITIES | 00310 | GENERAL CIP REHAB FUND | 139002 | 165,000 |
| 00222 | PUBLIC FACILITIES | 00390 | RFA CAPITAL PROJECTS | 151002 | 656,020 |
| 00222 | PUBLIC FACILITIES | 00670 | SUCCESSOR AGENCY-RORF | 151001 | 7,178,644 |
| 00227 | UTILITY EXPLORATION CENTER | 00460 | SOLID WASTE | 099003 | 104,585 |
| 00227 | UTILITY EXPLORATION CENTER | 00470 | WASTEWATER | 099003 | 105,185 |
| 00227 | UTILITY EXPLORATION CENTER | 00480 | WATER | 099003 | 105,185 |
| 00227 | UTILITY EXPLORATION CENTER | 00490 | ELECTRIC | 099003 | 300,089 |
| 00229 | CITY-WIDE PARK FUND-WRSP | 00222 | PUBLIC FACILITIES | 165002 | 198,749 |
| 00238 | PARK DEVELOPMENT-STONERIDGE | 00230 | CITY-WIDE PARK | 035003 | 2,181,298 |
| 00253 | ROADWAY FUND | 00201 | STATE GASOLINE TAX | 152509 | 700,000 |
| 00253 | ROADWAY FUND | 00441 | TRANSPORTATION | 152509 | 750,000 |
| 00301 | BUILDING | 00310 | GENERAL CIP REHAB FUND | 051003 | 370,452 |
| 00310 | GENERAL CIP REHAB FUND | 00463 | SOLID WASTE REHAB FUND | 169006 | 5,236 |
| 00310 | GENERAL CIP REHAB FUND | 00474 | WASTEWATER REHABILITATION | 169006 | 1,914 |
| 00310 | GENERAL CIP REHAB FUND | 00482 | WATER REHABILITATION | 169006 | 3,242 |
| 00310 | GENERAL CIP REHAB FUND | 00491 | ELECTRIC REHABILITATION FUND | 169006 | 5,570 |
| 00440 | TRANSIT | 00253 | ROADWAY FUND | 099011 | 243,533 |
| 00452 | GOLF IMPROVEMENT FUND | 00450 | DIAMOND OAKS GOLF COURSE FUND | 065501 | 7,396 |
| 00452 | GOLF IMPROVEMENT FUND | 00451 | WOODCREEK OAKS GOLF CLUB FD | 085501 | 40,233 |
| 00460 | SOLID WASTE | 00462 | SOLID WASTE CAPITAL PURCH FUND | 113901 | 696,691 |
| 00460 | SOLID WASTE | 00474 | WASTEWATER REHABILITATION | 113901 | 696,691 |
| 00460 | SOLID WASTE | 00481 | WATER CONSTRUCTION | 113901 | 696,691 |
| 00470 | WASTEWATER | 00460 | SOLID WASTE | 093501 | 820,096 |
| 00470 | WASTEWATER | 00460 | SOLID WASTE | 143504 | 6,130 |
| 00470 | WASTEWATER | 00474 | WASTEWATER REHABILITATION | 963503 | 40,398 |
| 00470 | WASTEWATER | 00480 | WATER | 093501 | 820,095 |
| 00470 | WASTEWATER | 00480 | WATER | 143504 | 6,130 |
| 00470 | WASTEWATER | 00482 | WATER REHABILITATION | 963503 | 110,000 |
| 00474 | WASTEWATER REHABILITATION FUND | 00252 | HIGHWAY USERS TAX FUND | 153506 | 32,125 |
| 00474 | WASTEWATER REHABILITATION FUND | 00470 | WASTEWATER | 043505 | 169,754 |
| 00474 | WASTEWATER REHABILITATION FUND | 00481 | WATER CONSTRUCTION | 153506 | 32,125 |
| 00474 | WASTEWATER REHABILITATION FUND | 00482 | WATER REHABILITATION | 133502 | 39,479 |
| 00481 | WATER CONSTRUCTION | 00480 | WATER | 053005 | 71 |
| 00482 | WATER REHABILITATION FUND | 00474 | WASTEWATER REHABILITATION | 153002 | 197,554 |
| 50012 | PARK DEVELOPMENT-WRSP | 00229 | CITY-WIDE PARK FUND-WRSP | 159006 | 5,536 |
| 50012 | PARK DEVELOPMENT-WRSP | 00243 | PARK DEVELOPMENT-WRSP | 159006 | 1,682 |
| Grand Total | | | | | 21,171,073 |

Kathy Cullen 10/6/16

Budget Manager

Finance Director

City Manager

# COUNCIL COMMUNICATION

**CC #: 8068**
**File #: 0501-02**

| | |
|---|---|
| **Title:** | 2016 Building Standards Code Adoption |
| **Contact:** | Jason Rizzi 916-774-5802 jrizzi@roseville.ca.us<br>Scott Byrnes 916-774-5338 sbyrnes@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.15.**

RECOMMENDATION TO COUNCIL

Staff recommends that Council introduce for first reading this ordinance amending Title 16 of the Roseville Municipal Code, which prescribes regulations governing building standards and conditions hazardous to life and property.

BACKGROUND

On December 15, 2015, the California Building Standards Commission (CBSC) adopted the California Building Standards Code to be contained within Title 24 of the California Code of Regulations. The publication of this code occurred on July 1, 2016 with an effective date of January 1, 2017. This ordinance will adopt these regulations and allow the city to establish local amendments reasonably necessary to ensure public safety based upon climatic, geological or topographical conditions consistent with California State Law.

The California Building Standards Commission is comprised of 11 members representing building design professionals, the construction industry, local government officials and labor. The Commission receives code change proposals from several state agencies who work closely with design professionals and the construction industry to approve changes to existing codes that both improve safety and cost effectiveness. The basis for the changes were to provide enhanced clarity and consistency in application. A summary of the changes can be found at https://www.documents.dgs.ca.gov/dsa/title24/2016-CBC-FactSheet.pdf. These changes were focused on clarifying inconsistencies, rather than creating new procedures or hurdles to construction. These amendments to the Roseville Municipal Code ensure consistency between the new California Building Standards and our Roseville Municipal Code in order to ensure compliance with State law.

This ordinance proposes no additional requirements and is consistent with California State Law. The City is not proposing any additional local amendments with the approval of this ordinance, and changes throughout the ordinance are minimal.

FISCAL IMPACT

The fiscal impact on the City includes new code resources and staff training on the updated regulations. These costs have been accounted for within the current budgets of both the Fire Department and the Development Services Department.

ECONOMIC DEVELOPMENT / JOBS CREATED

No new jobs will be created by this action.

ENVIRONMENTAL REVIEW

This is an ordinance not specific to any project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines 15378). Consequently no CEQA action is required.

Respectfully Submitted,

Jason Rizzi, Fire Division Chief

Rick Bartee, Fire Chief

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Ordinance

ORDINANCE NO. _____

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE AMENDING SECTION 16.04.100 OF CHAPTER 16.04 OF TITLE 16 REGARDING BUILDINGS AND CONSTRUCTION, AND AMENDING SECTIONS 16.16.020, 16.16.040, 16.16.070, 16.16.110, 16.16.150, 16.16.160 AND 16.16.170 OF CHAPTER 16.16 OF TITLE 16 OF THE ROSEVILLE MUNICIPAL CODE REGARDING FIRE CODE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. Section 16.04.100 of Chapter 16.04 of Title 16 of the Roseville Municipal Code is hereby amended to read as follows:

**16.04.100 California Building Standards Code-Adopted.**

A. The 201~~3~~6 California Building Standards Code is hereby adopted by the City of Roseville and incorporated by reference into the City of Roseville Municipal Code, as amended by this Chapter. The 201~~3~~6 California Building Standards Code includes, but is not limited to, the following:

1. 201~~3~~6 California Building Code—Volumes 1 and 2 of the California Code of Regulations Title 24 Part 2.

2. 201~~3~~6 California Residential Code of the California Code of Regulations Title 24 part 2.5.

3. Appendix H, Patio Covers of the 201~~3~~6 California Residential Code of the California Code of Regulations Title 24 part 2.5.

4. 201~~3~~6 California Electrical Code of the California Code of Regulations Title 24 part 3.

5. 201~~3~~6 California Mechanical Code of the California Code of Regulations Title 24 part 4.

6. 20163 California Plumbing Code of the California Code of Regulations Title 24 part 5.

7. 201~~3~~6 California Energy Code of the California Code of Regulations Title 24 part 6.

8. 201~~3~~6 California Historical Building Code of the California Code of Regulations Title 24 part 8.

9. 201~~3~~6 California Existing Building Code of the California Code of Regulations Title 24 part 10.

10. 201~~3~~6 California Green Building Standards Code of the California Code of Regulations Title 24 part 11.

11. 201~~2~~5 Uniform Swimming Pool, Spa and Hot Tub Code as published by the International Association of Plumbing and Mechanical Officials adopted by reference.

B. The city hereby adopts and enforces Chapter I Division II and Section 3412.2 of the 201~~3~~6 California Building Code. There is at least one copy of said code on file in the office of the building official for use and examination by the public.

SECTION 2. Section 16.16.020 of Chapter 16.16 of Title 16 of the Roseville Municipal Code is hereby amended to read as follows:

**16.16.020 California Fire Code and International Fire Code – Adopted by reference.**

The 201~~3~~6 California Fire Code Title 24, Part 9 of the California Code of Regulations, together with appendices B, BB, C, CC, I; as well as the 201~~2~~5 International Fire Code; save and except such portions as are hereunder deleted, modified, or amended, are hereby adopted by reference.

SECTION 3. Section 16.16.040 of Chapter 16.16 of Title 16 of the Roseville Municipal Code is hereby amended to read as follows:

**16.16.040 Permits and fees.**

**A. Class I, II and IIIA liquids.** A permit shall be required to store, handle or use Class I, II, and IIIA liquids in excess of 25 gallons inside any structure, or 60 gallons outside any structure.

**B. Class III-B liquids.** A permit will be required to store, handle or use Class III-B liquids in excess of 110 gallons.

**C. Chapter 1, Section 105.6.2~~8~~7 of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**

**105.6.2~~7~~8 LP-gas.** An operational permit is required for:

1. Storage and use of LP-gas.

   **Exception:** An operational permit is not required for individual containers with a 125-gallon (473.2 L) water capacity or less serving occupancies in Group R-3.

2. Operation of cargo tankers that transport LP-gas.

**D. Chapter 1, Section 113.1 of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**

**113.1 Fees.** Each person who applies for, requests, or receives a permit, permit amendment, or service furnished by the fire department shall, at such time, pay the applicable fee or fees provided for by resolution of the city council.

**E. Minimum fee remittance.** Prior to providing service, except for emergency services, a minimum fee remittance is required based on the approved fee established for said service(s). The minimum amount for an estimated fee calculation is required at the time of request for service. Adjustments to the estimated fee may be made depending upon work required.

F. **Modification of fees.** The fire chief shall have the authority to waive or modify any fee imposed due to services provided by the fire department as stated herein and established by resolution of the city council for good cause providing such waiver or modification request is submitted in writing, stating the reason such waiver or modification is necessary, prior to the payment of the fee.

SECTION 4. Section 16.16.070 of Chapter 16.16 of Title 16 of the Roseville Municipal Code is hereby amended to read as follows:

**16.16.070 Open burning, recreational fires, and portable outdoor fireplaces.**

**Chapter 3, Section 307.1.1 of the California Fire Code is hereby amended to read as follows:**

**307.1.1 Prohibited open burning.** Open burning shall be prohibited within the city.

**Exception:** When authorized by the fire chief in accordance with the California Fire Code.

SECTION 5. Section 16.16.110 of Chapter 16.16 of Title 16 of the Roseville Municipal Code is hereby amended to read as follows:

**16.16.110 Fire protection systems.**

**A.** **Fire control room.** An approved fire control room shall be provided for all buildings protected by an automatic fire extinguishing system. Fire control rooms shall meet the following requirements:

1. Fire control rooms shall contain only fire system control valves, fire alarm control panels and other related fire system equipment.

2. The location of the fire control room shall be approved by the fire code official.

3. Fire control rooms shall have minimum dimensions of five (5) feet by seven (7) feet.

4. Fire control rooms shall be constructed with a one-hour fire rating.

5. Fire control rooms shall be provided with an exterior access door approved by the fire code official.

6. Durable signage shall be provided on the exterior side of the access door.

7. Storage of materials in fire control rooms is prohibited.

~~**B. Chapter 9, Section 901.7 of the California Fire Code is hereby amended to read as follows:**~~

~~**901.7 Systems out of service.** Where a required fire protection system is out of service, the fire department and the fire code official shall be notified immediately and an approved fire watch shall be provided for all occupants in the building left unprotected by the shutdown until the fire protection system has been returned to service. Fire watches shall be provided with at least one approved means for notification of the fire department and their only duty shall be to perform constant patrols of the protected premises and keep watch for fires.~~

**B~~C~~. Chapter 9, Section 903.2 of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**

**903.2 Where required.** Approved automatic sprinkler systems in new buildings and structures shall be provided in the locations described in Sections 903.2.1 through 903.2.12. Fire walls, fire barriers, or any fire rated assembly shall not eliminate the installation of an approved automatic sprinkler system.

**C~~D~~. New buildings.** An approved automatic sprinkler system shall be provided in every new building, except one and two family dwellings, where the total fire area is 3,600 square feet or greater.

**D~~E~~. Building additions.** An approved automatic sprinkler system shall be provided in every existing building, except one and two family dwellings, when an addition to the floor area is made increasing the size of the building to 3,600 square feet or greater.

**E~~F~~.** **Design criteria.** Minimum sprinkler systems design requirements are as follows unless otherwise approved by the fire code official:

1. Office buildings or similar use occupancies shall be designed to Ordinary Hazard Group 1.

2. Mercantile, Storage or similar use occupancies with a ceiling height of up to twenty (20) feet shall be designed to Ordinary Hazard Group 2; with a minimum design area of 3000 square feet.

3. Mercantile, Storage or similar use o~~O~~ccupancies with a ceiling height exceeding twenty (20) feet shall be designed with a minimum sprinkler density of 0.495; with a minimum design area of 2000 square feet.

**F~~G~~.** **Upright sprinklers.** Upright sprinklers shall be installed in all construction types. Sprinklers located on branch lines shall be provided with one-inch plug outlets.

~~**H.** **Chapter 9, Section 903.3.1.2 of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**~~

~~**903.3.1.2 NFPA 13R sprinkler systems.** Automatic sprinkler systems in Group R occupancies up to and including four stories in height shall not be installed in accordance with NFPA 13R.~~

**~~I~~G.** **Chapter 9, Section 905.3.1of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**

**905.3.1 Height.** In other than Group R-3 and R-3.1 occupancies, Class III standpipe systems shall be installed throughout at each floor where any of the following occur:

1. Buildings where the floor level of the highest story is located more than 30 feet (9144 mm) above the lowest level of fire department vehicle access.

2. Buildings that are three or more stories in height.

3. Buildings where the floor level of the lowest story is located more than 30 feet (9144 mm) below the highest level of fire department vehicle access.

4. Buildings that are two or more stories below the highest level of fire department vehicle access.

**Exceptions:**

1. Class I standpipes are allowed in buildings equipped throughout with an automatic sprinkler system in accordance with Section 903.3.1.1 or 903.3.1.2.

2. Class I manual standpipes are allowed in open parking garages where the highest floor is located not more than 150 feet (45720 mm) above the lowest level of fire department vehicle access.

3. Class I manual dry standpipes are allowed in open parking garages that are subject to freezing temperatures, provided that the hose connections are located as required for Class II standpipes in accordance with section 905.5.

4. Class I standpipes are allowed in basements equipped throughout with an automatic sprinkler system.

5. In determining the lowest level of fire department vehicle access, it shall not be required to consider:

   5.1 Recessed loading docks for four vehicles or less, and

   5.2 Conditions where topography makes access from the fire department vehicle to the building impractical or impossible.

**H~~J~~. Chapter 9, Section 903.4.2 of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**

**903.4.2 Alarms.** One exterior approved audible alarm and visual strobe device, located on the exterior of the building in an approved location, shall be connected to each automatic sprinkler system. Such sprinkler water-flow alarm devices shall be activated by water flow equivalent to the flow of a single sprinkler of the smallest orifice size installed in the system. Where a fire alarm system is installed, actuation of the automatic sprinkler system shall actuate the building fire alarm system. Visible alarm notification appliances shall not be required except when required by Section 907. A single approved audible alarm and visual strobe device shall be provided in the interior of the building in a normally occupied location within each space or dwelling unit and floor level, unless otherwise required by the California Fire Code.

**I~~K~~. Chapter 9, Section 907.6.6~~5~~ of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**

**907.6.6~~5~~ Monitoring.** Fire alarm systems required by this chapter or by the California Building Code shall be monitored by a Central Station Service (UUFX) that is listed in the current edition of the UL Online Certifications Directory unless otherwise required by the California Fire Code.

**J~~L~~. Combination alarm systems.** Combination fire and burglar alarm systems are not permitted.

**Exception:** Group R-3 and R-3.1

SECTION 6. Section 16.16.150 of Chapter 16.16 of Title 16 of the Roseville Municipal Code is hereby amended to read as follows:

**16.16.150 Referenced standards.**

~~**A. Chapter 80 of the California Fire Code, as adopted by the city, is hereby amended by deleting the following standard:**~~

~~**NFPA 13R-13.** Installation of Sprinkler Systems in Residential Occupancies up to and Including Four Stories in Height *as amended*.~~

~~**B.**~~**A.** **Section 103.2 of the California Fire Code, as adopted by the city, is hereby amended by deleting the following standard:**

**Section 103.2 Appointment.** The fire code official shall be appointed by the chief appointing authority of the jurisdiction; and the fire code official shall not be removed from office except for cause and after full opportunity to be heard on specific and relevant charges by and before the appointing authority.

SECTION 7. Section 16.16.160 of Chapter 16.16 of Title 16 of the Roseville Municipal Code is hereby amended to read as follows:

**16.16.160 Fire flow requirements for buildings.**

**A. Appendix B, Section B105.1 of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**

**B105.1 One- and two-family dwellings, Group R-3 and R-4 buildings and townhouses.** The minimum fire-flow and flow duration requirements for one- and two-family dwellings, Group R-3 and R-4 buildings and townhouses shall be as specified in Tables B105.1(1) and B105.1(2). The resulting fire-flow shall not be less than 1,500 gallons per minute (5678 L/min) for the prescribed duration. ~~1,500 gallons per minute for 1 hour. Fire-flow and flow duration for dwellings having a fire-flow calculation area in excess of 3,600 square feet (344.5m²) shall not be less than that specified in Table B105.1.~~

~~**Exception:** A reduction in required fire-flow of 50 percent, as approved by the fire chief, is allowed when the building is provided with an approved automatic fire sprinkler system.~~

**B. Appendix B, Section B105.2 of the California Fire Code, as adopted by the city, is hereby amended to read as follows:**

**B105.2 Buildings other than one- and two family dwellings, Group R-3 and R-4 buildings and townhouses.** The minimum fire-flow and flow duration for buildings other than one- and two-family dwellings, Group R-3 and R-4 buildings and townhouses shall be as specified in Table B105.~~1~~2 and B105.1(2). The resulting fire-flow shall be at least 50% of the value in Table B105.1(2) and not be less than 1,500 gallons per minute (5678 L/min) for the prescribed duration.

~~**Exception:** A reduction in required fire-flow of up to 50 percent, as approved, is allowed when the building is provided with an approved automatic fire sprinkler system installed in accordance with section 903.3.1.1 or 903.3.1.2. The resulting fire-flow shall not be less than 1,500 gallons per minute (5678 L/min) for the prescribed duration as specified in Table B105.1.~~

SECTION 8. Section 16.16.170 of Chapter 16.16 of Title 16 of the Roseville Municipal Code is hereby amended to read as follows:

**16.16.170 Validity.**

The city council hereby declares that should any section, paragraph, sentence, or word of this ordinance or of this code hereby adopted be declared for any reason to be invalid, it is the intent of the council that it would have passed all other portions of this ordinance independent of the elimination therefrom of any such portion as may be declared invalid.

SECTION 9. This ordinance shall be effective at the expiration of thirty (30) days from the date of adoption.

SECTION 10. The City Clerk is hereby directed to cause this ordinance to be published in full at least once within fourteen (14) days after it is adopted in a newspaper of general circulation in the City, or shall within fourteen (14) days after its adoption cause this ordinance to be posted in full in at least three (3) public places in the City and enter in the Ordinance Book a certificate stating the time and place of said publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of _______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

________________________________

MAYOR

ATTEST:

___________________________________

City Clerk

# COUNCIL COMMUNICATION

**CC #: 8091**
**File #: 0721-04**

| | |
|---|---|
| **Title:** | Municipal Code Amendment - Emergency Ride Home, Transportation Systems Management |
| **Contact:** | Sue Schooley 916-774-5365 sschooley@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.16.**

RECOMMENDATION TO COUNCIL

ORDINANCE NO. 5754 OF THE COUNCIL OF THE CITY OF ROSEVILLE AMENDING SECTIONS 11.33.030 AND 11.33.080 OF CHAPTER 11.33 OF TITLE 11 OF THE ROSEVILLE MUNICIPAL CODE REGARDING TRANSPORTATION SYSTEMS MANAGEMENT for second reading and adoption.

BACKGROUND

Not applicable.

FISCAL IMPACT

Not applicable.

ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

Not applicable.

Respectfully Submitted,

Sue Schooley, Alternative Transportation Analyst

Rhon Herndon, Public Works Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Ordinance No. 5754

ORDINANCE NO. 5754

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE AMENDING SECTIONS 11.33.030 AND 11.33.080 OF CHAPTER 11.33 OF TITLE 11 OF THE ROSEVILLE MUNICIPAL CODE REGARDING TRANSPORTATION SYSTEMS MANAGEMENT

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. Section 11.33.030 of Chapter 11.33 of Title 11 of the Roseville Municipal Code is hereby amended to read as follows:

**11.33.030 Definitions.**

As used in this chapter, the following terms shall be given the meaning ascribed to them in this section.

A. **Applicant.** An applicant for any development approval, design review permit, tentative subdivision map or parcel map or for a use or uses which, individually or collectively, may be reasonably expected to generate employment for 50 or more employees at a major common work location.

B. **Carpool.** A motor vehicle occupied by two or more, but less than eight persons traveling to a common destination. Employees who work for different employers as well as non-employed persons, excluding children, are included within the definition so long as they are in the vehicle for the majority of the total trip distance.

C. **Commute Trip.** The trip made by an employee from home-to-work or work-to-home. The commute trip may include stops between the home and the work site.

D. **Common Work Location.**

1. A common work location shall consist of any office, commercial or industrial project or a single employer in separate or common ownership having more than 10 but fewer than 50 employees, which can generally be characterized by one or more of the following:

a. Known by a common name given to the project by its developer;

b. Governed by a common set of covenants, conditions, and restrictions, which requires common area maintenance agreement or owner's association;

c. Approved, or is to be approved, as a single entity by the city;

d. Covered by a single parcel map or final subdivision map; or

e. Functions as a single retail, business center, or industrial park.

2. A "major common work location" is any common work location as defined in this section with 50 or more employees.

E. **Commuter.** An employee who travels regularly to and from a common work location or major common work location two or more days a week.

F. **Commuter Rideshare Matchlisting Service.** The rideshare program and commuter information service operated by the Sacramento Area Council of Governments (SACOG).

G. **Existing TSM Plan and TSM Agreement.** A TSM plan and TSM agreement existing prior to the adoption of this amendment to this chapter.

H. **Flexible Work Hours.** A system for shifting the workday of an employee so that the workday starts and/or ends outside of the peak hours.

I. **Level of Service.** A scale that measures the operating capacity likely to be encountered on a roadway or at the intersection of roadways, based on a volume-to-capacity ratio, with levels ranging from A to F, with A representing the lowest ratio and F the highest level of service.

J. **Peak Hours.** The periods of the day with the greatest volume of vehicular street traffic. In Roseville, the peak hours are 7:30 a.m. to 8:30 a.m. and 4:30 p.m. to 5:30 p.m. from Monday through Friday.

K. **Peak Hour Commuter.** A commuter who regularly arrives at, or departs from, a common work location or major common work location during the peak hours.

L. **Peak Hour Trip.** An arrival at, or departure from, a common work location or major common work location during the peak hours by a motor vehicle.

M. **Placer County Transportation Planning Agency (PCTPA).** The Regional Transportation Planning Agency (RTPA) for the Placer County jurisdictions, except for that portion of the county within the Tahoe Regional Planning Agency (TRPA). One of the PCTPA's responsibilities is maintaining the congestion management program (CMP) which is to coordinate the interrelationship of transportation, land use and air quality including trip reduction and travel demand. Some of the programs implemented by PCTPA include marketing materials for alternative transportation promotions and site coordinator meetings.

N. **Project Controller.**

1. A project controller is the owner, lessor and/or manager of a common work location whose tenants, individually or collectively, employ 10 or more but less than 50 employees, or an employer who employs 10 or more but less than 50 employees.

2. A major project controller is the owner, lessor, and/or manager of a major common work location whose tenants, individually or collectively, employ 50 or more employees, or an employer who employs 50 or more persons.

O. **Ridesharing.** A commute alternative to driving alone, which includes, but is not limited to, carpooling, vanpooling, public transit, walking and bicycling.

P. **Shift of Employment.** Any group of employees who work at a common work location or major common work location and who arrive and depart from work in a common time interval not greater than one hour.

Q. **Single Occupant Vehicle (SOV).** A motor vehicle occupied by one employee for commute purposes.

R. **Telecommuting (also known as Telework).** A system of working at home or at an off-work site (non-home telecommute facility) for the full work day on a regular basis for at least one day per week.

S. **Transportation Commission.** The transportation commission of the City of Roseville.

T. **Transportation Coordinator.** The person responsible for implementing a TSM plan including employee education, in-house rideshare matching, and posting of information relating to alternative transportation.

1. **City Transportation Coordinator.** The transportation coordinator of the City of Roseville as designated by the city manager.

2. **Site Transportation Systems Management (TSM) Coordinator.** The person designated by the employer, property manager, or major project controller who is responsible for implementing a TSM plan at the major common work location. Such person is commonly referred to as the employee transportation coordinator (ETC) or the property transportation coordinator (PTC).

U. **Transportation Survey**. A survey report designed and distributed by the city's transportation coordinator and filled out by the site TSM coordinator which provides employee commute information in order to calculate peak order vehicle reduction, as well as alternative transportation effectiveness. Such survey shall be conducted every five years, beginning in the year 2018 for employee commute methods in 2017.

V. **Transportation Systems Management (TSM) Agreement.** Written agreement with the city obligating the applicant to comply with the TSM Plan.

W. **Transportation Systems Management (TSM) Handbook.** An explanatory guide meant to provide clarification for site TSM coordinators and other interested persons. The TSM Handbook describes how TSM plans are prepared by applicants, reviewed by the city and implemented by the site TSM coordinator.

X. **Transportation Systems Management (TSM) Plan.** A plan submitted by an applicant and approved by the city pursuant to this chapter that is designed to reduce the number of vehicle trips to and from a major common work location. Such plan attempts to improve the movement of persons by providing employees with information regarding better and more efficient utilization of existing infrastructure (e.g., streets, roads, freeways) and new and innovative alternative commute modes (e.g., transit, carpooling, bicycling, telecommuting) in accordance with this chapter.

Y. **Vanpool.** A motor vehicle suited for occupancy by more than seven but less than 16 persons including the driver, traveling to and from work.

SECTION 2. Section 11.33.080 of Chapter 11.33 of Title 11 of the Roseville Municipal Code is hereby amended to read as follows:

**11.33.080 Site TSM coordinator's responsibilities.**

The site TSM coordinator's responsibilities shall include:

A. Posting TSM Information. Posting by the site TSM coordinator in a conspicuous place or places for employees, informational material provided by the city transportation coordinator, PCTPA, other regional rideshare agencies or prepared by the site TSM coordinator to encourage alternative transportation methods. Such informational material shall be kept current and may include, but is not limited to, the following:

1. Current schedules, rates, procedures for obtaining transit passes, and routes of public transit service to the major common work location.

2. Bicycle route maps.

3. Posters or flyers encouraging the use of ridesharing and referrals to sources of information concerning ridesharing.

4. Information regarding available services that will eliminate vehicle trips.

B. Marketing the Commuter Rideshare Matchlisting Service. Annually disseminating to all tenants and employees, or to new tenants and employees when hired, written information provided by the city transportation coordinator and/or other regional rideshare agencies regarding regional commuter rideshare match listing services.

C. Promoting the Emergency Ride Home Program. The site TSM coordinator shall promote the emergency ride home program. The program provides for the transportation of employees who use alternative transportation modes for home to work commuting in case of a personal, family or other major emergency. The program is designed to help employees get home, to a hospital, clinic, child's daycare or school. The emergency ride home is a service provided by the City of Roseville.

D. Participating in Training Opportunities. The site TSM coordinator will be invited to training events offered by the city's TSM coordinator and/or PCTPA. These training events will include information and materials for promoting such programs as Spare the Air, Clean Air Month, Bike Month, and information for implementing alternative transportation promotions. The city believes these training programs will be beneficial to the community and will help site TSM coordinators implement their TSM plans. Each site TSM coordinator or designee is expected to attend a minimum of two training events per year.

E. Promoting Alternative Transportation Opportunities. In addition to the above programs, the site TSM coordinator, working in conjunction with the city transportation coordinator, shall encourage employers and employees to use alternative transportation. Such alternative transportation promotional opportunities include, but are not limited to, the following:

1. In-House Carpool Matching Service. Conduct a survey of all employees in order to identify persons interested in being matched into carpools. Potential carpoolers are then matched by work address and shift. Such survey can be done on an annual basis and for all new employees interested in ridesharing.

2. Telecommuting (also known as Telework). Telecommuting by allowing employees to work periodically from their home or an off-site location close to home.

3. Transit Pass Subsidy. Promoting the use of public transportation by providing to employees on a monthly basis a transit pass subsidy to help offset the cost to the employee. The city transportation coordinator will work with the site TSM coordinator on promoting public transit and procuring passes.

4. Vanpool Program. Promoting vanpooling to employees as a cost effective way to commute to work. The city transportation coordinator will work with the site TSM coordinator to help implement the vanpool program. Typically, the employees lease a van and the vanpool participants shall cover the operating costs for the van.

5. Variable Work Hours. Encouraging employers and employees to eliminate commute trips or relocate the commute trip out of the peak period through the use of:

a. Compressed Work Weeks. A work schedule for an employee which eliminates at least one round trip commute biweekly. For example, 40 hours of work in four 10-hour days or a work plan that allows one day off every other week, known as the nine-eighty plan;

b. Staggered work hours involving a shift in the set work hours of all employees at the workplace; and

c. Flexible work hours involving individually determined work hours within guidelines established by the employer.

6. Showers and Lockers. To help encourage bicycling as a viable commute transportation alternative, major project controllers shall consider installing showers and lockers for their employees.

SECTION 3. This ordinance shall be effective at the expiration of thirty (30) days from the date of adoption.

SECTION 4. The City Clerk is hereby directed to cause this ordinance to be published in full at least once within fourteen (14) days after it is adopted in a newspaper of general circulation in the City, or shall within fourteen (14) days after its adoption cause this ordinance to be posted in full in at least three (3) public places in the City and enter in the Ordinance Book a certificate stating the time and place of said publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville this ___ day of _______________, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

_______________________________
MAYOR

ATTEST:

_______________________________
City Clerk

# COUNCIL COMMUNICATION

**CC #: 8069**
**File #: 0400-07**

**Title:** Amended Final Map of Westpark Phase 4 - Village W-18A
**Contact:** Kerry Andrews 916-774-5346 kandrews@roseville.ca.us

**Meeting Date: 11/2/2016**
**Item #: 7.17.**

## RECOMMENDATION TO COUNCIL

It is recommended that the City Council take the following actions:

1. Approve the amended final map on file with the City Clerk and accept on behalf of the public, subject to improvement, the rights of way and the easements offered thereon, and approve the abandonment of the rights of way and easements listed thereon.

## BACKGROUND

On June 1, 2016, the City approved the Westpark Phase 4 - Village W-18A final map and it was subsequently recorded at the County Recorder's office on June 16, 2016. Following the recordation of the final map, the developer's engineer, Murray Smith and Associates, requested that they be allowed to amend the recorded final map. The amended map is necessary to correct a minor field surveying error that caused the street improvements to be constructed slightly out of alignment (approximately 4") with the recorded final map street right of way lines. This error wasn't discovered until after the final map was recorded and the street improvements had been constructed. The amended map will correct the surveying error by realigning the street right of way lines on the final map with the actual constructed street improvements.

The Development Services - Engineering section has reviewed the subject amended final map and has determined the modifications to be minor and do not significantly affect lot configuration or size, and have found it to be in compliance with the approved tentative map, Subdivision Map Act and the City's Subdivision Ordinance.

This map will be creating 86 residential lots and one lettered lot.

## FISCAL IMPACT

No fiscal impact to the City's General Fund.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

## ENVIRONMENTAL REVIEW

This project is consistent with the West Roseville Specific Plan EIR (SCH# 2002082057) certified by the City of Roseville on February 4, 2004, and the EIR Addendum approved on November 18, 2010.

Respectfully Submitted,

Kerry Andrews, Assistant Engineer

Kevin Payne, Development Services Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Amended Map

# AMENDED FINAL MAP OF
# WESTPARK - PHASE 4, VILLAGE W-18A

SUBDIVISION NO. 2013PL-008
BOOK DD OF MAPS, PAGE 55,
O.R.P.C. LYING WITHIN A PORTION OF SECTION 23
TOWNSHIP 11 NORTH, RANGE 5 EAST, MOUNT DIABLO MERIDIAN
CITY OF ROSEVILLE, COUNTY OF PLACER, CALIFORNIA
NOVEMBER, 2016
MURRAY SMITH & ASSOCIATES
SHEET 1 OF 6

## OWNER'S STATEMENT

THE UNDERSIGNED HEREBY CERTIFY THAT THEY ARE THE ONLY PERSONS HAVING ANY RECORD TITLE INTEREST IN THE REAL PROPERTY INCLUDED WITHIN THE BOUNDARIES OF THIS SUBDIVISION MAP, "AMENDED FINAL MAP OF WESTPARK-PHASE 4, VILLAGE W-18A" AS SHOWN UPON THIS MAP, AND DO HEREBY CONSENT TO THE PREPARATION AND RECORDING OF SAID MAP AND THAT THE CONSENT OF NO OTHER PERSON IS NECESSARY. WE HEREBY OFFER FOR DEDICATION AND DO HEREBY DEDICATE FOR SPECIFIC PURPOSES THE FOLLOWING:

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS EASEMENT FOR PUBLIC PURPOSES:

A. PUBLIC EASEMENTS FOR INSTALLATION AND MAINTENANCE OF, BUT NOT LIMITED TO, ELECTROLIERS, TRAFFIC CONTROL APPURTENANCES, WATER, SEWER, DRAINAGE AND GAS PIPES, AND FOR UNDERGROUND WIRES AND CONDUITS FOR ELECTRICAL, TELEPHONE AND TELEVISION SERVICES, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO ON, OVER, UNDER AND ACROSS THOSE STRIPS OF LAND TWELVE AND ONE-HALF (12.5) FEET IN WIDTH AND CONTIGUOUS TO THE WAYS AND COURT SHOWN HEREON AND DESIGNATED "12.5' PUE" AND ALL OF LOT A (PUBLIC UTILITY EASEMENT).

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED IN FEE FOR PUBLIC PURPOSES:

B. AS PUBLIC RIGHT-OF-WAY (INCLUDING ALL OF THE IMPROVEMENTS TO THEREON), LOT A AND THE STREETS SHOWN HEREON AS MCCOVEY WAY, MADDUX WAY, GARLAND COURT, GARLAND WAY AND ECKERSLEY WAY.

LENNAR HOMES OF CALIFORNIA, INC.
A CALIFORNIA CORPORATION

BY: ______________________________
LARRY GUALCO, VICE PRESIDENT

BY: ______________________________
ROBERT TUMMOLO, VICE PRESIDENT

## NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF ______________ )
) SS
COUNTY OF ______________ )

ON ______________________________, BEFORE ME,

______________________________, A NOTARY PUBLIC, PERSONALLY APPEARED

______________________________ WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

WITNESS MY HAND:

SIGNATURE: ______________________________

NOTARY PRINTED NAME: ______________________________

MY PRINCIPAL PLACE OF BUSINESS IS ______________________________ COUNTY.

MY NOTARY COMMISSION NO. ______________________________

MY COMMISSION EXPIRES ON: ______________________________

## TRUSTEE'S STATEMENT

PLACER TITLE COMPANY, A CALIFORNIA CORPORATION, AS TRUSTEE UNDER DEED OF TRUST RECORDED SEPTEMBER 4, 2013, AS INSTRUMENT NO. 2013-0087415, OFFICIAL RECORDS OF PLACER COUNTY, AGAINST THE LAND SHOWN HEREON CONSENTS TO THE MAKING AND FILING OF THIS MAP.

BY: ______________________________ TITLE: ______________________________

BY: ______________________________ TITLE: ______________________________

## NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF ______________ )
) SS
COUNTY OF ______________ )

ON ______________________________, BEFORE ME,

______________________________, A NOTARY PUBLIC, PERSONALLY APPEARED

______________________________ WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

WITNESS MY HAND:

SIGNATURE: ______________________________

NOTARY PRINTED NAME: ______________________________

MY PRINCIPAL PLACE OF BUSINESS IS ______________________________ COUNTY.

MY NOTARY COMMISSION NO. ______________________________

MY COMMISSION EXPIRES ON: ______________________________

## SURVEYOR'S STATEMENT

I, MICHAEL S. COSTA, STATE THAT THIS AMENDED FINAL MAP OF WESTPARK-PHASE 4, VILLAGE W-18A WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF LENNAR HOMES OF CALIFORNIA, A CALIFORNIA CORPORATION IN APRIL 2015.
I HEREBY STATE THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP; THAT ALL THE MONUMENTS SHOWN HEREON ARE OF THE CHARACTER AND WILL OCCUPY THE POSITIONS AS INDICATED, OR THAT THEY WILL BE SET BY DECEMBER 31, 2016 AND THAT THE MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

______________________________
MICHAEL S. COSTA L.S. 6600
EXPIRES 12-31-17

LICENSED LAND SURVEYOR
MICHAEL S. COSTA
No. 6600
Exp. 12-31-17
STATE OF CALIFORNIA

______________________________
DATED

## CITY ENGINEER'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS AMENDED FINAL MAP OF WESTPARK-PHASE 4, VILLAGE W-18A AND FIND IT TO BE SUBSTANTIALLY THE SAME AS THE TENTATIVE MAP ON FILE AND ANY APPROVED ALTERATIONS THEREOF; THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND ALL APPLICABLE CITY ORDINANCES HAVE BEEN COMPLIED WITH.

______________________________ ______________________________
MARC STOUT DATED
CITY ENGINEER, CITY OF ROSEVILLE
R.C.E. #69879 EXPIRATION DATE 09/30/2018

I HEREBY STATE THAT I AM SATISFIED THAT THIS AMENDED FINAL MAP OF WESTPARK-PHASE 4, VILLAGE W-18A IS TECHNICALLY CORRECT.

FOR MARC STOUT, CITY ENGINEER, CITY OF ROSEVILLE

______________________________
TIMOTHY G. BLAIR, P.L.S. 8278
EXPIRATION DATE: 12/31/2017

LICENSED LAND SURVEYOR
TIMOTHY G. BLAIR
No. 8278
Exp. 12-31-17
STATE OF CALIFORNIA

______________________________
DATED

## CITY CLERK'S STATEMENT

I HEREBY STATE THAT THE CITY COUNCIL, CITY OF ROSEVILLE HAS APPROVED THIS AMENDED FINAL MAP OF WESTPARK-PHASE 4, VILLAGE W-18A AND HAS ACCEPTED ON BEHALF OF THE PUBLIC, SUBJECT TO IMPROVEMENT, THE RIGHTS-OF-WAY AND EASEMENTS OFFERED HEREON FOR DEDICATION, AND HAS APPROVED THE ABANDONMENT OF THE RIGHTS-OF-WAY AND PUBLIC UTILITY EASEMENTS AS DESCRIBED WITHIN NOTE 6 ON SHEET 3.

______________________________ BY: ______________________________
CITY CLERK, CITY OF ROSEVILLE ASSISTANT CITY CLERK
DATED ______________________________ DATED ______________________________

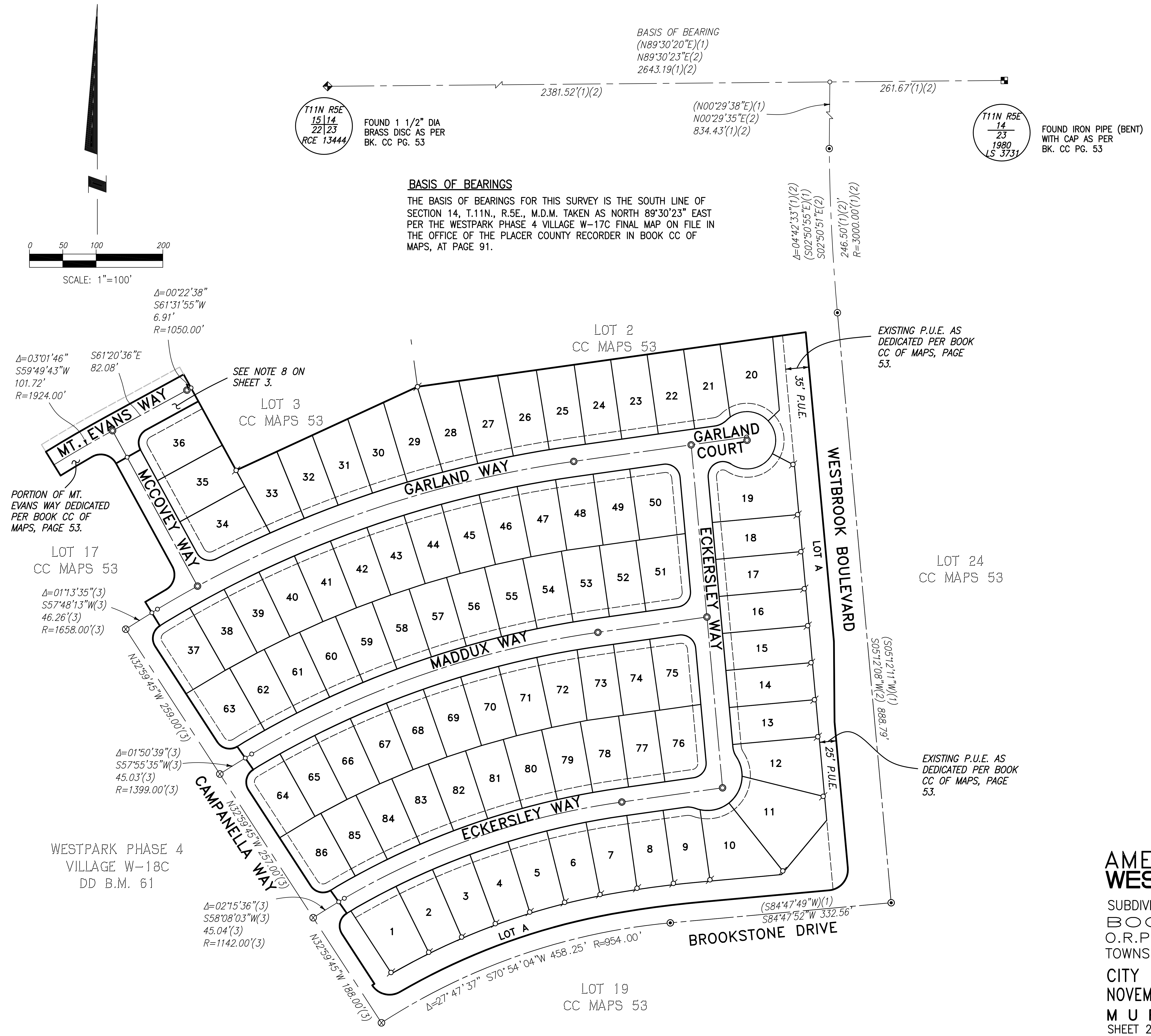
## RECORDER'S STATEMENT

FILED THIS ______ DAY OF __________, 20___, AT ________ P.__. IN BOOK _____ OF MAPS, AT PAGE _____, AT THE REQUEST OF MSA ENGINEERING, INC.

FEE: ______________________________ DOCUMENT NO.: ______________________________

BY: ______________________________ BY: ______________________________
JIM McCAULEY
COUNTY RECORDER
COUNTY OF PLACER

15-010
SUBD 000176




### BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE SOUTH LINE OF SECTION 14, T.11N., R.5E., M.D.M. TAKEN AS NORTH 89°30'23" EAST PER THE WESTPARK PHASE 4 VILLAGE W-17C FINAL MAP ON FILE IN THE OFFICE OF THE PLACER COUNTY RECORDER IN BOOK CC OF MAPS, AT PAGE 91.

### LEGEND

| | |
|---|---|
| ○ | ... DIMENSION POINT |
| ⌀ | ... SET 5/8" REBAR WITH CAP STAMPED "LS 6600" |
| ◎ | ... SET MONUMENT WELL PER CITY STANDARD |
| ⊙ | ... COPPERWELD SURVEY MONUMENT WITH CENTER PUNCH IN MONUMNET WELL STAMPED "LS 7944" (TO BE SET PER CC MAPS 53) |
| ⊗ | ... FOUND COPPERWELD SURVEY MONUMENT WITH CENTER PUNCH IN MONUMENT WELL STAMPED "LS 8067" |
| | ... FOUND MONUMENTS AS NOTED |
| P.U.E. | ... PUBLIC UTILITY EASEMENT |
| P.E. | ... PEDESTRIAN EASEMENT |
| L.E. | ... LANDSCAPE EASEMENT |
| (R) | ... RADIAL BEARING |
| | ... SET 5/8" REBAR WITH CAP STAMPED "LS 6600" AT REAR CORNERS AND ANGLE POINT ON SIDE LOT LINES OR AT 2.00 FOOT PROJECTION ALONG LOT LINES ADJACENT TO SOUNDWALLS AS NOTED |
| (ROW) | ... SET 1/4" DEEP BY 4" LONG SCORE MARK ON THE LOT LINE PROJECTION IN THE BACK OF WALK |
| (1) | ... RECORD PER BOOK CC OF MAPS, PAGE 53 |
| (2) | ... RECORD PER BOOK CC OF MAPS, PAGE 91 |
| (3) | ... RECORD PER BOOK DD OF MAPS, PAGE 61 |
| O.R.P.C. | ... OFFICIAL RECORDS OF PLACER COUNTY |

SEE SHEET 3 FOR NOTES

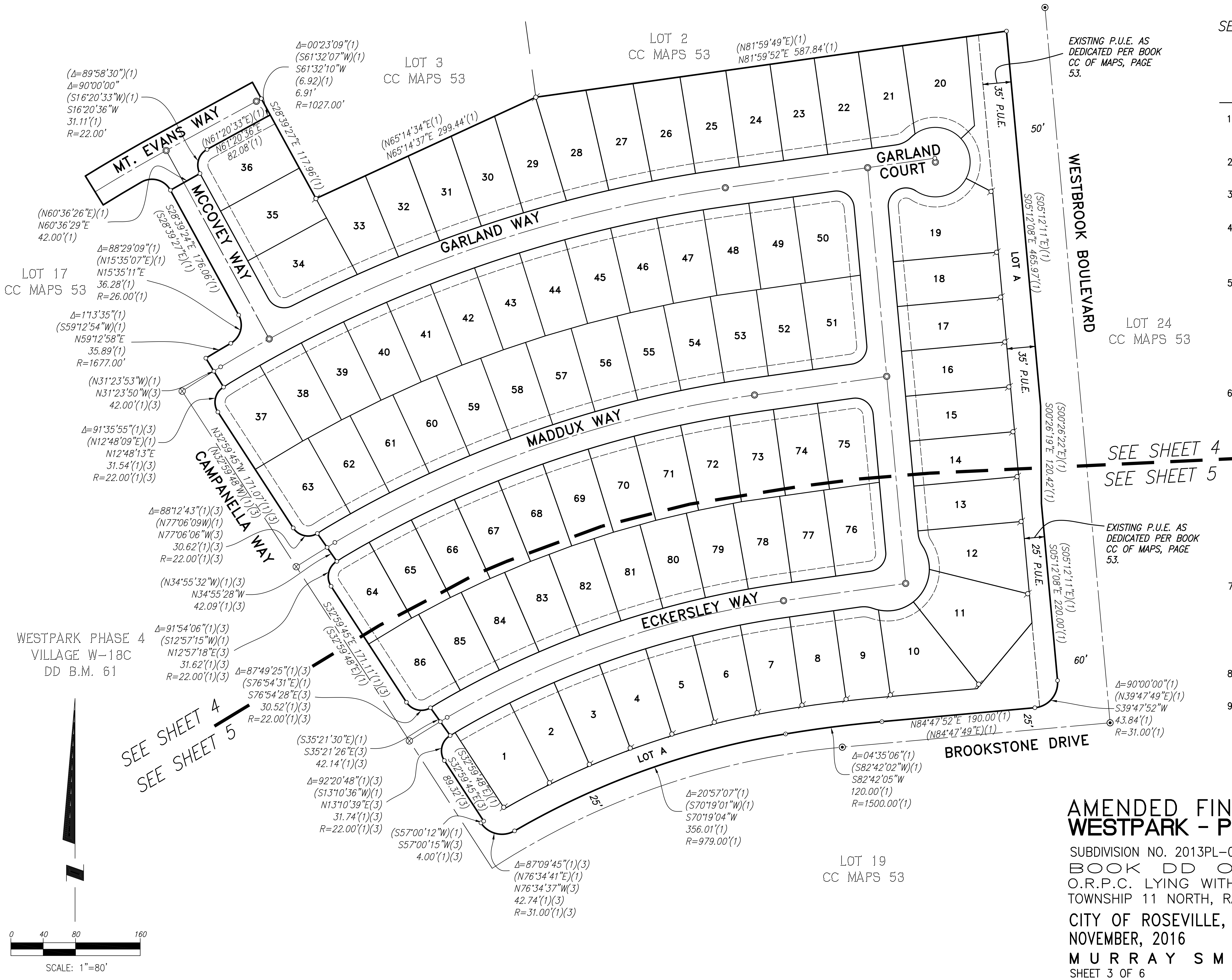
# AMENDED FINAL MAP OF
# WESTPARK - PHASE 4, VILLAGE W-18A

SUBDIVISION NO. 2013PL-008
BOOK DD OF MAPS, PAGE 55,
O.R.P.C. LYING WITHIN A PORTION OF SECTION 23
TOWNSHIP 11 NORTH, RANGE 5 EAST, MOUNT DIABLO MERIDIAN
CITY OF ROSEVILLE, COUNTY OF PLACER, CALIFORNIA
NOVEMBER, 2016

MURRAY SMITH & ASSOCIATES



15-010
SUBD 000176




SEE SHEET 2 FOR LEGEND

## NOTES

1. ALL CURVES DIMENSIONED WITH RADIUS, DELTA, CHORD BEARING AND CHORD LENGTH. CHORD LENGTHS MAY CONTAIN SOME ROUNDING ERRORS.
2. ALL DISTANCES SHOWN HEREON ARE EXPRESSED IN FEET AND DECIMALS THEREOF.
3. DUE TO ROUNDING, THE SUM OF THE INDIVIDUAL DIMENSION MAY NOT EQUAL THE OVERALL DIMENSION.
4. TOTAL AREA FOR THIS "AMENDED FINAL MAP OF WESTPARK-PHASE 4, VILLAGE W-18A" SUBDIVISION IS 17.60± AC. GROSS, CONSISTING OF 86 RESIDENTIAL DEVELOPMENT LOTS, AND 1 LETTERED LOT.
5. A GEOTECHNICAL ENGINEERING STUDY UPDATE ENTITLED "WESTPARK PHASE 4 RESIDENTIAL DEVELOPMENT" WAS PREPARED BY ENGEO, PROJECT NO. 10232.000.000, DATED MAY 22 2013. A COPY OF THIS REPORT IS AVAILABLE FOR PUBLIC INSPECTION AT THE CITY OF ROSEVILLE ENGINEERING DEPARTMENT, FILE NO. 308-798 AND MPE REPORT NO. 14-0225 DATED SEPTEMBER 30, 2014 BY MID PACIFIC ENGINEERING, INC., CITY OF ROSEVILLE ENGINEERING DEPARTMENT FILE NO. 308-822.
6. PURSUANT TO SECTION 66434(g) OF THE GOVERNMENT CODE, THE FOLLOWING PUBLIC OFFERS OF DEDICATION ARE HEREBY ABANDONED:

   A) THOSE PORTIONS OF THE IRREVOCABLE OFFER OF DEDICATION OF RIGHT-OF-WAY (IOD/ROW) DEPICTED ON THE MAP ENTITLED "WESTPARK-PHASE 4, LARGE LOT SUBDIVISION", FILED IN BOOK "CC" OF MAPS, AT PAGE 53, O.R.P.C. WHICH DO NOT LIE WITHIN THE RIGHT-OF-WAY AS DELINEATED ON THIS FINAL MAP.

   B) ALL OF THE OFFERS OF RIGHT-OF-WAY (INCLUDING LOT A) AND PUBLIC UTILITY EASEMENTS DEPICTED ON THE "FINAL MAP OF WESTPARK-PHASE 4, VILLAGE W-18A", FILED IN BOOK DD OF MAPS AT PAGE 55 O.R.P.C.
7. PER INSTRUMENT NO. 2013-0087430 THERE IS A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS AND INCIDENTAL PURPOSES ON, OVER AND ACROSS ALL THAT PORTION SHOWN AND DESIGNATED WESTBROOK BLVD. AND BROOKSTONE DRIVE WHICH WILL TERMINATE AT SUCH TIME THE CITY OF ROSEVILLE ACCEPTS TITLE TO THE IOD/ROW SET FORTH IN BOOK CC MAPS AT PAGE 53.
8. THIS PORTION OF MT. EVANS WAY IS TO BE DEDICATED LATER BY SEPARATE INSTRUMENT.
9. PER INSTRUMENT 2016-0054440 THERE IS A NON-EXCLUSIVE EASEMENT FOR SOLAR ENERGY EQUIPMENT AFFECTING LOTS 1 THROUGH 86 INCLUSIVE OF THE FINAL MAP OF WESPTPARK-PHASE 4, VILLAGE W-18A, RECORDED IN BOOK DD, AT PAGE 55 OF MAPS IN THE OFFICE OF THE PLACER COUNTY RECORDER.

# AMENDED FINAL MAP OF WESTPARK - PHASE 4, VILLAGE W-18A

SUBDIVISION NO. 2013PL-008

BOOK DD OF MAPS, PAGE 55, O.R.P.C. LYING WITHIN A PORTION OF SECTION 23 TOWNSHIP 11 NORTH, RANGE 5 EAST, MOUNT DIABLO MERIDIAN

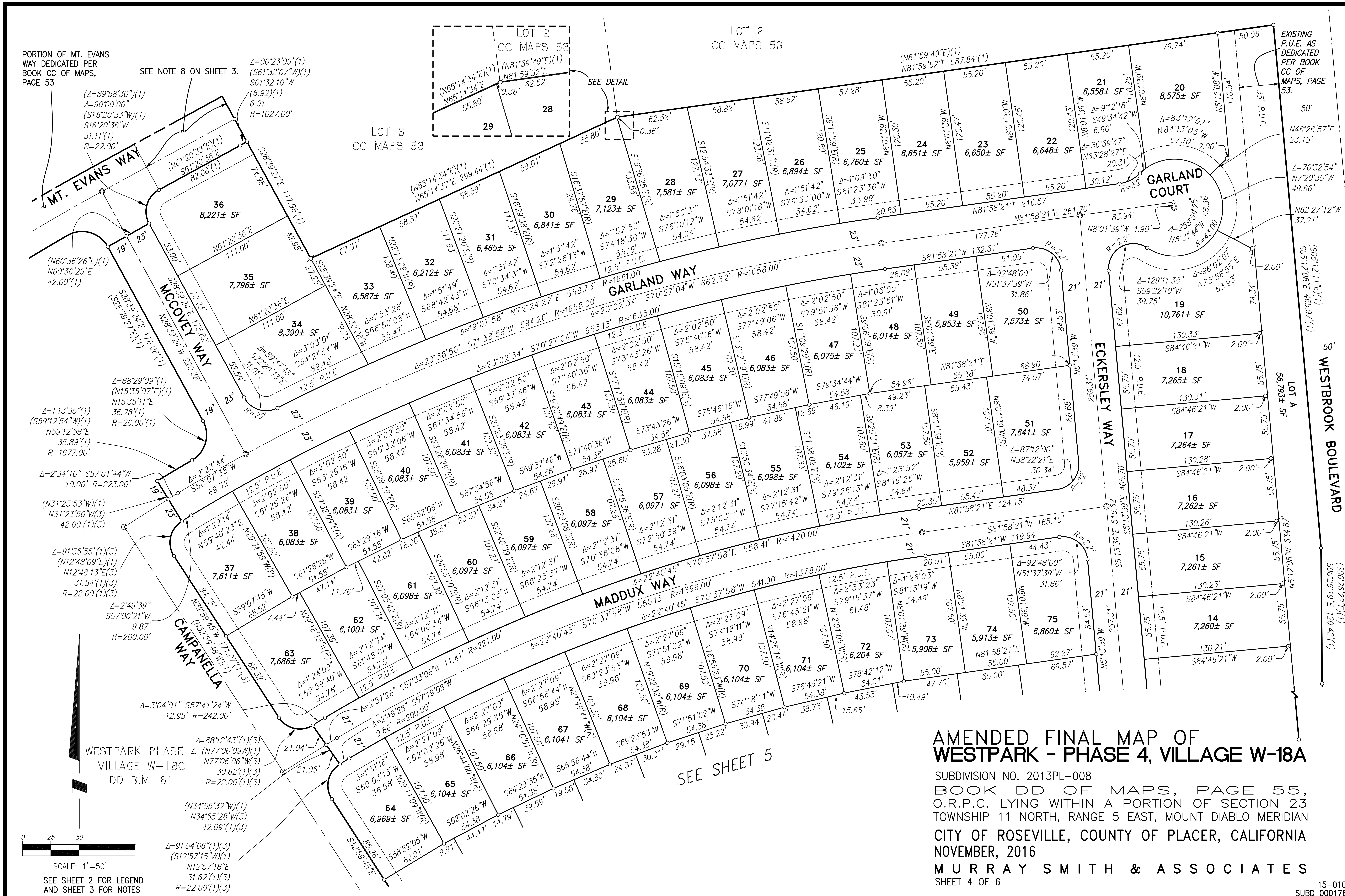
CITY OF ROSEVILLE, COUNTY OF PLACER, CALIFORNIA

NOVEMBER, 2016

MURRAY SMITH & ASSOCIATES

SHEET 3 OF 6

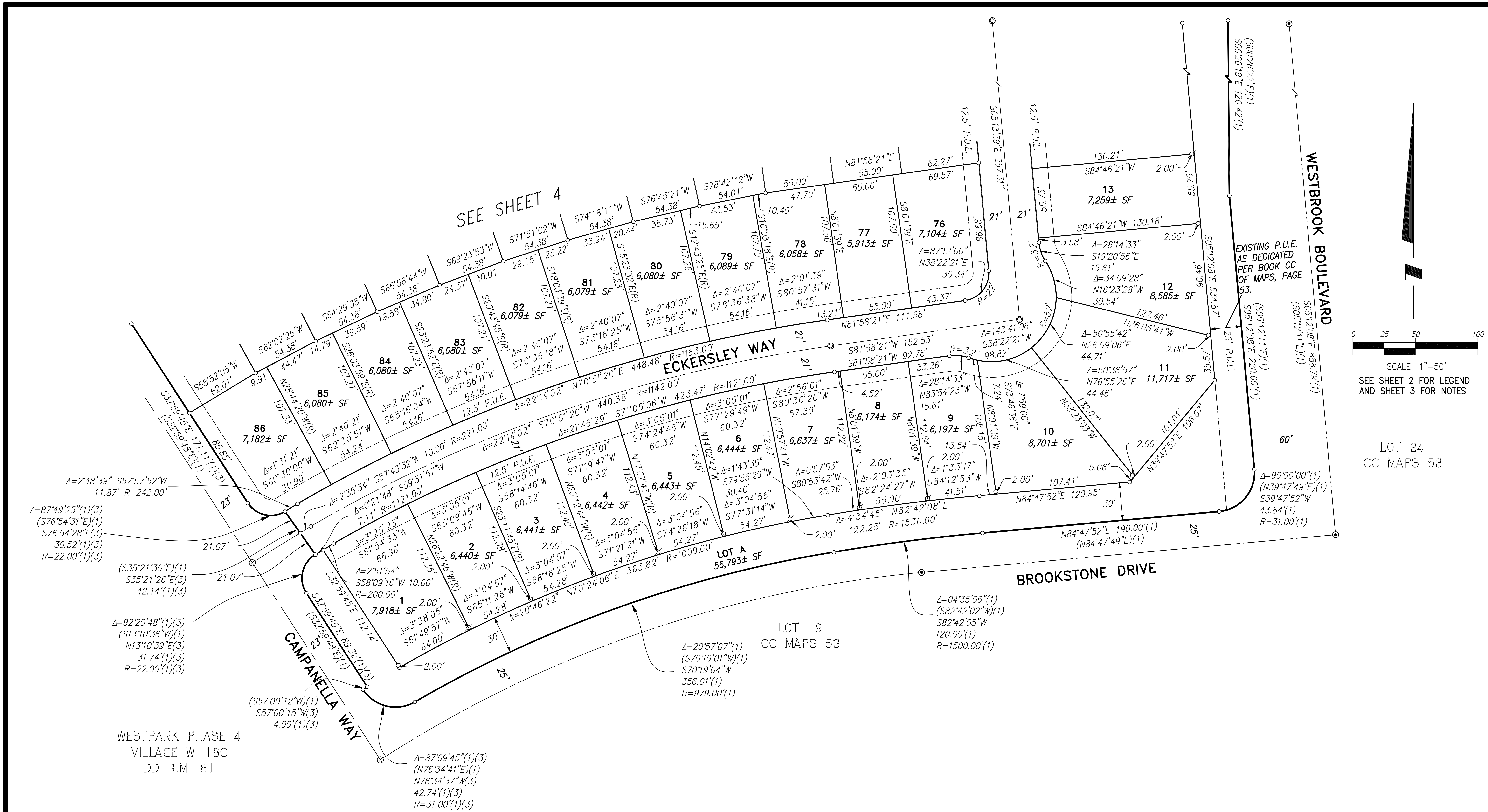
15-010
SUBD 000176




# AMENDED FINAL MAP OF WESTPARK - PHASE 4, VILLAGE W-18A

SUBDIVISION NO. 2013PL-008
BOOK DD OF MAPS, PAGE 55,
O.R.P.C. LYING WITHIN A PORTION OF SECTION 23
TOWNSHIP 11 NORTH, RANGE 5 EAST, MOUNT DIABLO MERIDIAN
CITY OF ROSEVILLE, COUNTY OF PLACER, CALIFORNIA
NOVEMBER, 2016
MURRAY SMITH & ASSOCIATES
SHEET 4 OF 6

15-010
SUBD 000176

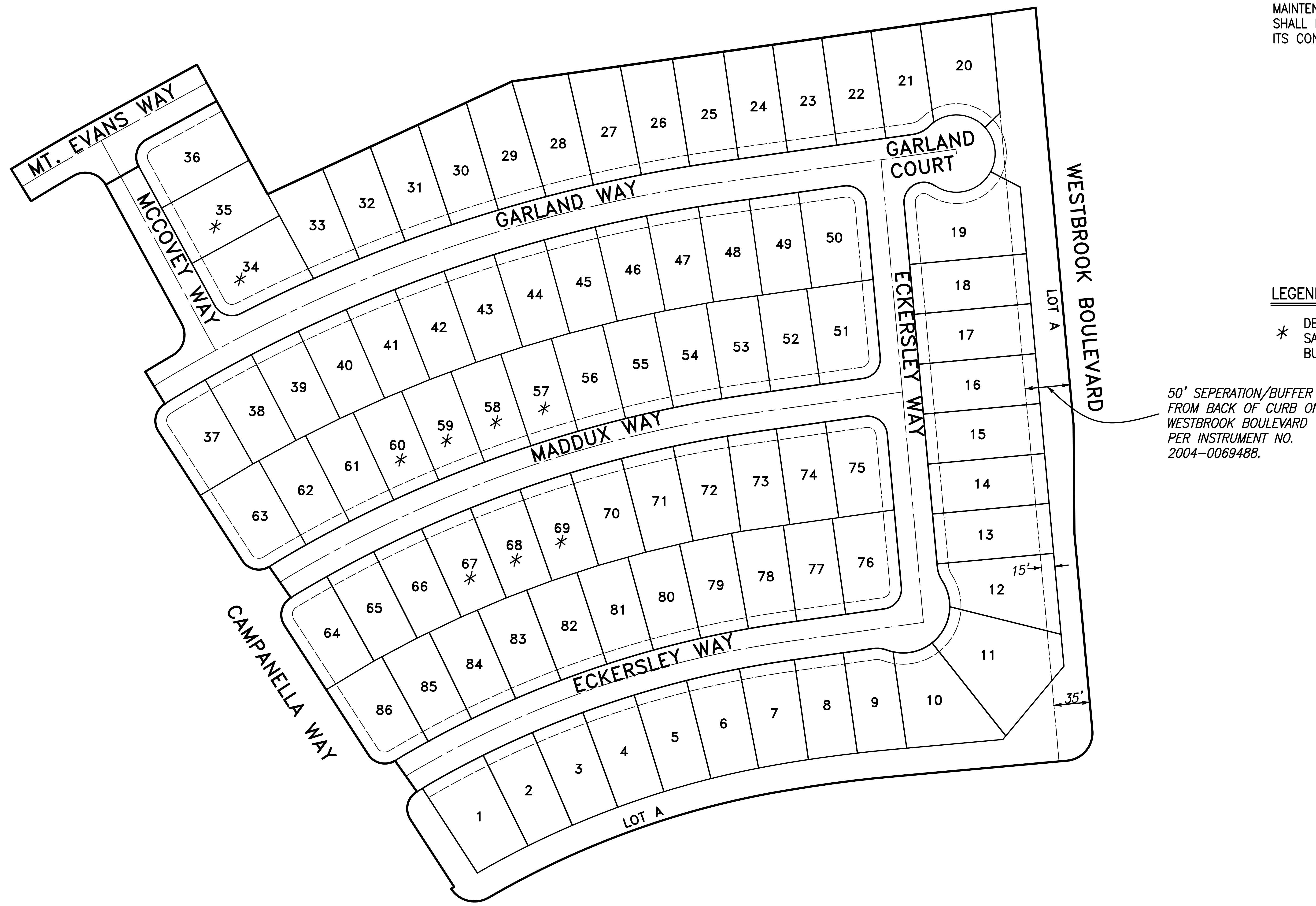



# AMENDED FINAL MAP OF
# WESTPARK - PHASE 4, VILLAGE W-18A

SUBDIVISION NO. 2013PL-008
BOOK DD OF MAPS, PAGE 55,
O.R.P.C. LYING WITHIN A PORTION OF SECTION 23
TOWNSHIP 11 NORTH, RANGE 5 EAST, MOUNT DIABLO MERIDIAN
CITY OF ROSEVILLE, COUNTY OF PLACER, CALIFORNIA
NOVEMBER, 2016
MURRAY SMITH & ASSOCIATES



15-010
SUBD 000176




ADDITIONAL INFORMATION FOR INFORMATIONAL PURPOSE ONLY
PURSUANT TO SECTION 66434.2 OF THE GOVERNMENT CODE

EACH RESIDENTIAL DWELLING CONSTRUCTED ON ANY OF THE LOTS INDICATED SHALL BE FITTED WITH A SEWER BACKFLOW PREVENTER VALVE AS APPROVED BY THE CITY OF ROSEVILLE. IT SHALL BE THE RESPONSIBILITY OF THE OWNER OF SAID DWELLING TO MAINTAIN THE VALVE AND PREVENT DAMAGE FROM OCCURRING THERETO. THE CITY OF ROSEVILLE SHALL NOT BE RESPONSIBLE FOR THE MAINTENANCE OR PERFORMANCE OF THE VALVE, AND THE CITY OF ROSEVILLE SHALL NOT BE LIABLE FOR ANY DAMAGE OCCURRING TO ANY SUCH DWELLING OR ITS CONTENTS DUE TO FAILURE OF THE VALVE FOR ANY REASON WHATSOEVER.

LEGEND

* DENOTES SEWER BACKFLOW PREVENTER VALVE REQUIRED ON SANITARY SEWER CONNECTION BY THE CITY OF ROSEVILLE WITH THE BUILDING PERMIT AND MAINTAINED THEREAFTER BY THE OWNER.

# AMENDED FINAL MAP OF
# WESTPARK - PHASE 4, VILLAGE W-18A

SUBDIVISION NO. 2013PL-008
BOOK DD OF MAPS, PAGE 55,
O.R.P.C. LYING WITHIN A PORTION OF SECTION 23
TOWNSHIP 11 NORTH, RANGE 5 EAST, MOUNT DIABLO MERIDIAN
CITY OF ROSEVILLE, COUNTY OF PLACER, CALIFORNIA
NOVEMBER, 2016

MURRAY SMITH & ASSOCIATES



15-010
SUBD 000176

CITY OF ROSEVILLE CALIFORNIA

# COUNCIL COMMUNICATION

**CC #: 8073**
**File #: 0102-10**

| | |
|---|---|
| **Title:** | Resolution of Commendation and Appreciation to the Sullivan Group |
| **Contact:** | Heather Blanco 916-774-5265 hblanco@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.18.**

## RECOMMENDATION TO COUNCIL

Recommend the Flip the Switch program by the Sullivan Auto Group be commended and appreciated for their major clean energy project on the largest energy efficiency installations in the region.

## BACKGROUND

Not applicable.

## FISCAL IMPACT

Not applicable.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

## ENVIRONMENTAL REVIEW

Not applicable.

Respectfully Submitted,

Heather Blanco, Deputy City Clerk

Sonia Orozco, City Clerk

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution of Commendation and Appreciation to the Sullivan Auto Group

# City of Roseville
# RESOLUTION

OF

## COMMENDATION AND APPRECIATION

**WHEREAS,** the Sullivan Auto Group mPOWER flipped the switch on one of the largest energy efficiency retrofits and solar photovoltaic installation projects in the Sacramento region at two John L Sullivan dealerships; and

**WHEREAS,** over the next 25 years, the energy savings and generation will not only cover the cost of the improvements but provide an additional $2.9 million in energy savings; and

**WHEREAS,** the project was complete a little over a year after the Placer County Board of Supervisors approved the $5.7 million mPOWER financing applications; and

**WHEREAS,** the energy improvements at John L Sullivan Chevrolet and Toyota Dealerships cost approximately $5.7 million and include, interior and exterior LED light installation, new high-efficiency HVAC units, a cool roof and a solar system; and

**WHEREAS,** the mPOWER program provides financing for energy and water conservation projects, which is then repaid through an assessment on the property tax bill; and

**WHEREAS,** mPOWER has funded nearly $60 million in energy efficiency and water conservation projects for both residential and non-residential property owners in Placer County; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ROSEVILLE, CALIFORNIA,** that the **FLIP THE SWITCH** program by the Sullivan Auto Group be commended and appreciated for their major clean energy project on the largest energy efficiency installations in the region.

**SIGNED AND APPROVED** this 2nd day of November, 2016.

**CAROL GARCIA, MAYOR**

**ATTEST:**

**SONIA OROZCO, CITY CLERK**
**CITY OF ROSEVILLE, CALIFORNIA**

# COUNCIL COMMUNICATION

**CC #: 8087**
**File #: 0102-10**

| | |
|---|---|
| **Title:** | Resolution of Congratulations to Shen Yun Performing Arts |
| **Contact:** | Heather Blanco 916-774-5265 hblanco@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 7.19.**

RECOMMENDATION TO COUNCIL

Recommend Shen Yun Performing Arts be congratulated on their 10th anniversary.

BACKGROUND

Not applicable.

FISCAL IMPACT

Not applicable.

ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

Not applicable.

Respectfully Submitted,

Heather Blanco, Deputy City Clerk

Sonia Orozco, City Clerk

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution of Congratulations to Shen Yun Performing Arts

# City of Roseville
# RESOLUTION

*of*

## CONGRATULATIONS

**WHEREAS,** the art of Classical Chinese dance, Shen Yun portrays a message of hope, integrity, and morality, just as the ancients believed in the divine guidance from the heavens to uplift the soul and warm the heart; and

**WHEREAS,** drawing on traditions of ancient culture in China, Shen Yun brings stories and legends to life that emphasize honor, loyalty, and integrity values that served the ancients and guided the dynasties; and

**WHEREAS,** Shen Yun Performing Arts is based in New York and travels the world to revive and awaken the traditions of a China that existed before communism; and

**WHEREAS,** Shen Yun Performing Arts mystified audiences in some of the most prestigious theaters in the world and inspired the hearts of millions over the last decade; and

**WHEREAS,** Shen Yun Performing Arts will greet the New Year by returning to Northern California with an all-new renowned, spectacular, brilliant, and amazing performance that has earned its name, roughly translated as "The essence of divine beings dancing"; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ROSEVILLE, CALIFORNIA,** that the **SHEN YUN PERFORMING ARTS** be congratulated on their 10th anniversary.

**SIGNED AND APPROVED** this 2nd day of November, 2016.

**CAROL GARCIA, MAYOR**

**ATTEST:**

**SONIA OROZCO, CITY CLERK**
**CITY OF ROSEVILLE, CALIFORNIA**

# COUNCIL COMMUNICATION

**CC #: 8081**
**File #: 0206**

| | |
|---|---|
| **Title:** | City Council / Finance Authority - Issuance and Sale of Electric System Revenue Refunding Bonds, Series 2016 |
| **Contact:** | Jeannine Thrash 916-774-5473 jthrash@roseville.ca.us<br>Monty Hanks 916-774-5313 mhanks@roseville.ca.us |

**Meeting Date: 11/2/2016**
**Item #: 8.1.**

RECOMMENDATION TO COUNCIL

Approve the attached resolutions, contracts, documents and actions related to the 2016 Electric System Revenue Refunding bonds:

1) City Resolution;
2) Roseville Finance Authority Resolution;
3) Trust Agreement;
4) 2016 Supplemental Installment Purchase Contract;
5) Preliminary Official Statement describing the Refunding Certificates;
6) 2016 Escrow Agreement;
7) Bond Purchase Agreement;

and authorizing certain other related actions, findings and determinations by law.

BACKGROUND

After a review of the existing Electric System debt structure, City staff has identified certain maturities as opportunities to refinance at more favorable rates. These maturities are components of the following two debt issuances:

-In 2009, City Council authorized the issuance of $27.01 million in Certificates of Participation ("2009 COPs") in which a portion of the net proceeds were used to refund certain obligations of the 2002 Certificates as related to the Electric System.

-In 2010, the Roseville Finance Authority authorized the issuance of the Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2010 ("2010 Bonds") for $55.85 million. A portion of these net proceeds were used to refund certain outstanding obligations related to Electric's 2008 COPs.

The 2009 COPs and 2010 Bonds are currently outstanding in the amount of $16.05 million and $54.075 million, respectively.

As a result of this analysis, staff is recommending the refinancing of these particular maturities.

FISCAL IMPACT

The current market is experiencing significant volatility due to, among other things, the upcoming election. As a result, the expected average annual debt savings to Electric operations of this refinancing effort will fall within a wide range. Calculations over the past several weeks have shown annual savings varying between $200,000 and $360,000. Actual results will be dependent upon market conditions at the time of the refinancing.

ECONOMIC DEVELOPMENT / JOBS CREATED

The bond refunding will not have an impact on local economic development or job creation.

ENVIRONMENTAL REVIEW

The bond refunding is statutorily exempt from the California Environmental Quality Act (CEQA) based on Section 15273 of the CEQA Guidelines. No other CEQA action is required.

Respectfully Submitted,

Jeannine Thrash, Administrative Analyst

Monty Hanks, Finance Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

Resolution No. 16-454

Roseville Finance Authority Resolution No. 3-16

Trust Agreement

Supplemental Agreement

POS

Escrow Agreement

Bond Purchase Agreement

**CITY COUNCIL OF THE CITY OF ROSEVILLE**

**RESOLUTION NO. 16-454**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE AUTHORIZING THE ISSUANCE AND SALE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS BY THE ROSEVILLE FINANCE AUTHORITY, AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS**

RESOLVED, by the City of Roseville, California (the “City”), as follows:

**WHEREAS**, the City has previously caused the execution and delivery of Electric System Revenue Refunding Certificates of Participation, Series 2009 in the aggregate original principal amount of $27,010,000 (the “2009 Certificates”) under a Trust Agreement dated as of December 1, 2009 (the “2009 Trust Agreement”), between the Roseville Finance Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee, evidencing installment payments payable by the City under a Master Installment Purchase Contract (the "Master Contract"), dated as of November 1, 1997, as previously supplemented and as supplemented by a 2009 Supplemental Installment Sale Agreement dated December 1, 2009 (the “2009 Supplemental Contract”), between the Authority and the City, all to finance and refinance the costs of various improvements to the City’s municipal electric system (the “Electric System”); and

**WHEREAS**, the Authority has previously issued its Electric System Revenue Refunding Bonds, Series 2010 in the aggregate original principal amount of $55,845,000 (the “2010 Bonds”) under a Trust Agreement dated as of October 1, 2010 (the “2010 Trust Agreement”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, evidencing installment payments payable by the City under the Master Contract, as previously supplemented and as supplemented by a 2010 Supplemental Installment Sale Agreement dated October 1, 2010 (the “2010 Supplemental Contract”), between the Authority and the City, all to finance and refinance the costs of various improvements to the Electric System; and

**WHEREAS**, the City proposes to enter into a Supplemental Installment Purchase Contract (the “2016 Supplemental Contract”), between the City and the Authority for the purpose of refinancing all or a portion of its obligations under the 2009 Supplemental Contract and the 2010 Supplemental Contract; and

**WHEREAS**, the Authority proposes to assist the City by issuing and selling its Electric Revenue Refunding Bonds, Series 2016 (the “Bonds”), in one or more series, in the principal amount of not to exceed $68,000,000 under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the “Bond Law”), for the purpose of providing the funds to enable the Authority to purchase the project financed by the 2016 Supplemental Contract, and thereby provide refinancing for all or a portion of the costs of the Electric System projects financed by the 2009 Certificates and 2010 Bonds by prepaying all or a portion of the 2009 Certificates and 2010 Bonds; and

**WHEREAS**, the Authority proposes to sell the Bonds on a negotiated basis to Merrill Lynch, Pierce, Fenner & Smith Incorporated, as underwriter (the "Underwriter"); and

**WHEREAS**, the City Council wishes at this time to approve all proceedings to which it is a party relating to the issuance and sale of the Bonds by the Authority and the refinancing of certain projects of the Electric System.

**NOW, THEREFORE**, it is hereby RESOLVED and DETERMINED, as follows:

SECTION 1. Approval of Financing Plan; Authorization of Bonds by Authority. The City Council hereby approves the financing plan described in the recitals of this Resolution. To that end, the City Council hereby approves of the issuance of the Bonds by the Authority under the Bond Law, in the aggregate principal amount of not to exceed $68,000,000, in one or more series, as tax-exempt and/or federally taxable, for the purpose of refinancing all or a portion of the costs of projects of the Electric System financed by the 2009 Supplemental Contract and 2010 Supplemental Contract and described in the 2016 Supplemental Contract.

SECTION 2. Approval of Related Financing Agreements. The City Council hereby approves each of the following agreements required to implement the financing plan to be accomplished by the Bonds, in substantially the respective forms on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager, City Treasurer/Chief Financial Executive or Finance Director, or an authorized designee thereof, (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

- 2016 Supplemental Installment Purchase Contract between the City and the Authority, under which the City will purchase the Electric System project described thereunder.

- Contract of Purchase among the Authority, the City and the Underwriter, under which the Underwriter agrees to purchase the Bonds from the Authority.

- Escrow Agreement among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow bank, under which the escrow bank is directed to establish and maintain the escrow funds for the prepayment of all or a part of the 2009 Certificates and the refunding of all or a part of the 2010 Bonds.

- Continuing Disclosure Certificate relating to the undertaking to make continuing disclosure filings with respect to the Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission (shown as an exhibit to the Official Statement, which is described below).

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest the final form of each of the foregoing agreements.

SECTION 3. Sale of Bonds. The City Council hereby approves the negotiated sale of the Bonds by the Authority to the Underwriter. The Bonds shall be sold upon the terms and conditions set forth in the Contract of Purchase, which is approved under Section 2, and upon such final terms and conditions as are approved by the Authority.

SECTION 4. Official Statement. The City Council hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the preliminary Official Statement describing the Bonds in the form on file with the City Clerk. Each Authorized Officer is authorized and directed to (a) execute and deliver to the Underwriter a certificate deeming the preliminary Official Statement to be final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the preliminary Official Statement to be put in final form, and (c) if requested by the Underwriter, execute the final Official Statement for and in the name and on behalf of the City. The City Council hereby authorizes the distribution of the preliminary Official Statement and the final Official Statement by the Underwriter.

SECTION 5. Official Actions. The Mayor, the City Manager, City Treasurer/Chief Financial Executive, Finance Director, the City Clerk, the City Attorney and all other officers of the City are each authorized and directed in the name and on behalf of the City to make and to execute any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, 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 6. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

* * * * * * * * * * * * * * * * * * * * * * * * *

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Roseville, California, at a regularly scheduled meeting thereof, held on the ______ day of ______, 2016, by the following vote:

AYES: COUNCILMEMBERS
NOES: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS

______________________________
Mayor

ATTEST:

______________________________
City Clerk of the City of Roseville

**ROSEVILLE FINANCE AUTHORITY**

**RESOLUTION NO. 3-16**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE ROSEVILLE FINANCE AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS**

RESOLVED, by the Roseville Finance Authority (the "Authority"), as follows:

**WHEREAS**, the City of Roseville (the "City") has previously caused the execution and delivery of Electric System Revenue Refunding Certificates of Participation, Series 2009 in the aggregate original principal amount of $27,010,000 (the "2009 Certificates") under a Trust Agreement dated as of December 1, 2009 (the "2009 Trust Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, evidencing installment payments payable by the City under a Master Installment Purchase Contract (the "Master Contract"), dated as of November 1, 1997, as previously supplemented and as supplemented by a 2009 Supplemental Installment Sale Agreement dated December 1, 2009 (the "2009 Supplemental Contract"), between the Authority and the City, all to finance and refinance the costs of various improvements to the City's municipal electric system (the "Electric System"); and

**WHEREAS**, the Authority has previously issued its Electric System Revenue Refunding Bonds, Series 2010 in the aggregate original principal amount of $55,845,000 (the "2010 Bonds") under a Trust Agreement dated as of October 1, 2010 (the "2010 Trust Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, evidencing installment payments payable by the City under the Master Contract, as previously supplemented and as supplemented by a 2010 Supplemental Installment Sale Agreement dated October 1, 2010 (the "2010 Supplemental Contract"), between the Authority and the City, all to finance and refinance the costs of various improvements to the Electric System; and

**WHEREAS**, the City proposes to enter into a Supplemental Installment Purchase Contract (the "2016 Supplemental Contract"), between the City and the Authority for the purpose of refinancing all or a portion of its obligations under the 2009 Supplemental Contract and the 2010 Supplemental Contract; and

**WHEREAS**, the Authority proposes to assist the City by issuing and selling its Electric Revenue Refunding Bonds, Series 2016 (the "Bonds"), in one or more series, in the principal amount of not to exceed $68,000,000 under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), for the purpose of providing the funds to enable the Authority to purchase the project financed by the 2016 Supplemental Contract, and thereby provide refinancing for all or a portion of the costs of the Electric System projects financed by the 2009 Certificates and 2010 Bonds by prepaying all or a portion of the 2009 Certificates and 2010 Bonds; and

**WHEREAS**, the Authority proposes to sell the Bonds on a negotiated basis to Merrill Lynch, Pierce, Fenner & Smith Incorporated, as underwriter (the "Underwriter"); and

**WHEREAS**, the Board of Directors of the Authority wishes at this time to approve all proceedings to which it is a party relating to the issuance and sale of the Bonds and the refinancing of certain projects of the Electric System.

**NOW, THEREFORE**, it is hereby RESOLVED and DETERMINED, as follows:

SECTION 1. Approval of Financing Plan; Authorization of Bonds. The Board of Directors hereby approves the financing plan described in the recitals of this Resolution. To that end, the Board of Directors hereby authorizes the issuance of the Bonds under the Bond Law in the principal amount of not to exceed $68,000,000, in one or more series, for the purpose of refinancing all or a portion of the costs of projects of the Electric System financed by the 2009 Supplemental Contract and 2010 Supplemental Contract and described in the 2016 Supplemental Contract. The Bonds shall be issued under the Trust Agreement, which is approved below.

SECTION 2. Approval of Related Financing Agreements. The Board of Directors hereby approves each of the following agreements required to implement the financing plan to be accomplished by the Bonds, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Executive Director or the Treasurer or an authorized designee thereof (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

- Trust Agreement between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), prescribing the terms and conditions upon which the Bonds will be issued.

- 2016 Supplemental Installment Purchase Contract between the City and the Authority, under which the City will purchase the Electric System project described thereunder.

- Contract of Purchase among the Authority, the City and the Underwriter, under which the Underwriter agrees to purchase the Bonds from the Authority.

- Escrow Agreement among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow bank, under which the escrow bank is directed to establish and maintain the escrow funds for the prepayment of all or a part of the 2009 Certificates and the refunding of all or a part of the 2010 Bonds.

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest the final form of each of the foregoing agreements.

SECTION 3. Sale of Bonds. The Board of Directors hereby approves the negotiated sale of the Bonds to the Underwriter. The Bonds shall be sold upon the terms and conditions set forth in the Bond Purchase Agreement, which is approved under Section 2; provided, that the true interest cost represented by all of the Bonds shall not exceed 4.25% per annum and the maximum amount of Underwriter's discount on the purchase of the Bonds shall not exceed 2.00% of the par amount of the Bonds.

Pursuant to Section 5901 et seq. of the Government Code of the State of California, it is the intention of this Board that, if marketed as federally taxable, the interest on one of the series of Bonds authorized herein be subject to all applicable federal income taxation.

SECTION 4. Official Statement. The Board of Directors hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the preliminary Official Statement describing the Bonds in the form on file with the Secretary. Each Authorized Officer is authorized and directed to (a) execute and deliver to the Underwriter a certificate deeming the preliminary Official Statement to be final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the preliminary Official Statement to be put in final form, and (c) if requested by the Underwriter, execute the final Official Statement for and in the name and on behalf of the Authority. The Board of Directors hereby authorizes the distribution of the preliminary Official Statement and the final Official Statement by the Underwriter.

SECTION 5. Official Actions. The Chair, the Executive Director, the Treasurer, the Secretary and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make and to execute any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the Authority 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 is absent or unavailable.

SECTION 6. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

* * * * * * * * * * * * * * * * * * * * * * * * *

I hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the Roseville Finance Authority, at a regularly scheduled meeting thereof, held on the ______ day of ______, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Chair
Roseville Finance Authority

ATTEST:

Secretary
Roseville Finance Authority

# TRUST AGREEMENT

**between**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**
**as Trustee,**

**and the**

**ROSEVILLE FINANCE AUTHORITY**

**Dated as of**
**__________ 1, 2016**

**relating to the**

**$_____________**
**ELECTRIC SYSTEM REVENUE REFUNDING BONDS**
**SERIES 2016A**

**and**

**$_____________**
**ELECTRIC SYSTEM REVENUE REFUNDING BONDS**
**TAXABLE SERIES 2016B**

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# TRUST AGREEMENT

This TRUST AGREEMENT, made and entered into as of _________ 1, 2016, is between THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, duly organized and existing under the laws of the United States of America with a corporate trust office located in Los Angeles, California, as trustee (the “Trustee”) and the ROSEVILLE FINANCE AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”).

**RECITALS:**

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to the Joint Exercise of Powers Act (being Sections 6500 et seq. of the Government Code of the State of California) (the "Act") and a Joint Exercise of Powers Agreement (the "Joint Powers Agreement"), between the City of Roseville (the "City") and the Redevelopment Agency of the City of Roseville; and

WHEREAS, the Act and the Joint Powers Agreement authorize and empower the Authority to assist the City in acquiring and financing and refinancing certain additions, betterments, extensions and improvements to the electric system of the City; and

WHEREAS, the Authority and the City have entered into a Master Installment Purchase Contract, dated as of November 1, 1997 (the “Master Contract”), as supplemented by a 1997 Supplemental Installment Purchase Contract executed and entered into as of November 1, 1997 (the "1997 Supplemental Contract"), a 1999 Supplemental Installment Purchase Contract executed and entered into as of August 1, 1999 (the "1999 Supplemental Contract"), a 2002 Supplemental Installment Purchase Contract executed and entered into as of December 1, 2002 (the "2002 Supplemental Contract"), a 2004 Supplemental Installment Purchase Contract executed and entered into as of July 1, 2004 (the "2004 Supplemental Contract"), a 2005 Supplemental Installment Purchase Contract executed and entered into as of June 1, 2005 (the "2005 Supplemental Contract"), a 2008 Supplemental Installment Purchase Contract dated as of May 1, 2008 (the “2008 Supplemental Contract”), a 2009 Supplemental Installment Purchase Contract executed and entered into as of December 1, 2009 (the "2009 Supplemental Contract"), a 2010 Supplemental Installment Purchase Contract executed and entered into as of July 1, 2010 (the "2010 Supplemental Contract"), a 2012 Supplemental Installment Purchase Contract dated as of November 1, 2012 (the "2012 Supplemental Contract"), a 2013 Supplemental Installment Purchase Contract dated as of November 1, 2013 (the "2013 Supplemental Contract") and a 2014 Supplemental Installment Purchase Contract executed and entered into as of August 1, 2014 (the “2014 Supplemental Contract”), pursuant to which the Authority has agreed to assist the City by financing and refinancing certain additions, betterments, extensions and improvements to the electric system of the City; and

WHEREAS, the City and the Authority have executed and entered into a 2016 Supplemental Installment Purchase Contract dated as of _________ 1, 2016 (the "2016 Supplemental Contract" and collectively with the Master Contract, the 1997 Supplemental Contract, the 1999 Supplemental Contract, the 2002 Supplemental Contract, the 2004 Supplemental Contract, the 2005 Supplemental Contract, the 2008 Supplemental Contract, the 2009 Supplemental Contract, the 2010 Supplemental Contract, the 2012 Supplemental Contract the 2013 Supplemental Contract, and the 2014 Supplemental Contract, the "Contract") under and pursuant to which the Authority has agreed to assist the City in refinancing a portion of the improvements to the electric system of the City as described in the 2009 Supplemental Contract (the “2009 Project” as defined therein) and the 2010 Supplemental Contract (the “2010 Project” as defined therein); and

WHEREAS, in connection with the 2009 Supplemental Contract, the City financed the 2009 Project with the proceeds of Certificates of Participation, Series 2009 (the “2009 Certificates”) executed and delivered pursuant to a Trust Agreement dated as of July 1, 2009 (the “2009 Trust Agreement”) between the Authority and the Trustee; and

WHEREAS, in connection with the 2010 Supplemental Contract, the City financed the 2010 Project with the proceeds of Electric System Revenue Refunding Bonds, Series 2010 (the “2010 Bonds”) executed and delivered pursuant to a Trust Agreement dated as of October 1, 2010 (the “2010 Trust Agreement”) between the Authority and the Trustee; and

WHEREAS, the City and the Authority, after due investigation and deliberation, have determined that it is in the best interests of the City that the Authority at this time provide for the prepayment of [[a portion of]] the 2009 Certificates and the 2010 Bonds through bonds authorized under this Trust Agreement; and

WHEREAS, the City has determined that the consummation of the transactions contemplated in the Contract, including the 2016 Supplemental Contract, are necessary and proper for City purposes and is for the common benefit of the City as a whole; and

WHEREAS, the Authority is empowered pursuant to the Act to assist the City in refinancing a portion of the cost of acquisition and construction of the projects financed or refinanced by the 2009 Supplemental Contract and the 2010 Supplemental Contract by executing and delivering revenue bonds payable from and secured by revenues consisting primarily of payments (the “2016 Payments”) received by the Authority under the 2016 Supplemental Contract; and

WHEREAS, all rights to receive the 2016 Payments (described herein) have been assigned by the Authority to the Trustee pursuant to this Trust Agreement; and

WHEREAS, in consideration of such assignment and the execution and entering into of the Trust Agreement, the Trustee has agreed to execute and deliver bonds (as described herein, the "2016 Bonds") described herein in an aggregate principal amount equal to the aggregate principal amount of such 2016 Payments; and

WHEREAS, the Authority has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Trust Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the execution and delivery of this Trust Agreement have been in all respects duly authorized.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants herein, and for other valuable consideration, the parties hereto do hereby covenant and agree, as follows:

## ARTICLE I

## DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section will for all purposes of this Trust Agreement and of any Supplemental Trust Agreement and of the 2016 Bonds and of any certificate, opinion, request or other documents herein mentioned, have the meanings herein specified or specified in the Master Contract.

"Authority" means the Roseville Finance Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State.

"Bonds" means collectively the 2016A Bonds and 2106B Bonds.

"Business Day" means any day (other than a Saturday or a Sunday) on which banks in New York, New York are open for business and on which the Trustee is open for business at its corporate trust office in Los Angeles, California.

"Certificate of the Authority" means an instrument in writing signed by the Executive Director or Treasurer of the Authority or by any other officer of the Authority duly authorized by the Authority for that purpose.

"City" means the City of Roseville, a charter city and municipal corporation, duly organized and existing under and by virtue of the Constitution and laws of the State.

"Closing Date" means ________, 2016, the date of original issuance and delivery of the 2016 Bonds.

"Code" or “Tax Code” means the Internal Revenue Code of 1986, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code will be deemed to be a reference to any successor to any such section.

"Contract" means the Master Contract, as supplemented by a 1997 Supplemental Installment Purchase Contract dated as of November 1, 1997 (the "1997 Supplemental Contract"), a 1999 Supplemental Installment Purchase Contract dated as of August 1, 1999 (the "1999 Supplemental Contract"), a 2002 Supplemental Installment Purchase Contract dated as of December 1, 2002 (the "2002 Supplemental Contract"), a 2004 Supplemental Installment Purchase Contract dated as of July 1, 2004 (the "2004 Supplemental Contract"), a 2005 Supplemental Installment Purchase Contract executed and entered into as of June 1, 2005 (the "2005 Supplemental Contract"); a 2008 Supplemental Installment Purchase Contract dated as of May 1, 2008 (the "2008 Supplemental Contract"), a 2009 Supplemental Installment Purchase Contract executed and entered into as of December 1, 2009 (the "2009 Supplemental Contract"), a 2010 Supplemental Installment Purchase Contract executed and entered into as of July 1, 2010 (the "2010 Supplemental Contract"), a 2012 Supplemental Installment Purchase Contract dated as of November 1, 2012 (the "2012 Supplemental Contract"), a 2013 Supplemental Installment Purchase Contract dated as of November 1, 2013 (the "2013 Supplemental Contract"), a 2014 Supplemental Installment Purchase Contract executed and entered into as of August 1, 2014 (the “2014 Supplemental Contract”), and the 2016 Supplemental Contract pursuant to which the Authority has agreed to assist the City by refinancing certain obligations under the 2009 Supplemental Contract and the 2010 Supplemental Contract, and as otherwise amended or supplemented from time to time.

"Corporate Trust Office" means the corporate trust office of the Trustee in Los Angeles, California, or such other office designated by the Trustee from time to time, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term will mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority and related to the authorization, execution and delivery of the Contract, the Trust Agreement and the sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other cost, charge or fee in connection with the original execution and delivery of the Bonds.

"Event of Default" means an event described in Section 7.01 hereof.

“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 Authority or 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 direct obligations of, or obligations the interest on and principal of which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America and including a receipt, certificate or any other evidence of any ownership interest in such an obligation, or in specified portions thereof (which may consist of specified portions of interest thereon).

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the Authority, and who, or each of whom

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority,

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and

(3) is not connected with the Authority as a member, officer or employee of the Authority, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority.

"Information Services" means the Municipal Securities Rulemaking Board (in an electronic format as prescribed by the Municipal Securities Rulemaking Board); or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Trustee may have knowledge or the Authority may designate to the Trustee.

"Interest Payment Date" means February 1 and August 1 of each year, commencing February 1, 2017.

“Joint Powers Agreement” means that certain Joint Exercise of Powers Agreement, originally entered into as of July 1, 1989 and amended and restated as of July 1, 1997, by and between the City and the Redevelopment Agency of the City of Roseville, as amended from time to time.

"Master Contract" means that certain Master Installment Purchase Contract, dated as of November 1, 1997, by and between the City and the Authority.

"Moody’s" means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the services of a municipal securities rating agency, then the term "Moody’s" will be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, retained by the Authority.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 6.02) all Bonds theretofore executed, issued and delivered by the Authority under this Trust Agreement except:

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 8.01; and

(3) Bonds in lieu of or in substitution for which other Bonds will have been executed and delivered by the Trustee pursuant hereto.

"Owner" means any person who will be the registered owner of any Outstanding Bond as indicated in the registration books of the Trustee.

"Parity Reserve Fund" means the fund by that name established pursuant to Section 3.04 of the 1997 Trust Agreement.

"Permitted Investments" means any of the following obligations if and to the extent that they are permissible investments of funds of the City as stated in its current investment policy and to the extent then permitted by law (provided that the Trustee is entitled to rely upon any investment directions from the City as conclusive certification to the Trustee that the investments described therein are so authorized under the current investment policy of the City):

1. Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

a) Federal Home Loan Mortgage Corporation (FHLMC);

b) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - Senior Debt obligations;

c) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and notes;

d) Federal Home Loan Banks (FHL Banks) Consolidated debt obligations;

e) Federal National Mortgage Association (FNMA) Senior debt obligations Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

f) Student Loan Marketing Association (SLMA) Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

g) Financing Corporation (FICO) Debt obligations;

h) Resolution Funding Corporation (REFCORP) Debt obligations.

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P, including those of the Trustee and its affiliates.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least $5 million, including the Trustee and its affiliates.

6. Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's at the time of purchase.

7. Money market funds rated "AAm" or "AAm-G" by S&P, or better, including funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

8. "State Obligations", which means:

a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "MIG-1" by Moody's;

c) Special Revenue Certificates (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's;

9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

a) the municipal obligations are (1) not subject to prepayment prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and prepayment and the issuer of the municipal obligations has covenanted not to prepay such municipal obligations other than as set forth in such instructions;

b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

c) the principal of and interest with respect to the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

e) no substitution of a United States Treasury Obligation will be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's, provided that:

a) The market value of the collateral is maintained at 104%;

b) The Trustee or a third party acting solely as agent therefor or for the Authority (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

c) The repurchase agreement will state and an opinion of counsel will be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

d) All other requirements of S&P in respect of repurchase agreements will be met;

e) The repurchase agreement will provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Authority or the Trustee within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Authority or Trustee;

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the 2016 Bonds;

b) the invested funds are available for withdrawal, for reasons under this Trust Agreement, without penalty or premium, upon not more than seven days' prior notice; the Authority and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

c) the investment agreement will state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel will state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

d) the Authority or the Trustee receives the opinion of domestic counsel (which opinion will be addressed to the Authority) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable);

e) the investment agreement will provide that if during its term:

i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider will, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Authority, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at least 104% (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest with respect to the investment, and

ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Authority or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest with respect to the investment, in either case with no penalty or premium to the Authority or Trustee, and

f) the investment agreement will state and an opinion of counsel will be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

g) the investment agreement must provide that if during its term:

i) the provider will default in its payment obligations, the provider's obligations under the investment agreement will, at the direction of the Authority or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the Authority or Trustee, as appropriate; and

ii) the provider will become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations will automatically be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the Authority or Trustee, as appropriate.

12. shares in the California Asset Management Program.

13. the Local Agency Investment Fund established under Section 16429.1 of the Government Code of the State of California, *provided, however,* that the Trustee must be allowed to make investments and withdrawals in its own name and the Trustee may restrict investments in the Local Agency Investment Fund if required to keep moneys available for the purposes of this Trust Agreement.

"Rating Agency" means S&P, and its respective successors or assigns, or any other nationally recognized securities rating agency selected by the Authority.

"Record Date" means, with respect to an Interest Payment Date, the 15th day of the month immediately preceding such Interest Payment Date, whether or not such date is a Business Day.

"Representation Letter" means the letter of representation to The Depository Trust Company, New York, New York, from the Authority.

"Reserve Fund Requirement" has the meaning set forth in the Master Contract, which is as follows: "Reserve Fund Requirement" means, as of any date of determination and excluding any Parity Obligations which are not Supplemental Contracts and the debt service thereon, the least of (a) ten percent (10%) of the initial offering price to the public of the Parity Obligations as determined under the Code, or (b) the Maximum Annual Debt Service, or (c) one hundred twenty-five percent (125%) of the Average Annual Debt Service, all as computed and determined by the City and specified in writing to the Trustee; provided, that such requirement (or any portion thereof) may be provided by one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank or other institution if the obligations insured by such insurer or issued by such bank or other institution, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit equal to "Aa" or higher assigned by Moody's (if Moody's is then rating any of the Parity Obligations) and "AA" or higher assigned by S&P (if S&P is then rating any of the Parity Obligations) and that maintain at all times ratings at least equal to the lowest ratings (without giving effect to municipal bond insurance or other credit enhancement) on any of the Parity Obligations provided by Moody's (if Moody's is then rating any of the Parity Obligations) and by S&P (if S&P is then rating any of the Parity Obligations). If at any time obligations insured by any such municipal bond insurer issuing a policy of municipal bond insurance or surety bond or a bank or other institution issuing a letter of credit as permitted by this definition shall no longer maintain ratings as required in accordance with the immediately preceding sentence, the City shall provide or cause to be provided cash or a substitute municipal bond insurance policy or surety bond or a letter of credit meeting such requirements.

“Revenues” means: (a) all of the 2016 Payments, and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under this Trust Agreement.

"Securities Depositories" means The Depository Trust Company, or, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority may designate in a Certificate of the Authority to the Trustee.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors or assigns, except that if such entity will be dissolved or liquidated or will no longer perform the services of a municipal securities rating agency, then the term "S&P" will be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority.

"State" means the State of California.

"Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

"Tax Certificate" means the Certificate as to Arbitrage of the City concerning certain matters pertaining to the use and investment of proceeds of the Bonds, executed and delivered by the City on the date of delivery of the Bonds, including any and all exhibits attached thereto.

"Term Bonds" means, with respect the 2016A Bonds, the 2016A Bonds maturing on February 1, 20__, and with respect the 2016B Bonds, the 2016B Bonds maturing on February 1, 20__.

"Trust Agreement" means this Trust Agreement, dated as of _________ 1, 2016, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., or any other association or corporation, which may at any time be substituted in its place as provided in Section 5.01.

“2009 Certificates” means the Certificates of Participation, Series 2009 executed and delivered pursuant to a Trust Agreement dated as of July 1, 2009 between the Authority and the Trustee.

“2010 Bonds” means the Electric System Revenue Refunding Bonds, Series 2010 executed and delivered pursuant to a Trust Agreement dated as of October 1, between the Authority and the Trustee.

"2016 Bonds" or “Bonds” means, collectively, the 2016A Bonds and the 2016B Bonds.

"2016A Bonds" means the “Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2016A", executed and delivered in accordance with Article II hereof.

"2016B Bonds" means the “Roseville Finance Authority Electric System Revenue Refunding Bonds, Taxable Series 2016B", executed and delivered in accordance with Article II hereof.

"2016 Debt Service Fund" means the fund by that name established pursuant to Section 3.02.

"2016 Interest Account" means the account by that name established pursuant to Section 3.03.

"2016 Parity Reserve Account" means the 2016 Parity Reserve Account established under Section 3.04.

"2016 Payments" means the installment payments of interest, principal and redemption premiums, if any, payable by the City under and pursuant to the 2016 Supplemental Contract.

"2016 Redemption Account" means the account by that name established pursuant to Section 3.03.

"2016 Principal Subaccount" means the subaccount by that name established in Section 3.03.

"2016 Supplemental Contract" means that certain 2016 Supplemental Installment Purchase Contract, dated as of _________ 1, 2016, by and between the City and the Authority.

“2016 Escrow Agreement” means the Escrow Agreement dated as of _________ 1, 2016, among the City, the Authority and the 2016 Escrow Bank, related to the 2009 Certificates and the 2010 Bonds.

“2016 Escrow Bank” means The Bank of New York Mellon Trust Company, N.A., in its capacity as escrow bank under the 2016 Escrow Agreement.

"2016 Escrow Fund" means the account by that name established pursuant to the 2016 Escrow Agreement.

"Written Request of the Authority" means an instrument in writing signed by the Treasurer of the Authority or by any other officer of the Authority duly authorized by the Authority for that purpose.

SECTION 1.02. <u>Equal Security</u>. In consideration of the acceptance of the Bonds by the Owners thereof, this Trust Agreement will be deemed to be and will constitute a contract between the Authority and the Owners from time to time of all Bonds authorized, executed and delivered hereunder and then Outstanding to secure the full and final payment of the interest, and principal and redemption premiums, if any, on the Bonds which may from time to time be authorized, executed and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Trustee will be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II
## THE BONDS

SECTION 2.01. Authorization of Bonds. The Series 2016A Bonds authorized to be issued by the Authority under and subject to this Indenture shall be designated the "Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2016A", and shall be issued in the original principal amount of ____________________ Dollars ($____________). The Series 2016B Bonds authorized to be issued by the Authority under and subject to this Indenture shall be designated the "Roseville Finance Authority Electric System Revenue Refunding Bonds, Taxable Series 2016B", and shall be issued in the original principal amount of ____________________ Dollars ($____________). Each series of Bonds will be lettered and numbered in a customary manner as determined by the Trustee.

SECTION 2.02. Terms of the Bonds. The Bonds will be dated the Closing Date, will be issued as fully registered Bonds without coupons in the denomination of $5,000 or any integral multiple of $5,000 in excess thereof. No Bond principal will become payable in more than one year.

Principal on the 2016A Bonds will be payable on the dates and in the principal amounts and evidence interest at the rates as set forth in the following schedule:

| Maturity Date (February 1) | Principal Amount | Interest Rate |
|---|---|---|
| | $ | % |

Principal on the 2016B Bonds will be payable on the dates and in the principal amounts and evidence interest at the rates as set forth in the following schedule:

| Maturity Date (February 1) | Principal Amount | Interest Rate |
|---|---|---|
| | $ | % |

Interest on the Bonds will be payable in lawful money of the United States of America at the rates (based on a 360-day year of twelve 30-day months) set forth above, payable on February 1, 2017, and semiannually thereafter on August 1 and February 1 in each year to the respective maturity date or redemption prior thereto. The Bonds will bear interest from the Interest Payment Date next preceding the date of execution thereof, unless such date of execution is after a Record Date and on or before the following Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless such date of execution is on or before the first Record Date, in which event such Bond will bear interest from the Closing Date; provided, that if at the time of execution of any Outstanding Bond interest is then in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Bonds. Payment of interest on the Bonds will be made to the person whose name appears in the Bond registration books kept by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date for an Interest Payment Date, whether or not such day is a Business Day, and will be paid by check mailed on such Interest Payment Date by first-class mail to such registered owner at the address as it appears in such books; provided, that upon the written request of any Owner of one million dollars ($1,000,000) or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable Record Date (which such request will remain in effect until rescinded in writing by such Owner) interest will be paid by wire transfer in immediately available funds to an account in the United States designated by the Owner.

The principal amount of the Bonds will be payable in lawful money of the United States of America upon the surrender thereof on the respective maturity date or on redemption prior thereto at the Corporate Trust Office of the Trustee.

"CUSIP" identification numbers will be imprinted on the Bonds, but such numbers will not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto will not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the City or the Trustee to use such CUSIP numbers in any notice to Owners will not constitute an event of default or any violation of the Authority's contract with such Owners and will not impair the effectiveness of any such notice.

SECTION 2.03. Redemption of Bonds.

(a) Optional Redemption.

*Series 2016A Bonds.* The 2016A Bonds are subject to optional redemption prior to their respective stated maturity dates, upon notice as hereinafter provided, from prepayment of 2016 Payments made by the City pursuant to the Contract, as a whole or in part (from such maturity dates as are designated by the Authority to the Trustee at the direction of the City or, if the Authority fails to designate such maturity dates, in inverse order of maturity date and by lot within a maturity date) on any date on or after _________ 1, 20__, at a redemption price equal to the principal amount of the 2016A Bonds called for redemption, plus accrued and unpaid interest to the redemption date, without premium.

*Series 2016B Bonds.* The 2016B Bonds are subject to optional redemption prior to their respective stated maturity dates, upon notice as hereinafter provided, from prepayment of 2016 Payments made by the City pursuant to the Contract, as a whole or in part (from such maturity dates as are designated by the Authority to the Trustee at the direction of the City or, if the Authority fails to designate such maturity dates, in inverse order of maturity date and by lot within a maturity date) on any date on or after _________ 1, 20__, at a redemption price equal to the principal amount of the 2016B Bonds called for redemption, plus accrued and unpaid interest to the redemption date, without premium.

For purposes of selecting Bonds to be redeemed, Bonds of each series and maturity date will be deemed to be composed of five thousand dollars ($5,000) multiples and any such multiple may be separately redeemed. If the Authority elects to redeem Bonds pursuant to

Section 2.03(b), it will notify the Trustee of the redemption date and the series and principal amount of the Bonds of each maturity date to be redeemed on such redemption date at least forty-five (45) days prior to such redemption date; provided, that the Trustee may, at its option, waive any such notice or accept any notice received at a later date.(b) Mandatory Sinking Fund Redemption of Term Bonds.

*Series 2016A Term Bonds.* The 2016A Bonds that are Term Bonds are subject to mandatory redemption in whole, or in part by lot, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on February 1 in the years as set forth in the following tables:

**2016A Term Bonds**
**Maturing February 1, 20__**

| Sinking Fund Redemption Date (February 1) | Principal Amount |
|---|---|
| | |
| (Maturity) | |

**2016A Term Bonds**
**Maturing February 1, 20__**

| Sinking Fund Redemption Date (February 1) | Principal Amount |
|---|---|
| | |
| (Maturity) | |

If some but not all of the 2016A Bonds that are Term Bonds have been redeemed under subsection (a) of this Section 2.03, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2016A Bonds that are Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which shall notify the Trustee in writing of such determination.

*Series 2016B Term Bonds.* The 2016B Bonds that are Term Bonds are subject to mandatory redemption in whole, or in part by lot, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on February 1 in the years as set forth in the following tables:

**2016B Term Bonds**
**Maturing February 1, 20__**

| Sinking Fund Redemption Date (February 1) | Principal Amount |
| --- | --- |
| (Maturity) | |

**2016B Term Bonds**
**Maturing February 1, 20__**

| Sinking Fund Redemption Date (February 1) | Principal Amount |
| --- | --- |
| (Maturity) | |

If some but not all of the 2016B Bonds that are Term Bonds have been redeemed under subsection (a) of this Section 2.03, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2016B Bonds that are Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which shall notify the Trustee in writing of such determination.

(c) Notice of Redemption. Notice of redemption will be mailed by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) the Information Services. Notice of redemption to the Securities Depositories and the Information Services will be given by registered mail, certified mail, overnight delivery or facsimile transmission or by other acceptable means. Each notice of redemption will state the date of such notice, the redemption price, the place of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the Bonds to be redeemed, and, if less than all of the Bonds of any one maturity date are to be redeemed, the distinctive bond numbers of the Bonds of such maturity date to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount evidenced and represented thereby to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Bonds the redemption price thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount evidenced and represented thereby to be redeemed, together with accrued and unpaid interest evidenced and represented thereby to the redemption date, and that from and after such redemption date interest evidenced and represented thereby will cease to accrue, and will require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice will not invalidate any of the proceedings taken in connection with such redemption.

In the event of redemption of Bonds, the Trustee will mail a notice of redemption upon receipt of a Written Request of the Authority or written notice from the City, may give notice of optional redemption which is conditional upon the Trustee having funds available for the redemption on the date designated for such redemption and which may provide for rescission of the contemplated redemption in the event that funds do not become available.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption will become due and payable, and from and after the date so designated interest on such Bonds will cease to accrue, and the Owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this section will be cancelled and destroyed by the Trustee and will not be redelivered.

(d) Rescission of Optional Redemption. The Authority shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Outstanding Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. Neither the Authority nor the City nor the Trustee shall have any liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

(e) Purchase in lieu of Redemption. In lieu of redemption of Bonds as provided above, amounts held by the Trustee for such redemption may be applied by the Trustee to the purchase of Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) at the direction of the Authority or the City received by the Trustee at least 75 days prior to the selection of the Bonds for redemption, but such purchase price must not exceed the redemption price that would be payable if such Bonds were redeemed.

(f) Manner of Redemption. With respect to each series of Bonds, whenever less than all of such series of Bonds of a maturity are to be selected for redemption, the Authority shall determine, by lot, the numbers of the Bonds of such maturity to be redeemed, and shall notify the Authority and the Trustee thereof.

SECTION 2.04. Form of Bonds. The Bonds will be substantially in the form set forth in Exhibit A hereto attached and by this reference herein incorporated.

SECTION 2.05. Execution of Bonds. The Bonds will be executed by the Executive Director or Treasurer of the Authority, or by any other official of the Authority duly authorized by the Authority for that purpose.

SECTION 2.06. Transfer and Payment of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond at the Corporate Trust Office of the Trustee for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds will be surrendered for transfer, the Trustee will execute and deliver to the transferee a new Bond or Bonds of the same maturity date evidencing and representing a like aggregate principal amount in authorized denominations.

The Trustee will require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Trustee may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment of the principal and interest and redemption premium, if any, evidenced and represented thereby and for all other purposes, whether such Bond will be overdue or not, and the Trustee will not be affected by any notice or knowledge to the contrary; and payment of the interest and principal and redemption premium, if any, on such Bond will be made only to such registered owner, which payments will be valid and effectual to satisfy and discharge liability on such Bond to the extent of the sum or sums so paid.

The Trustee will not be required to register the transfer of any Bond during the period commencing on the date 15 days preceding the selection of Bonds for redemption and ending on the date of mailing of notice of such redemption, or any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bonds selected for redemption in whole or in part as provided in Section 2.03.

SECTION 2.07. Exchange of Bonds. Any Bond may be exchanged at the Corporate Trust Office of the Trustee for a Bond evidencing and representing a like aggregate principal amount of Bond of the same maturity date of other authorized denominations. The Trustee will require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

The Trustee will not be required to exchange any Bond during the period commencing on the date 15 days preceding the selection of Bonds for redemption and ending on the date of mailing of notice of such redemption, or any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bonds selected for redemption in whole or in part as provided in Section 2.03.

SECTION 2.08. Bond Registration Books. The Trustee will keep at its Corporate Trust Office sufficient books for the registration and transfer of the Bonds which will at all times be open to inspection by the Authority during regular business hours with reasonable prior notice, and upon presentation for such purpose the Trustee will, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond will become mutilated, the Trustee, at the expense of the Owner, will thereupon execute and deliver a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be cancelled and destroyed.

If any Bond will be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee will be given, the Trustee, at the expense of the Owner, will thereupon execute and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond delivered under this Section 2.09 and of the expenses that may be incurred by the Authority and the Trustee in the premises. Any Bond executed and delivered under the provisions of this section in lieu of any Bond alleged to be lost, destroyed or stolen will be equally and proportionately entitled to the benefits of this Trust Agreement with all other Bonds secured by this Trust Agreement. The Trustee will not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond will be treated as one and the same.

SECTION 2.10. Temporary Bonds. The Bonds executed and delivered under this Trust Agreement may be initially executed and delivered in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such denominations as may be determined by the Trustee, will be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond will be executed and delivered by the Trustee, upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee executes and delivers temporary Bonds it will execute and furnish definitive Bonds and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee, and the Trustee will deliver in exchange for such temporary Bonds definitive Bonds evidencing and representing an equal aggregate principal amount of Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under this Trust Agreement as definitive Bonds delivered hereunder.

SECTION 2.11. Use of Book-Entry System for Bonds.

(a) The Bonds initially will be delivered in the form of a single executed fully registered Bond for each stated maturity date of the Bonds, representing the aggregate principal amount of the Bonds of such maturity date. Upon initial delivery, the ownership of all such Bonds will be registered in the registration records maintained by the Trustee pursuant to Section 2.08 hereof in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC will request pursuant to the Representation Letter. The Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price and interest on such Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners hereunder, registering the transfer of Bonds, obtaining any consent or other action to be taken by Owners of the Bonds and for all other purposes whatsoever; and the Trustee will not be affected by any notice to the contrary. Neither the Trustee nor the Authority will have any responsibility or obligation to any Participant (which will mean, for purposes of this section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner of Bonds, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price or interest on the Bonds (iii) any notice which is permitted or required to be given to Owners of Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as Owner of Bonds. The Trustee will pay all principal, redemption premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments will be valid and effective to satisfy fully and discharge the principal, redemption premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (c) of this section.

(b) In the event that the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain securities certificates, the Trustee will, upon the written instruction of the Authority, so notify DTC, whereupon DTC will notify the Participants of the availability through DTC of securities certificates. In such event, the Bonds will be transferable in accordance with subsection (c) of this section. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (c) of this section. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such securities depository in accordance with subsection (c) of this section, and thereafter, all references in this Trust Agreement to DTC or its nominee will be deemed to refer to such successor securities depository and its nominee, as appropriate.

(c) In the event that any transfer or exchange of Bonds is authorized under subsection (a) or (b) of this section, such transfer or exchange will be accomplished upon receipt by the Trustee from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 hereof. In the event certificates are delivered to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Bonds, another securities depository as Owner of all the Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 hereof will also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal, redemption premium, if any, and interest on the Bonds.

SECTION 2.12. <u>Procedure for the Delivery of Bonds</u>. The Trustee is hereby authorized to execute and deliver the Bonds to the purchaser thereof upon the Written Request of the Authority and upon receipt of the proceeds of the sale thereof. On the Closing Date, the Trustee will deposit the proceeds received from the sale of the Bonds from the purchaser thereof and other amounts transferred to the Trustee for such purposes as provided herein. The amount transferred to the Trustee is $____________, calculated as follows: [[to come…]]

(a) On the Closing Date, the proceeds of the 2016 Bonds and other available moneys described below will be transferred and deposited as follows:

> (i) $__________ from proceeds of the 2016A Bonds to the 2016 Escrow Bank for deposit in the 2016 Escrow Fund, to be utilized for accumulating the moneys needed to pay and prepay the 2009 Certificates maturing in the years 20__ through 20__, and pay and redeem the 2010 Bonds maturing in the years 20__ through 20__, , in accordance with the 2016 Escrow Agreement.

(ii) $__________ from proceeds of the 2016B Bonds to the 2016 Escrow Bank for deposit in the 2016 Escrow Fund, to be utilized for accumulating the moneys needed to pay and prepay the 2009 Certificates maturing in the years 20__ through 20__, and pay and redeem the 2010 Bonds maturing in the years 20__ through 20__, , in accordance with the 2016 Escrow Agreement.

(iii) The Trustee will deposit the remainder of the proceeds of sale of the Bonds in the amount of $__________ in the Costs of Issuance Fund, which fund is hereby created and which fund the Authority hereby agrees to maintain with the Trustee until ________ 1, 2017. All money in the Costs of Issuance Fund will be used and withdrawn by the Trustee to pay the Costs of Issuance of the Bonds upon receipt of a Written Request of the Authority filed with the Trustee, each of which will be sequentially numbered and will state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On ______ 1, 2017 or upon the earlier Written Request of the Authority, any remaining balance in the Costs of Issuance Fund will be transferred for deposit in the 2016 Debt Service Fund established under Section 3.03 below, and used to pay interest on the Bonds, with __% of such amounts to be used to pay interest on the 2016A Bonds and __% of such amount to be used to pay interest on the 2016B Bonds.

(iv) [[On or before the Closing Date, the Trustee, as trustee for the 2009 Certificates and the 2010 Bonds, will transfer $__________ from the Parity Reserve Fund into the Escrow Fund to pay and prepay the 2009 Certificates and pay and redeem the 2010 Bonds, in accordance with the 2016 Escrow Agreement.]]

(v) [[There will be no deposit into the 2016 Parity Reserve Account. After the release of amounts in the Parity Reserve Fund set forth in subsection (iii) above, the aggregate amount on deposit in the Parity Reserve Fund will be $_________, which is the Reserve Fund Requirement as of the Closing Date. As a result, no deposit will be made into the 2016 Parity Reserve Account at the time the Bonds are issued.]]

The Authority hereby directs the Trustee to make the transfers required above.

The Trustee may, at its option, establish and maintain a temporary account or accounts in connection with the deposit and transfer of the proceeds of the Bonds.

## ARTICLE III
## 2016 PAYMENTS

SECTION 3.01. Pledge of Revenues. Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and all amounts (including proceeds of the sale of the Bonds) held in any fund or account established under this Trust Agreement are hereby pledged to secure the payment of the principal of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of this Trust Agreement. Said pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act. Notwithstanding anything in this Trust Agreement or in the Bonds contained, the Authority is not required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Trust Agreement for any of the purposes in this Trust Agreement mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Trust Agreement. Nevertheless, the Authority may, but is not required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 3.02. Deposit of Revenues. All Revenues will be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the “2016 Debt Service Fund” which the Trustee will establish, maintain and hold in trust, for so long as any Bonds will be Outstanding hereunder. All Revenues will be promptly deposited by the Trustee upon receipt thereof in the 2016 Debt Service Fund; except that all moneys received by the Trustee and required hereunder or under the 2016 Supplemental Contract to be used for optional redemption of Bonds pursuant to Section 2.03(a)) will be promptly deposited in a special fund and disbursed for that purpose. All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in this Trust Agreement. Any surplus remaining in the 2016 Debt Service Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under Article VIII, and (ii) any applicable fees and expenses to the Trustee, will be withdrawn by the Trustee and remitted to the City.

SECTION 3.03. Establishment and Maintenance of Accounts for Use of Money in the 2016 Debt Service Fund. Subject to Section 4.03, all money in the 2016 Debt Service Fund will be set aside by the Trustee in the following respective special accounts within the 2016 Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees and covenants to maintain) and disbursed as provided below in the following order of priority:

(i) 2016 Interest Account, and

(ii) 2016 Redemption Account (with a 2016 Principal Subaccount therein).

All money in each of such accounts and subaccounts will be held in trust by the Trustee for the benefit of the Owners and will be applied, used and withdrawn only for the purposes hereinafter authorized in this section.

(a) 2016 Interest Account. On the Business Day immediately preceding each February 1 and August 1, commencing on February 1, 2017, the Trustee will set aside from the 2016 Debt Service Fund and deposit in the 2016 Interest Account that amount of money which is equal to the amount of interest on the Bonds becoming due and payable on such February 1 or August 1, as the case may be.

No deposit need be made in the 2016 Interest Account if the amount contained therein is at least equal to the aggregate amount of interest on the Bonds becoming due and payable on such Interest Payment Date.

All money in the 2016 Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest as becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to their respective maturity dates).

(b) 2016 Redemption Account. On the Business Day immediately preceding each February 1, commencing on February 1, 20___, the Trustee will set aside from the 2016 Debt Service Fund and deposit in the 2016 Principal Subaccount in the 2016 Redemption Account an amount of money equal to the principal amount of the Outstanding serial Bonds with a maturity date of such February 1.

No deposit need be made in the 2016 Redemption Account if the amount contained in the 2016 Principal Subaccount therein is at least equal to the aggregate amount of the principal of the Outstanding serial Bonds with a maturity date of such February 1.

All money in the 2016 Principal Subaccount in the 2016 Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the serial Bonds as they will become due and payable, whether at their respective maturity dates or on prior redemption.

SECTION 3.04. Parity Reserve Fund. The Trustee hereby agrees and covenants to maintain the Parity Reserve Fund originally established under the 1997 Trust Agreement so long as the Contract has not been discharged in accordance with its terms or any Bonds remain Outstanding hereunder notwithstanding that the Parity Reserve Fund is no longer maintained under the 1997 Trust Agreement. The Parity Reserve Fund will be maintained so long as any Parity Obligations remain outstanding.

After the release of amounts in the Parity Reserve Fund as set forth in Section 2.12, the combined amount on deposit in the Parity Reserve Fund will be $__________, which is the Reserve Fund Requirement as of the Closing Date. Such amount is available to all outstanding Parity Obligations. As a result, a 2016 Parity Reserve Account need not initially be established within the Parity Reserve Fund, but may be established as a special account of the 2016 Debt Service Fund at a later date, if the need arises. In such event, the Trustee will deposit in the 2016 Parity Reserve Account such amounts transferred to the Trustee by the City from any source, as directed by the Authority in a Written Request of the Authority. Moneys on deposit in the 2016 Parity Reserve Account will be transferred by the Trustee to the 2016 Debt Service Fund to pay principal and interest on the Bonds on any Interest Payment Date in the event amounts on deposit therein are insufficient for such purposes. The Trustee will also, from such amounts on deposit in the 2016 Parity Reserve Account, transfer or cause to be transferred to the debt service fund established under any applicable debt service fund established under a trust agreement under which any Parity Obligations are issued in connection with a supplement to the Master Contract, without preference or priority between transfers made pursuant to this sentence and the preceding sentence, and in the event of any insufficiency of such moneys ratably without discrimination or preference, that sum or sums, if any, equal to the amount required to be deposited therein pursuant to the 1997 Trust Agreement or such trust agreement under which any Parity Obligations are issued in connection with a supplement to the Master Contract.

Interest earnings on amounts on deposit in the 2016 Parity Reserve Account, and any amount in the 2016 Parity Reserve Account in excess of the amount which, when added to the amount in the Parity Reserve Fund equals the Reserve Fund Requirement, unless needed to pay debt service on any obligations issued pursuant to the Master Contract or to replenish the Parity Reserve Fund, or unless subject to rebate requirements pursuant to Section 2.06 of the 2016 Supplemental Contract, will be withdrawn from the 2016 Parity Reserve Account and transferred, upon Written Request of the Authority submitted to the Trustee, to the City for deposit in the Revenue Fund established under the Contract. Any withdrawals of excess amounts in either or both of the Parity Reserve Fund, the 2016 Parity Reserve Account and any accounts established in connection with other Parity Obligations which are attributable to other-than interest earnings will be allocated and withdrawn, upon Written Request of the Authority submitted to the Trustee, from the amount on deposit in the Parity Reserve Fund, the 2016 Parity Reserve Account and any accounts established in connection with other Parity Obligations pro-rata, based on the portion of the Reserve Fund Requirement originally deposited in the Parity Reserve Fund from such Parity Obligations, in the 2016 Parity Reserve Account from the Bonds, and in such other accounts established in connection with other Parity Obligations from proceeds of such Parity Obligations, except that to the extent that the reduction is attributable in whole or in part to any particular Parity Obligations, the Parity Reserve Fund, to the extent possible, will be reduced by the portion of the total reduction that is reasonably attributable to such Parity Obligations, and the 2016 Parity Reserve Account will be reduced by the portion of the total reduction that is reasonably attributable to the 2016 Bonds and the accounts established in connection with the other Parity Obligations will be reduced by the portion of the total reduction that is reasonably attributable to such other Parity Obligations.

SECTION 3.05. Deposit and Investments of Money in Accounts and Funds. Subject to Section 4.03, all money held by the Trustee in any of the accounts or funds established pursuant hereto will be invested in Permitted Investments at the Written Request of the Authority filed with the Trustee which such Permitted Investments will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder, and the Trustee will have no liability or responsibility for any loss resulting from any investment made in accordance herewith; provided, that if no such Written Request is received by the Trustee, the Trustee will invest such money in those Permitted Investments described in clause (7) of the definition thereof, provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee will have received a Written Request of the Authority specifying a specific money market fund and, if no such Written Request of the Authority is so received, the Trustee will hold such moneys uninvested. Subject to Sections 3.04 and 4.03, all interest or profits received on any money so invested will be deposited in the 2016 Debt Service Fund. Investments purchased with funds on deposit in the Parity Reserve Fund will have an average aggregate weighted term to maturity not greater than five years.

For Investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but will account for each separately.

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

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

The Trustee will not be liable for any loss from any Permitted Investments acquired, held or disposed of in accordance herewith.

SECTION 3.06. Assignment to Trustee, Enforcement of Obligations. (a) The Authority hereby irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Authority, all of its rights in the Revenues and in the Contract as supplemented by the 2016 Supplemental Contract (excepting only the Authority's rights under Section 7.09 of the Contract), including but not limited to all of the Authority's rights to receive and collect all of the 2016 Payments. The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and will, subject to the provisions of Article V, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the 2016 Supplemental Contract.

(b) The Trustee may, in performing the obligations set forth in Section 3.06(a) above, rely and will be protected in acting or refraining from acting upon an Opinion of Counsel furnished by the City.

## ARTICLE IV
## COVENANTS OF THE AUTHORITY AND THE TRUSTEE

SECTION 4.01. Compliance with Trust Agreement. The Trustee will not execute or deliver any Bonds in any manner other than in accordance with the provisions hereby; and the Authority will not suffer or permit any default by it to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements and covenants to be observed or performed by it contained herein and in the Bonds.

SECTION 4.02. Issuance and Payment of Bonds.

(a) The Authority will punctually pay or cause to be paid the principal of and interest and premium (if any) on all the Bonds in strict conformity with the terms of the Bonds and of this Trust Agreement, according to the true intent and meaning thereof, but only out of the Revenues and other amounts pledged for such payment as provided in this Trust Agreement.

(b) The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest will be extended, such Bonds or claims for interest will not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which have not been so extended.

(c) The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Trust Agreement while any of the Bonds are Outstanding, except the pledge and assignment created by this Trust Agreement. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other trust agreements for any of its purposes, and reserves the right to issue other obligations for such purposes.

(d) Authority is duly authorized under law to issue the Bonds and to enter into this Trust Agreement and to pledge and assign the Revenues and other amounts purported to be pledged and assigned, respectively, under this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The Bonds and the provisions of this Trust Agreement are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms. The Authority and the Trustee will at all times, subject to the provisions of Article V and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Trust Agreement against all claims and demands of all persons whomsoever.

(e) The Authority will faithfully comply with, 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 of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its businesses, to the end that such franchises, rights and privileges will be maintained and preserved and will not become abandoned, forfeited or in any manner impaired.

SECTION 4.03. Tax Covenants. The Authority hereby covenants with the Owners of the 2016A Bonds that, notwithstanding any other provisions of this Trust Agreement, it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the 2016A Bonds under Section 103 of the Code. The Authority will not, directly or indirectly, use or permit the use of proceeds of the 2016A Bonds or any of the property financed or refinanced with proceeds of the 2016A Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the 2016A Bonds.

The Authority will not take any action, or fail to take any action, if any such action or failure to take action would cause the 2016A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof, will not make any use of the proceeds of the 2016A Bonds or any of the property financed or refinanced with proceeds of the 2016A Bonds, or any portion thereof, or any other funds of the Authority, that would cause the 2016A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any 2016A Bonds are Outstanding, the Authority, with respect to such proceeds and property and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder, to the extent such requirements are, at the time, applicable and in effect. The Authority has established reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the 2016A Bonds as "governmental bonds."

The Authority will not, directly or indirectly, use or permit the use of any proceeds of any 2016A Bonds, or of any property financed or refinanced thereby, or other funds of the Authority, or take or omit to take any action, that would cause the 2016A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Authority will comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the 2016A Bonds.

The Authority will not make any use of the proceeds of the 2016A Bonds or any other funds of the Authority, or take or omit to take any other action that would cause the 2016A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

The Authority will assure that the proceeds of the 2016A Bonds are not so used as to cause the 2016A Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

In furtherance of the foregoing tax covenants, the Authority covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants will survive payment in full or defeasance of the 2016A Bonds.

SECTION 4.04. Accounting, Records and Reports. The Trustee will keep or cause to be kept proper books of record and accounts in which complete and correct entries will be made of all transactions made by the Trustee relating to the receipts, disbursements, allocation and application of the 2016 Payment and the proceeds of the Bonds, and such books will be available for inspection by the Authority, at reasonable hours and under reasonable conditions and with reasonable notice. Not more than 180 days after the close of each Fiscal Year, the Trustee will furnish or cause to be furnished to the Authority a complete financial statement covering receipts, disbursements, allocation and application of 2016 Payments received by the Trustee for such Fiscal Year. The Authority will keep or cause to be kept such information as required under the Tax Certificate.

SECTION 4.05. Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the 2016 Payments and the proceeds of the Bonds or to the extent involving the failure of the Authority to fulfill its obligations hereunder; provided that the Trustee or any affected Owner at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the active or passive negligence, willful misconduct or breach of duty by the Trustee. Notwithstanding any contrary provision hereof, this covenant will remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

SECTION 4.06. Enforcement of Contract; Amendments to Contract.

(a) The Authority will promptly collect all amounts due pursuant to the 2016 Supplemental Contract and will diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder.

(b) Except for any Supplemental Contract delivered in accordance with the terms of the Contract, the Authority will not supplement, amend, modify or terminate any of the terms of the Contract, or consent to any such supplement, amendment, modification or termination, unless (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Owners or result in any material impairment of the security hereby given for the payment of the Bonds, or (b) the Authority or the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds and Parity Obligations then Outstanding to such supplement, amendment, modification or termination; provided, however, that no such supplement, amendment, modification or termination will reduce the amount of 2016 Payments to be made to the Authority or the Trustee by the City pursuant to the Contract, or extend the time for making such 2016 Payments in any manner that would require the amendment of the Trust Agreement in any manner not in compliance with Section 6.01 hereof.

SECTION 4.07. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

## ARTICLE V
## THE TRUSTEE

SECTION 5.01. The Trustee. The Bank of New York Mellon Trust Company, N.A. will serve as the Trustee for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest and principal and redemption premiums, if any, on the Bonds presented for payment and for the purpose of canceling all paid or redeemed Bonds as provided herein. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in either San Francisco, California or Los Angeles, California.

The Authority may at any time (unless there exists any Event of Default as defined in Section 7.01) remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor will be a bank, national banking association or trust company doing business and having a principal office in either San Francisco, California or Los Angeles, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars ($75,000,000) (including, for such proposal, the combined capital and surplus of any parent holding companies) and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank, national banking association or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing to the Owners notice of such resignation. Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee will become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee will have been appointed and will have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

The Trustee will, prior to an Event of Default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in the Trust Agreement and no implied covenants, duties or obligations will be read into this Trust Agreement. The Trustee will, during the existence of any Event of Default (that has not been cured), exercise such of the rights and powers vested in it hereby, and 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 his or her own affairs.

SECTION 5.02. Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds will be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same, or makes any representation as to the sufficiency or validity hereof or of the Bonds, and will not incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee will not be liable in connection with the performance of its duties hereunder except for its own active or passive negligence, willful misconduct or breach of duty.

The Trustee will not be liable for any error of judgment made in good faith by a responsible officer, unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee will 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 not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, 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 hereunder.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it hereby at the request, order or direction of any of the Owners pursuant to the provisions hereof unless such Owners will have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Owners for the payment of interest, principal or redemption premium, if any, on the Bonds from its own funds; but rather the Trustee's obligations will be limited to the performance of its duties hereunder.

The Trustee will not be deemed to have knowledge of any default hereunder or default under the Contract unless and until it will have actual knowledge thereof or will have received written notice thereof at its Corporate Trust Office. Except as otherwise expressly provided herein, the Trustee will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds or as to the existence of a default hereunder.

The Trustee will be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee will not be answerable for the professional malpractice of any attorney-at-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms hereof, if such attorney-at-law or certified public accountant was selected by the Trustee with due care.

The Trustee will not be concerned with or accountable to anyone for the subsequent use or application of any moneys that will be released or withdrawn in accordance with the provisions hereof.

Whether or not therein expressly so provided, every provision hereof or of the Contract or any related documents relating to the conduct or affecting the liability of or affording protection to the Trustee will be subject to the provisions of this article.

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 for the use contemplated by the Authority or City of the project financed or refinanced with proceeds of the Bonds. In no event will the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Contract or this Trust Agreement for the existence, furnishing or use of the project financed or refinanced with proceeds of the Bonds.

The Trustee will be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Trustee will deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate will be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of this Trust Agreement will 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 its rights or powers.

The Trustee will have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the execution and delivery of the Bonds.

All immunities, indemnifications and releases from liability granted herein to the Trustee will extend to the directors, employees, officers and agents thereof.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, so long as such company will meet the requirements set forth in Section 5.01, will be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The Trustee may become the owner or pledgee of any Bonds with the same rights it would have if it were not Trustee.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Authority.

Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee will be subject to the provisions of this Section 5.02.

The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project financed or refinanced with proceeds of the Bonds, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

The Trustee will have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Trust Agreement and delivered using Electronic Means ("Electronic Means" will mean the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority will provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate will be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions will be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee will conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority will be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The permissive right of the Trustee to do things enumerated in this Trust Agreement will not be construed as a duty and it will not be answerable for other than its negligence or willful misconduct.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee will not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

SECTION 5.03. Compensation and Indemnification of Trustee. The Authority covenants to pay to the Trustee from time to time, and the Trustee will be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its counsel, agents and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The Authority, to the extent permitted by law, will indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense (including legal fees and expenses) incurred without negligence, default or willful misconduct on the part of the Trustee arising out of or in connection with (i) the acceptance or administration of the trusts created hereby, or the exercise or performance of any of its powers or duties hereunder, or (ii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of any of the Bonds, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this section will survive the discharge of the Bonds and the Trust Agreement and the resignation or removal of the Trustee.

## ARTICLE VI
## AMENDMENT OF THE TRUST AGREEMENT

SECTION 6.01. Amendment of the Trust Agreement. The Trust Agreement and the rights and obligations of the Authority and of the Owners may be amended at any time by a Supplemental Trust Agreement which will become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 6.02, are filed with the Trustee; provided, that before executing any such Supplemental Trust Agreement the Trustee may first obtain at the Authority's expense an Opinion of Counsel that such Supplemental Trust Agreement complies with the provisions of the Trust Agreement, on which opinion the Trustee may conclusively rely. No such amendment will (1) extend the maturity date of, or change the payment dates of, or reduce the rate of interest or principal or redemption premium, if any, on any Bond without the express written consent of the Owner of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment, or (3) modify any rights or obligations of the Trustee without its prior written assent thereto.

The Trust Agreement and the rights and obligations of the Authority and of the Owners may also be amended at any time by a Supplemental Trust Agreement which will become binding upon adoption without the consent of any Owners, but only to the extent permitted by law, for any purpose that will not materially adversely affect the interests of the Owners, including (without limitation) for any one or more of the following purposes:

(a) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved herein to or conferred herein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary and not inconsistent herewith;

(c) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939;

(d) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code or the exemption of such interest from State of California personal income taxes;

(e) to make such amendments or supplements as may be necessary or appropriate to maintain any then current rating on the Bonds by the Rating Agency; or

(f) to add to the rights of the Trustee.

SECTION 6.02. Disqualified Bonds. Bonds owned or held by or for the account of the Authority or the City will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this article, and will not be entitled to consent to or take any other action provided in this article. Upon request of the Trustee, the

Authority will specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

SECTION 6.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Owner of any Outstanding Bonds and presentation of such Owner's Bond for such purpose at the Corporate Trust Office of the Trustee a suitable notation as to such action will be made on such Bond. If the Authority will so determine, new Bonds so modified as, in the opinion of the Authority, will be necessary to conform to such action will be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond a new Bond or Bonds will be exchanged at the Corporate Trust Office of the Trustee without cost to each Owner for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 6.04. Amendment by Mutual Consent. The provisions of this article will not prevent any Owner from accepting any amendment as to the particular Bonds held by him or her, provided that due notation thereof is made on such Bonds.

## ARTICLE VII
## EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 7.01. Events of Default; Acceleration; Waiver of Default

The following events constitute "Events of Default" hereunder:

(a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on the Bonds when due.

(c) Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in this Trust Agreement or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee or the Bond Insurer; *provided, however*, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if the Authority institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(d) The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

(e) The occurrence and continuation of an Event of Default under and as defined in the Contract.

SECTION 7.02. Remedies Upon Event of Default. If an Event of Default will happen, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding may exercise the remedies provided to the Authority in the Contract; provided, that nothing contained herein will affect or impact the right of action of any Owner to institute suit directly against the City to enforce payment of such Owner's Bonds.

If any Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding will, in each case, upon receipt of indemnification satisfactory to Trustee against the costs, expenses and liabilities to be incurred in connection with such action, upon notice in writing to the Authority, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in this Trust Agreement or in the Bonds contained to the contrary notwithstanding.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due will have been obtained or entered, the Authority deposits with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable fees, charges and expenses (including those of its legal counsel, including the allocated costs of internal attorneys) of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority, the City and the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment will extend to or will affect any subsequent Event of Default, or will impair or exhaust any right or power consequent thereon.

The Trustee additionally will have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce the Authority's rights under the Contract against the City or any director, officer or employee thereof, and to compel the City or any such director, officer or employee to perform or carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained in the Contract;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any Event of Default hereunder to enforce the Authority's rights under the Contract to require the City and its directors, officers and employees to account as the trustee of an express trust.

SECTION 7.03. Application of Revenues and Other Funds After Default. If an Event of Default occurs and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Trust Agreement will be applied by the Trustee in the following order of priority:

(a) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its legal counsel including outside counsel and the allocated costs of internal attorneys) incurred in and about the performance of its powers and duties under this Trust Agreement and in the opinion of the Trustee necessary to protect the interests of the Owners of the Bonds;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Trust Agreement, as follows:

*First*: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available will not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

*Second*: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which will have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available will not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

SECTION 7.04. Non-Waiver. A waiver of any default or breach of any duty or contract by the Trustee will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or remedy or will be construed to be a waiver of any such default or breach of duty or contract or any acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this article may be enforced and exercised from time to time and as often as will be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Trustee, and the City will be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Owners is intended to be exclusive of any other remedy, and each such remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law.

SECTION 7.06. Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Trust Agreement and applicable provisions of any law. All rights of action under this Trust Agreement or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Trust Agreement.

SECTION 7.07. Limitation on Bond Owners' Right to Sue. Notwithstanding any other provision hereof, no Owner of any Bonds has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Trust Agreement, the 2016 Supplemental Contract or any other applicable law with respect to such Bonds, unless (a) such Owner has given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then

Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Trust Agreement or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Trust Agreement, the 2016 Supplemental Contract or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Trust Agreement.

SECTION 7.08. Absolute Obligation of Authority. Nothing in Section 7.06 or in any other provision of this Trust Agreement or in the Bonds contained affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon acceleration or call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

SECTION 7.09. Termination of Proceedings. In case any proceedings taken by the Trustee or by any one or more Bond Owners on account of any Event of Default have been discontinued or abandoned for any reason or have been determined adversely to the Trustee, the Bond Insurer or the Bond Owners, then in every such case the Authority, the Trustee, the Bond Insurer and the Bond Owners, subject to any determination in such proceedings, will be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bond Owners will continue as though no such proceedings had been taken.

## ARTICLE VIII
## DEFEASANCE

SECTION 8.01. Discharge of Trust Agreement. When the obligations of the City under the Contract will cease pursuant to Article VI of the Contract (except for the right of the Trustee and the obligation of the City to have the money and securities mentioned therein applied to the payment of Payments as therein set forth), then and in that case the obligations created by this Trust Agreement will thereupon cease, determine and become void except for the right of the Owners and the obligation of the Trustee to apply such moneys and securities to the payment of the Bonds as herein set forth and the right of the Trustee to collect any fees or expenses due hereunder and the Trustee will turn over to the City, as an overpayment of 2016 Payments, all balances remaining in any other funds or accounts other than moneys and Federal Securities held for the payment of the Bonds at maturity or on redemption, which moneys and Federal Securities will continue to be held by the Trustee in trust for the benefit of the Owners and will be applied by the Trustee to the payment, when due, of the principal and interest and premium if any represented by the Bonds, and after such payment, this Trust Agreement will become void, except for the Authority's obligation to indemnify the Trustee pursuant to Section 5.03.

If moneys or securities are deposited with and held by the Trustee as hereinabove provided, the Trustee will mail a notice, first-class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.08, stating that (a) moneys or Federal Securities are so held by it, and (b) that this Trust Agreement has been released in accordance with the provisions of this Section.

SECTION 8.02. Deposit of Money or Securities with Trustee. Whenever in this Trust Agreement or the Contract it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities (certified to be sufficient by a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date) in the necessary amount to pay or redeem any Bonds, the money or securities to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Trust Agreement and will be --

(a) lawful money of the United States of America in an amount equal to the principal amount represented by such Bonds and all unpaid interest represented thereby to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given as in Article II provided or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount to be deposited or held will be the principal amount plus accrued interest to such date of redemption plus a redemption premium, if any, represented by such Bonds; or

(b) Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form) or municipal obligations which have been defeased under irrevocable escrow instructions with Federal Securities and which are rated in the highest rating category by the Rating Agency, the principal of and interest on which when due will provide, in its opinion of an Independent Certified Public Accountant, delivered to the Trustee, money sufficient to pay the principal plus redemption premium, if any, plus all accrued interest to maturity or to the redemption date, as the case may be, represented by the Bonds to be paid or redeemed, as such amounts become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as in Article II provided or provision satisfactory to the Trustee will have been made for the giving of such notice; provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of this Trust Agreement and the Contract or by Written Request of the City) to apply such money to the payment of such principal plus redemption premium, if any, plus interest represented by such Bonds.

SECTION 8.03. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds which remains unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity date, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, will be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the City for the payment of the 2016 Payments; provided, however, that before being required to make any such payment to the City, the Trustee will at the request of and at the expense of the City, cause to be mailed to all Owners and the Securities Depositories and the Information Services a notice that such money remains unclaimed and that, after a date named in such notice, which date will not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the City.

## ARTICLE IX
## MISCELLANEOUS

SECTION 9.01. Benefits of this Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Authority or any member, officer or employee thereof will be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 9.02. Successor Is Deemed Included In All References To Predecessor. Whenever herein either the Authority or any member, officer or employee thereof is named or referred to, such reference will be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof will bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 9.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly-sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity date, number and date of holding the same may be proved by the registration books relating to the Bonds at the Corporate Trust Office of the Trustee.

Any declaration, request or other instrument or writing of the Owner of any Bond will bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority or the Trustee in good faith and in accordance therewith.

SECTION 9.04. Waiver of Personal Liability. No member, officer or employee of the Authority will be individually or personally liable for the payment of the interest or principal or redemption premiums, if any, on the Bonds by reason of their delivery, but nothing herein contained will relieve any such member, officer or employee from the performance of any official duty provided by applicable provisions of law or hereby.

SECTION 9.05. Content of Bonds. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein will include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 9.06. Accounts and Funds, Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of account such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds will at all times be maintained in accordance with sound corporate trust industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. Any action required to occur hereunder on a day which is not a Business Day will be required to occur on the next succeeding Business Day with the same effect as if made on such non-Business Day.

SECTION 9.07. Notices. All written notices to be given hereunder will be given by mail or hand delivery to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Authority: Roseville Finance Authority
c/o City of Roseville
311 Vernon Street
Roseville, CA 95678
Attention: Chief Financial Officer

If to the City: City of Roseville
311 Vernon Street
Roseville, CA 95678
Attention: Chief Financial Officer

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, CA 90071
Attention: Corporate Trust

SECTION 9.08. CUSIP Numbers. Neither the Authority nor the Trustee will be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice relating thereto. The Trustee may, in its discretion, include in any redemption notice relating to any of the Bonds a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Authority nor the Trustee will be liable for any defects or inaccuracies in such numbers.

SECTION 9.09. Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto will be solely for convenience of reference and will not affect the meaning, construction or effect hereof. All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 9.10. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Trustee will be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof will be null and void and will be deemed separable from the remaining agreements and covenants or portions thereof and will in no way affect the validity hereof or of the Bonds, and the Owners will retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 9.11. California Law. This Trust Agreement will be construed and governed in accordance with the laws of the State of California.

SECTION 9.12. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts will for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee will preserve undestroyed, will together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Roseville Finance Authority has caused this Trust Agreement to be signed in its name by its Treasurer and attested by its Secretary, and The Bank of New York Mellon Trust Company, N.A., in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

**ROSEVILLE FINANCE AUTHORITY**

By: ________________________________________
Treasurer

Attest:

By: ____________________________________
Secretary

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,** *as Trustee*

By: ________________________________________
Authorized Officer

**EXHIBIT A**

**[FORM OF BOND]**

No. R-________ $ _________

**ROSEVILLE FINANCE AUTHORITY**
**ELECTRIC SYSTEM REVENUE REFUNDING BOND**
**SERIES 2016[A/ TAXABLE SEREIS 2016B]**

| Interest Rate | Maturity Date | Bond Date | CUSIP |
|---|---|---|---|
| ________% | February 1, ____ | ___________, 2016 | 77781R ____ |

REGISTERED OWNER: CEDE & CO

PRINCIPAL SUM: $ _________________

The Roseville Finance Authority, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), for value received, hereby promises to pay solely from the Revenues or amounts in certain funds and accounts held under the Trust Agreement (as hereinafter defined), to the Registered Owner named above, or registered assigns (the "Owner"), on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Bond Date shown above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, semiannually on February 1 and August 1, commencing February 1, 2017 (the "Interest Payment Dates"), at the Interest Rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A. in Los Angeles, California (the "Trustee"). Interest on this Bond will be paid by check of the Trustee mailed by first class mail on each Interest Payment Date to the Owner hereof as of the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs (the "Record Date") at such Owner's address as it appears on the registration books maintained by the Trustee, or by wire transfer made on such Interest Payment Date upon written instructions delivered to the Trustee by the applicable Record Date of any Owner of $1,000,000 or more in aggregate principal amount of Bonds.

THIS BOND is one of a duly authorized issue of bonds of the Authority designated “Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2016[A/ Taxable Series 2016B]” (the "Bond"), in an aggregate principal amount of $__________, all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, or redemption or other provisions) and all pursuant to the Marks Roos Local

Bond Pooling Act of 1985 (commencing with Section 6584 of the California Government Code) (the “Act”) and a Trust Agreement dated as of _________ 1, 2016 (the "Trust Agreement") between the Authority and the Trustee. Copies of the Trust Agreement are on file at the Corporate Trust Office of the Trustee and reference is hereby made to the Trust Agreement and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms of the Bonds, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Bonds with respect thereto and for the other agreements, conditions, covenants and terms upon which the Bonds are executed and delivered.

The Bonds are special obligations of the Authority and this Bond and the interest hereon and all other Bonds and the interest thereon (to the extent set forth in the Trust Agreement) are payable from, and are secured by a lien on Revenues (as that term is defined in the Trust Agreement), on an equal basis with the “Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2016[A/Taxable Series 2016B” also issued on the date hereof. The Revenues consist primarily of installment payments (“2016 Payments”) to be made under and pursuant to that certain 2016 Supplemental Installment Purchase Contract, executed and entered into as of _________ 1, 2016, which is supplemental to that certain Master Contract executed and entered into as of November 1, 1997, each by and between the City of Roseville, a charter city and municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") (which Master Contract as so supplemented is referred to herein as the "Contract"), all of which rights to receive such 2016 Payments have been assigned by the Authority to the Trustee, or any other association or corporation which may at any time be substituted in place of the original trustee as provided the Trust Agreement. Capitalized terms used in this Bond not otherwise defined herein will have the meanings given such terms in the Trust Agreement hereinafter mentioned or in the Contract.

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, but no such amendment will (1) extend the maturity date of this Bond, or change the payment dates of, or reduce the rate of interest or principal or redemption premium, if any, evidenced and represented hereby, without the express written consent of the registered owner hereof, or (2) reduce the percentage of Bonds required for the written consent to any amendment, or (3) modify any rights or obligations of the Trustee without its prior written assent thereto.

The Bonds are subject to optional redemption prior to their respective stated maturity dates, upon notice as provided in the Trust Agreement, from prepayment of 2016 Payments made by the City pursuant to the Contract, as a whole or in part (from such maturity dates as are designated by the Authority to the Trustee at the direction of the City or, if the Authority fails to designate such maturity dates, in inverse order of maturity date and by lot within a maturity date) on any date on or after ________ 1, 20___, at a redemption price equal to the principal amount of the 2016 Bonds called for redemption, plus accrued and unpaid interest to the redemption date, without premium.

[[insert sinking fund redemption of Term Bonds, if applicable]

Notice of redemption of any Bond selected for redemption will be mailed by the Trustee not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof, subject to and in accordance with provisions of the Trust Agreement with respect thereto. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price is held by the Trustee, then this Bond will, on the redemption date designated in such notice, become due and payable, and from and after the date so designated interest on this Bond will cease to accrue, and the registered owner of this Bond will have no rights with respect hereto except to receive payment of the redemption price hereof.

This Bond is transferable on the books required to be kept for that purpose at the Corporate Trust Office of the Trustee in whose name it is registered, in person or by his duly authorized attorney, upon payment of the charges provided in the Trust Agreement, and upon surrender of this Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee, and thereupon a new Bond or Bonds of the same maturity date evidencing and representing a like aggregate principal amount in authorized denominations will be delivered to the transferee. This Bond may be exchanged at the Corporate Trust Office of the Trustee, upon payment of the charges provided in the Trust Agreement, for Bonds evidencing and representing a like aggregate principal amount of Bonds of the same maturity date of other authorized denominations. The Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest and principal and redemption premium, if any, evidenced and represented hereby and for all other purposes, whether this Bond will be overdue or not, and the Trustee will not be affected by any notice or knowledge to the contrary; and payment of the interest and principal and redemption premium, if any, on this Bond will be made only to such registered owner, which payments will be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

The Bonds each evidence and represent a proportionate interest in the 2016 Payments to be held in trust by the Trustee pursuant to the Trust Agreement in an amount equal to the aggregate principal amount of Bonds originally executed and delivered by the Trustee pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein. The obligation of the Authority to pay the Bonds is a special obligation of the Authority payable solely from the Revenues (as defined in the Trust Agreement) and the obligation of the City to make the 2016 Payments is a special obligation of the City payable solely from the Net Revenues on a parity with the Parity Obligations (as defined in the Contract) of the City's Electric System as provided in the Contract. The general fund of the City is not liable, and neither the faith and credit nor the taxing power of the City is pledged, for the payment of the 2016 Payments under the Contract. The City may incur other obligations payable on parity with the 2016 Payments in accordance with the Contract.

The Trustee has no obligation or liability to the Bond owners for the payment of the interest or principal or the redemption premiums, if any, on the Bonds; but rather the Trustee's sole obligations are those stated in the Trust Agreement.

No member, officer or employee of the Authority will be individually or personally liable for the payment of the interest or principal or redemption premiums, if any, on the Bonds by reason of their delivery, but nothing herein contained will relieve any such member, officer or employee from the performance of any official duty provided by applicable provisions of law or hereby.

The Trust Agreement prescribes the manner in which it may be discharged and after which the Bonds will no longer be secured by or entitled to the benefits of the Trust Agreement.

The Authority has certified that all acts, conditions and things required by the Constitution and statutes of the State of California and the Trust Agreement, to have been performed, to have happened and to exist precedent to and in connection with the execution and delivery of this Bond, have been performed, have happened and do exist in regular and due time, form and manner as required by law, and that the Trustee is duly authorized to execute and deliver this Bond, and that the amount of this Bond, together with all other Bonds executed and delivered under the Trust Agreement, is not in excess of the amount of Bonds authorized to be executed and delivered thereunder.

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

IN WITNESS WHEREOF, the Roseville Finance Authority has caused this Bond to be dated as of the Bond Date stated above and to be signed by the Treasurer of the Authority and countersigned by the Secretary of the Authority.

ROSEVILLE FINANCE AUTHORITY

By: ______________________________
Treasurer

By: ______________________________
Secretary

**[FORM OF CERTIFICATE OF AUTHENTICATION]**

This is one of the Bonds described in the Trust Agreement.

Dated: __________

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., *as Trustee*

By: ______________________________________
Authorized Officer

**[FORM OF ASSIGNMENT]**

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

________________________________________________________

________________________________________________________

________________________________________________________

(Name, address and Tax identification Number of Assignee)

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) ____________________________, attorney, ________________________________________ to transfer the same on the registration books of the Fiscal Agent with full power of substitution in the premises.

Dated: ________________

Signature Guaranteed:

________________________________________

NOTE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

________________________________________

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

# 2016 SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT

**between the**

**CITY OF ROSEVILLE**

**and the**

**ROSEVILLE FINANCE AUTHORITY**

**Executed and Entered Into as of ________ 1, 2016**

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# 2016 SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT

This 2016 Supplemental Installment Purchase Contract (the "2016 Supplemental Contract"), dated as of ________ 1, 2016, is between the City of Roseville, California, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), and the Roseville Finance Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority").

## WITNESSETH:

WHEREAS, the City and the Authority have entered into a Master Installment Purchase Contract (the "Master Contract"), dated as of November 1, 1997, as supplemented by a 1997 Supplemental Installment Purchase Contract executed and entered into as of November 1, 1997 (the "1997 Supplemental Contract"), a 1999 Supplemental Installment Purchase Contract executed and entered into as of August 1, 1999 (the "1999 Supplemental Contract"), a 2002 Supplemental Installment Purchase Contract executed and entered into as of December 1, 2002 (the "2002 Supplemental Contract"), a 2004 Supplemental Installment Purchase Contract executed and entered into as of July 1, 2004 (the "2004 Supplemental Contract"), a 2005 Supplemental Installment Purchase Contract executed and entered into as of June 1, 2005 (the "2005 Supplemental Contract"), a 2008 Supplemental Installment Purchase Contract executed and entered into as of May 1, 2008 (the "2008 Supplemental Contract") a 2009 Supplemental Installment Purchase Contract executed and entered into as of December 1, 2009 (the "2009 Supplemental Contract"), a 2010 Supplemental Installment Purchase Contract executed and entered into as of July 1, 2010 (the "2010 Supplemental Contract"), a 2012 Supplemental Installment Purchase Contract dated as of November 1, 2012 (the "2012 Supplemental Contract"), a 2013 Supplemental Installment Purchase Contract executed and entered into as of November 1, 2013 (the "2013 Supplemental Contract") and a 2014 Supplemental Installment Purchase Contract executed and entered into as of August 1, 2014 (the "2014 Supplemental Contract"), pursuant to which the Authority has agreed to assist the City by financing and refinancing certain additions, betterments, extensions and improvements to the electric system of the City; and

WHEREAS, the City and the Authority desire to refinance a portion of the costs of improvements to the Electric System of the City financed through the 2009 Payments (as described in the 2009 Supplemental Contract) and the 2010 Payments (as described in the 2010 Supplemental Contract), and in connection therewith to enter into this 2016 Supplemental Contract pursuant to the Master Contract; and

WHEREAS, the City has determined that the foregoing is necessary and proper for City purposes; and

WHEREAS, the City and the Authority have determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this 2016 Supplemental Contract do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this 2016 Supplemental Contract;

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

## ARTICLE I
## DEFINITIONS

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

Parity Obligation Payment Fund

"Parity Obligation Payment Fund" means the fund by that name established pursuant to Section 2.04 of the Master Contract.

Prepaid 2009 Certificates

“Prepaid 2009 Certificates” means a portion of the 2009 Certificates maturing in ________, in the principal amount of $_________, being prepaid with proceeds of the 2016 Bonds.

Redeemed 2010 Bonds

“Redeemed 2010 Bonds” means a portion of the 2010 Bonds maturing in ________, in the principal amount of $________, being redeemed with proceeds of the 2016 Bonds.

Tax Certificate

"Tax Certificate" means the Tax and Non-Arbitrage Certificate concerning certain matters pertaining to the use and investment of proceeds of the 2016 Bonds executed and delivered by the City on the date of initial delivery of the 2016 Bonds, including any and all exhibits attached thereto.

Trust Agreement

"Trust Agreement" means that certain Trust Agreement, dated as of ________ 1, 2016, by and between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

2009 Certificates

“2009 Certificates” means the $27,010,000 original principal amount of Electric System Revenue Refunding Certificates of Participation, Series 2009 caused to be executed and delivered by the Authority.

2009 Project

"2009 Project" means capital improvements to the City's electric system financed by the 2009 Payments described in the 2009 Supplemental Contract.

2010 Project

"2010 Project" means capital improvements to the City's electric system financed by the 2010 Payments described in the 2010 Supplemental Contract.

2016 Bonds

"2016 Bonds" means, collectively, the 2016A Bonds and the 2016B Bonds.

2016A Bonds

“2016A Bonds” means the Electric System Revenue Refunding Bonds, Series 2016A executed and delivered by the Authority pursuant to the Trust Agreement.

2016B Bonds

“2016B Bonds” means the Electric System Revenue Refunding Bonds, Taxable Series 2016B executed and delivered by the Authority pursuant to the Trust Agreement.

2016 Payment Date

"2016 Payment Date" means each Interest Payment Date and each day on which payments of principal evidenced and represented by the 2016 Bonds become due (whether at maturity or because of prepayment or acceleration).

2016 Payments

"2016 Payments" means the Payments scheduled to be paid by the City under and pursuant to the terms hereof, as described in Exhibit A hereto.

2016 Project

“2016 Project” means the portion of the 2009 Project and the portion of the 2010 Project refinanced by the 2016 Payments hereunder.

2016 Rebate Fund

"2016 Rebate Fund" means the City of Roseville Electric System 2016 Rebate Fund established pursuant to Section 2.06 of the 2016 Supplemental Contract.

2016 Supplemental Contract

"2016 Supplemental Contract" means this 2016 Supplemental Installment Purchase Contract, executed and entered into as of ________ 1, 2016, by and between the City and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

2016 Supplemental Contract Payment Account

"2016 Supplemental Contract Payment Account" means the account by that name within the Parity Obligation Payment Fund established pursuant to Section 2.04 of the Master Contract.

## ARTICLE II
## TERMS OF THE 2016 SUPPLEMENTAL CONTRACT

SECTION 2.01. Authority for the 2016 Supplemental Contract. The City has reviewed all proceedings heretofore taken relative to the authorization of the 2016 Supplemental Contract and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the execution hereof do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now duly authorized, pursuant to each and every requirement of law, to execute and enter into the 2016 Supplemental Contract in the manner and form provided herein for the financing and refinancing of the costs of the 2016 Project.

SECTION 2.02. Purpose of the 2016 Supplemental Contract. The City hereby transfers to the Authority the 2016 Project for the purpose of refinancing a portion of the acquisition of the 2009 Project and the 2010 Project from the Authority. The City agrees to acquire the 2016 Project from the Authority pursuant to the terms hereof, to cause the acquisition of the 2016 Project as agent for the Authority in accordance with Section 2.01 of the Master Contract and in accordance with the terms hereof and of the Trust Agreement. Immediately upon prepayment of the Prepaid 2009 Certificates, the redemption of the Redeemed 2010 Bonds and execution and delivery of the 2016 Bonds, all right, title and interest in and to the 2016 Project will transfer to the City from the Authority without any further action by the City or the Authority.

SECTION 2.03. Payment of the 2016 Supplemental Contract. The City hereby establishes a 2016 Supplemental Contract Payment Account within the Parity Obligation Payment Fund. On or before the fourth Business Day immediately preceding each 2016 Payment Date, the City will, from the money in the Electric Revenue Fund, deposit in the 2016 Supplemental Contract Payment Account a sum equal to the amount of the interest and principal components of the 2016 Payments becoming due and payable under the 2016 Supplemental Contract on the next succeeding 2016 Payment Date, except that no such deposit need be made if the amount then on deposit in the 2016 Supplemental Contract Payment Account is at least equal to the amount of the interest and principal components of the 2016 Payments becoming due and payable under the 2016 Supplemental Contract on the next succeeding 2016 Payment Date; and all money on deposit in the 2016 Supplemental Contract Payment Account will be transferred by the City to the Trustee on the fourth Business Day preceding each 2016 Payment Date to make and satisfy the 2016 Payment due on such 2016 Payment Date in accordance with the Master Contract. On or before the fourth Business Day preceding each 2016 Payment Date, the City will from the money in the Electric Revenue Fund, transfer to the Trustee for deposit in the Parity Reserve Fund that sum, if any, necessary to restore the amount in the Parity Reserve Fund to the Reserve Fund Requirement, except no such deposit need be made if the amount then on deposit in the Parity Reserve Fund is at least equal to the Reserve Fund Requirement.

SECTION 2.04. Payment of 2016 Payments. The City will, subject to any rights of prepayment provided in Section 2.05 hereof, pay the Authority as the purchase price for the 2016 Project the sum of $_________, without offset or deduction of any kind, by paying the principal installments of the 2016 Payments in accordance with the payment schedule set forth in Exhibit A attached hereto and incorporated herein, together with interest installments of the 2016 Payments, which interest installments will be paid in the amounts and on the 2016 Payment Dates in accordance with Section 2.03 hereof and the interest payment schedule set forth in Exhibit A attached hereto and incorporated herein and in Article II of the Trust Agreement, and which interest will constitute interest paid on the principal amount of the City's obligations hereunder.

The obligation of the City to pay the 2016 Payments is, subject to Section 7.01 of the Master Contract, absolute and unconditional, and until such time as the 2016 Payments will have been paid in full (or provision for the payment thereof will have been made pursuant to Article VI of the Master Contract), the City will not discontinue or suspend any 2016 Payments required to be paid by it under this section when due, whether or not the Electric System or any part thereof (including the 2016 Project) is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such payments will not be subject to reduction whether by offset, abatement or otherwise and will not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

The City additionally agrees to undertake the obligations of the Authority for compensation and indemnification as set forth in Section 5.03 of the Trust Agreement. The Trustee shall be considered a third party beneficiary hereunder with regard to enforcing such rights.

SECTION 2.05. Prepayment of 2016 Payments. The City may elect to pay all or part of the 2016 Payments, on the same terms as set forth in Section 2.03 of the Trust Agreement for prepayment of the 2016 Bonds. Notwithstanding any such prepayment, the City will not be relieved of its obligations hereunder until all of the 2016 Bonds have been fully paid and retired (or provision for payment thereof has been made as provided in Section 8.02 of the Trust Agreement).

SECTION 2.06. Establishment of 2016 Funds and Accounts.

(a) [Reserved]

(b) 2016 Rebate Fund. The City hereby agrees to establish and maintain, so long as any 2016 Payments remain unpaid, a fund separate from any other fund established and maintained hereunder designated the City of Roseville Electric System 2016 Rebate Fund (the "2016 Rebate Fund"). All amounts at any time on deposit in the 2016 Rebate Fund will be held by the City to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts will be free and clear of any lien under the Master Contract and the 2016 Supplemental Contract and will be governed by this section and by the Tax Certificate.

(1) Within 45 days of the end of each Bond Year (as such term is defined in the Tax Certificate), (i) the City will calculate or cause to be calculated with the 2016 Supplemental Contract the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (ii) the City will deposit to the 2016 Rebate Fund from amounts on deposit in the Electric Revenue Fund or other amounts received by the City, if and to the extent required, amounts sufficient to cause the balance in the respective subaccounts of the 2016 Rebate Fund to be equal to the "rebate amount" so calculated.

With respect to each subaccount, the City will not be required to deposit any amount to the 2016 Rebate Fund in accordance with the preceding sentence if the amount on deposit in the 2016 Rebate Fund prior to the deposit required to be made under this paragraph (1) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the 2016 Rebate Fund to the extent permitted under paragraph (2) of this section.

The City will not be required to calculate the "rebate amount," and will not be required to deposit any amount to the 2016 Rebate Fund in accordance with this paragraph (1), with respect to all or a portion of the proceeds of the 2016A Bonds (including amounts treated as proceeds of the 2016A Bonds) (i) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(g) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (ii) to the extent such proceeds are subject to an election by the City under Section 148(f)(4)(C)(vii) of the Code to pay a penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (iii) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund."

(2) Any funds remaining in the 2016 Rebate Fund after payment of all the 2016 Payments hereunder and any amounts described in clause (ii) of paragraph (3) of this section, or provision made therefor, including accrued interest, will be transferred by the City to the Electric Revenue Fund.

(3) Subject to the exceptions contained in paragraph (1) of this section to the requirement to calculate the "rebate amount" and make deposits to the 2016 Rebate Fund, the City will pay to the United States, from amounts on deposit the 2016 Rebate Fund,

(i) not later than 60 days after the end of (A) the fifth Bond Year, and (B) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(ii) not later than 60 days after the payment of all 2016A Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(4) Each payment required to be made pursuant to paragraph (3) of this section will be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T, which will be completed by or on behalf of the City.

(5) In the event that, prior to the time any payment is required to be made from the 2016 Rebate Fund, the amount in the 2016 Rebate Fund is not sufficient to

make such payment when such payment is due, the City will calculate the amount of such deficiency and deposit an amount equal to such deficiency into the 2016 Rebate Fund prior to the time such payment is due.

(6) In the event that immediately following the calculation required by paragraph (1) of this section, but prior to any deposit made under said subsection, the amount on deposit in the 2016 Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, the City will transfer the excess from the 2016 Rebate Fund to the Revenue Fund.

(7) The City will retain records of all determinations made hereunder until six years after the final payment or discharge of all 2016A Bonds.

(8) Notwithstanding anything in the Master Contract or the 2016 Supplemental Contract to the contrary, the Rebate Requirement will survive the payment in full or discharge of the 2016A Bonds and the 2016 Payments.

SECTION 2.07. Tax Covenants. The City hereby covenants it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the 2016A Bonds under Section 103 of the Code. The City will not, directly or indirectly, use or permit the use of proceeds of the 2016A Bonds or any of the property financed or refinanced with proceeds of the 2016A Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the interest on the 2016A Bonds.

The City will not take any action, or fail to take any action, if any such action or failure to take action would cause the 2016A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof, will not make any use of the proceeds of the 2016 Supplemental Contract or any of the property financed or refinanced with proceeds of the 2016 Supplemental Contract, or any portion thereof, or any other funds of the City, that would cause any of the 2016A Bonds or other obligations delivered in connection with the 2016 Supplemental Contract to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any 2016A Bonds are outstanding, the City, with respect to such proceeds and property and such other funds, will comply with applicable requirements of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, applicable and in effect. The City will establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of 2016A Bonds as "governmental bonds."

The City will not, directly or indirectly, use or permit the use of any proceeds of the 2016 Supplemental Contract, or of any property financed or refinanced thereby, or other funds of the City, or take or omit to take any action, that would cause the 2016A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the City will comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the 2016 Supplemental Contract and the 2016A Bonds.

The City will not make any use of the proceeds of the 2016A Bonds or any other funds of the City, or take or omit to take another action, which would cause the 2016A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

The City covenants that it will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants will survive payment in full or discharge of the 2016A Bonds and the 2016 Payments used to pay the 2016A Bonds.

SECTION 2.08. Continuing Disclosure. The City hereby covenants and agrees that, in accordance with continuing disclosure requirements under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, it will undertake to comply with and carry out all applicable provisions for compliance therewith for such 2016 Bonds. Notwithstanding any other provision of the Master Contract or hereof, failure of the City to comply with such continuing disclosure obligation will not be considered an Event of Default under the Master Contract or hereunder.

SECTION 2.09. Prior Amendments to the Master Contract.

(a) The definition of "Parity Obligations" in the Master Contract was corrected and amended in the 2005 Supplemental Contract to read in its entirety as follows:

> "Parity Obligations" means all Supplemental Contracts and all other obligations hereafter incurred by the City the payment of which constitutes a charge and lien on the Net Revenues equal to and on a parity with the charge and lien upon the Net Revenues for the payment of the Payments, including, except for purposes of application of Article III, (i) Parity Payment Agreements and (ii) Parity Bank Agreements (provided that no amounts have been drawn under any such Parity Bank Agreements which have not been reimbursed by the City).

(b) The definition of "Annual Debt Service" in the Master Contract was amended in the 2010 Supplemental Contract to add after subsection "(E)" thereof, the following, provided however, this addition will only become operative at such time as the City no longer has outstanding payment obligations under any Supplemental Contracts entered into prior to July 1, 2010:

> "(F) Government Refundable Credits. For purposes of calculating Annual Debt Service for the purposes of determining compliance with Section 4.12 and conditions for the execution of Parity Obligations, it will be assumed that the calculation of the actual amount of interest, as referred to in subsection (A) above, that is payable under any Parity Obligation is the net amount after deducting for any portion of such interest that the Federal government is obligated to pay (the "Refundable Credits") under a program which provides for interest subsidy payments to a governmental issuer of bonds, provided such Refundable Credits are pledged to such Parity Obligation and deposited directly with the trustee of such Parity Obligation; and provided further that such Refundable Credits will not be included as "Revenues" in making such calculation.

(c) The 2010 Supplemental Contract deleted Section 3.02(5) of the Master Contract, provided however, this deletion will only become operative at such time as the City no longer has outstanding payment obligations under any Supplemental Contracts entered into prior to July 1, 2010.

SECTION 2.10. Terms of the 2016 Supplemental Contract Subject to the Master Contract. Every term and condition contained in the Master Contract will apply to the 2016 Supplemental Contract with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the 2016 Supplemental Contract.

SECTION 2.11. Assignment of the 2016 Supplemental Contract. The City hereby acknowledges that the Authority, for good and valuable consideration, has transferred, assigned and sent over to the Trustee, pursuant to the provisions of the Trust Agreement, all of the 2016 Payments and any and all rights and privileges it has under the Master Contract and hereunder. The Trustee will not assume any responsibility for any duties or covenants or warranties of the Authority hereunder.

IN WITNESS WHEREOF, the parties hereto have executed and attested the 2016 Supplemental Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

**CITY OF ROSEVILLE**

By: ______________________________
Chief Financial Officer

Approved as to form:

______________________________
City Attorney

(SEAL)

Attest:

______________________________
City Clerk

**ROSEVILLE FINANCE AUTHORITY**

By: ______________________________
Treasurer

Attest:

______________________________
Secretary

# EXHIBIT A

## **Schedule of 2016 Payments**

Principal Amount: $_____________

| Fiscal Year Ending June 30 | 2016 Bonds Principal | 2016 Bonds Interest | 2016 Bonds Total Debt Service |
|---|---|---|---|
| 2017 | $ | $ | $ |
| 2018 | | | |
| 2019 | | | |
| 2020 | | | |
| 2021 | | | |
| 2022 | | | |
| 2023 | | | |
| 2024 | | | |
| 2025 | | | |
| 2026 | | | |
| 2027 | | | |
| 2028 | | | |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| Total | $ | $ | $ |

**PRELIMINARY OFFICIAL STATEMENT DATED __________, 2016**

**NEW ISSUE- BOOK ENTRY ONLY**

**RATINGS: Fitch: __**
**Standard & Poor's: __**
**(See "RATINGS")**

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. Interest on the Taxable Series 2016B Bonds is not intended to be excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the 2016 Bonds is exempt from California personal income taxes. See "TAX MATTERS." in*

**$__________***
**Roseville Finance Authority**
**Electric System Revenue Refunding Bonds,**
**Series 2016A**

**$__________***
**Roseville Finance Authority**
**Electric System Revenue Refunding Bonds,**
**Taxable Series 2016B**

**Dated: Delivery Date** **Due: February 1, as shown on inside cover**

***Authority for Issuance.*** The bonds captioned above (the "Series 2016A Bonds" and the "Taxable Series 2016B Bonds" and together, the "2016 Bonds") are being issued by the Roseville Finance Authority (the "Authority") under a Trust Agreement, dated as of _______ 1, 2016 (the "Trust Agreement") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

***Security for the 2016 Bonds.*** The 2016 Bonds are payable from and secured by "Revenues" which generally consist of (a) all of the 2016 Payments under a Master Installment Purchase Contract (the "Master Contract"), dated as of November 1, 1997, as supplemented to date, including a 2016 Supplemental Installment Purchase Contract dated as of _______ 1, 2016, all entered into between the City of Roseville (the "City") and the Authority (the "2016 Supplemental Contract" and, collectively with the Master Contract, as previously supplemented, the "Installment Purchase Contract"), and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Trust Agreement. "2016 Payments" are defined as the installment payments of interest, principal and prepayment premiums, if any, payable by the City under the 2016 Supplemental Contract. The City maintains a Parity Reserve Fund securing all Payments made under the Installment Purchase Contract. See "SECURITY FOR THE 2016 BONDS."

The 2016 Payments are payable from and secured by a pledge of "Net Revenues" of the Electric System, which are defined generally as Revenues of the Electric System less the Maintenance and Operation Costs of the Electric System during each 12-month period. The pledge of Net Revenues for payment of the 2016 Payments is on a parity with the pledge of Net Revenues securing payment of other obligations incurred by the City under the Installment Purchase Contract, including installment payments which are the subject of series of certificates of participation executed and delivered in 2004, 2009 and 2012 (collectively, the "Prior Certificates") and series of bonds issued in 2010, 2013 and 2014 (collectively, the "Prior Bonds") to finance and refinance improvements to the Electric System. See "ELECTRIC SYSTEM FINANCIAL INFORMATION – Outstanding Indebtedness."

"Maintenance and Operation Costs" include, among other costs, the City's share of debt incurred by certain joint powers agencies in which the Electric System participates. As a result, the City's payments of debt service on this joint powers agency debt are payable on a basis senior to the City's Payments under the Installment Purchase Contract, including the 2016 Payments securing the 2016 Bonds. See "ELECTRIC SYSTEM FINANCIAL INFORMATION – Outstanding Indebtedness."

***Use of Proceeds.*** The 2016 Bonds are being issued to (i) prepay certain outstanding obligations of the City relating to Prior Certificates executed and delivered in 2009, (ii) refinance certain outstanding obligations of the City relating to Prior Bonds issued in 2010 and (iii) pay certain costs incurred in connection with the issuance of the 2016 Bonds. See "PLAN OF FINANCING."

***Redemption.**** Prior to their maturity, the 2016 Bonds are subject to redemption as described in this Official Statement. See "THE 2016 BONDS – Redemption."

***Book-Entry System.*** The 2016 Bonds will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") under the book-entry-only system maintained by DTC. So long as Cede & Co. is the registered owner of the 2016 Bonds, principal of, premium, if any, and interest on the 2016 Bonds will be payable by the Trustee to DTC, which will in turn remit such payments to its participants for subsequent disbursement to beneficial owners of the 2016 Bonds, as more fully described herein. Purchasers of the 2016 Bonds will not receive physical certificates representing their interests in the 2016 Bonds. See "THE 2016 BONDS" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Purchase of the 2016 Bonds involves a certain degree of risk, and reference is made to "THE ELECTRIC SYSTEM," "DEVELOPMENTS IN THE ENERGY MARKETS," "OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY," "RATE REGULATION" AND "OTHER RISK FACTORS" herein for a discussion of such risks.

THE 2016 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY THE REVENUES. THE ISSUANCE OF THE 2016 BONDS WILL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY OR THE AUTHORITY TO LEVY OR PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE 2016 BONDS ARE NOT A DEBT OF THE AUTHORITY, THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains certain information for quick reference only. It is not a summary of this issue of 2016 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the purchase of the 2016 Bonds.

**MATURITY SCHEDULE**

**(see inside cover)**

The 2016 Bonds are offered when, as and if executed and delivered and accepted by BofA Merrill Lynch, as underwriter, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the City by Jones Hall as disclosure counsel; for the City and the Authority by the City Attorney; and for the Underwriter by Nixon Peabody LLP. It is anticipated that the 2016 Bonds will be delivered in book-entry form through the facilities of DTC on or about ______, 2016.

**[Underwriter Logo]**

The date of this Official Statement is _______, 2016.

* Preliminary, subject to change.

## MATURITY SCHEDULE*

### Series 2016A Bonds
### $_______ Serial Bonds
### (Base CUSIP†: _________)

| Maturity Date (February 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|---|---|---|---|---|---|

### Taxable Series 2016B Bonds
### $__________ Serial Bonds
### (Base CUSIP†: _________)

| Maturity Date (February 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|---|---|---|---|---|---|

[C – Price and yield to first call date of ________ 1, 20__, at par.]

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Authority nor the Underwriter takes any responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

## CITY OF ROSEVILLE

## ROSEVILLE FINANCE AUTHORITY

### BOARD OF DIRECTORS OF THE AUTHORITY
### AND MEMBERS OF THE CITY COUNCIL

Carol Garcia, *Mayor/Chairperson of the Authority*
Susan Rohan, *Vice Mayor/Vice-Chairperson of the Authority*
Bonnie Gore, *Councilmember/Boardmember*
Tim Herman, *Councilmember/Boardmember*
Pauline Roccucci, *Councilmember/Boardmember*

### CITY AND ELECTRIC UTILITY OFFICIALS

Rob Jensen, *City Manager*
Jay Panzica, *Chief Financial Officer*
Michelle Bertolino, *Director, Roseville Electric*
Monty Hanks*, Finance Director*
Robert R. Schmitt, *City Attorney*
Sonia Orozco, *City Clerk*

**BOND COUNSEL**
Jones Hall, A Professional Law Corporation
*San Francisco, California*

**MUNICIPAL ADVISOR**
Hilltop Securities Inc.
*Encino, California*

**TRUSTEE**
The Bank of New York Mellon Trust Company, N.A.
*Los Angeles, California*

**VERIFICATION AGENT**
______________
________, ________

**DISCLOSURE COUNSEL**
Jones Hall, A Professional Law Corporation
*San Francisco, California*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** *No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2016 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.*

**No Unlawful Offers or Solicitations.** *This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.*

***Effective Date.*** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2016 Bonds will, 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, or in the condition of the security for the 2016 Bonds since the date of this Official Statement.

***Use of this Official Statement.*** This Official Statement is submitted in connection with the sale of the 2016 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2016 Bonds. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice.

***Preparation of this Official Statement.*** The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

***Involvement of Underwriter.*** The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a 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 such information.

***Document References and Summaries.*** All references to and summaries of the Trust Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

***2016 Bonds are Exempt from Securities Laws Registration.*** The 2016 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

***Forward-Looking Statements.*** Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the City in any way, regardless of the level of optimism communicated in the information. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "THE ELECTRIC SYSTEM."

The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites and any links contained within those websites are not incorporated herein by reference and does not constitute part of this Official Statement.

The Preliminary Official Statement has been “deemed final” by the City and the Authority for purpose of Rule 15c2-12 of the Securities and Exchange Commission.

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|---|---|
| **$_________*** | **$_________*** |
| **Roseville Finance Authority** | **Roseville Finance Authority** |
| **Electric System Revenue Refunding Bonds, Series 2016A** | **Electric System Revenue Refunding Bonds, Taxable Series 2016B** |

## INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides certain information concerning the issuance of the above-captioned bonds (the "**2016 Bonds**") by the Roseville Finance Authority (the "**Authority**"). The 2016 Bonds are being issued pursuant to a Trust Agreement, dated as of ________ 1, 2016 (the "**Trust Agreement**"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**").

Capitalized terms used but not defined herein have the meanings set forth in the Trust Agreement. See also "APPENDIX C – DEFINITIONS AND SUMMARY OF CERTAIN DOCUMENTS." This Official Statement contains brief descriptions of, among other things, the City, the Electric System, the Trust Agreement, the Installment Purchase Contract and the 2016 Bonds. These descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the 2016 Bonds are qualified in their entirety by reference to the form of 2016 Bond included in the Trust Agreement.

### Security and Sources of Payment

*Revenues.* The 2016 Bonds are secured by and payable from "Revenues" available under the Trust Agreement consisting of (a) all of the 2016 Payments pursuant to the Master Installment Purchase Contract (the "**Master Contract**"), dated as of November 1, 1997, as supplemented to date, including a 2016 Supplemental Installment Purchase Contract dated as of ________ 1, 2016, all entered into between the City of Roseville (the "**City**") and the Authority (the "**2016 Supplemental Contract**" and, collectively with the Master Contract, as previously supplemented, the "**Installment Purchase Contract**"), and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Trust Agreement. See "SECURITY FOR THE 2016 BONDS."

* Preliminary, subject to change.

*Payments.* The "2016 Payments" are defined as the installment payments of interest, principal and prepayment premiums, if any, payable by the City under the 2016 Supplemental Contract. The 2016 Payments are payable from and secured by a pledge of "Net Revenues" of the City's electric utility (the "**Electric System**" or "**Roseville Electric**"), which are defined generally as Gross Revenues of the Electric System less the Maintenance and Operation Costs of the Electric System during each respective 12-month period.

Pursuant to the provisions of the Trust Agreement, the Authority will transfer in trust and assign to the Trustee, for the benefit of the Owners of the 2016 Bonds, all of its rights in the Installment Purchase Contract as supplemented by the 2016 Supplemental Contract, including but not limited to all of the Authority's rights to receive and collect all of the 2016 Payments.

**The 2016 Bonds are limited obligations of the Authority payable solely from and secured by the Revenues. The issuance of the 2016 Bonds will not directly, indirectly or contingently obligate the City or the Authority to levy or pledge any form of taxation or to make any appropriation for their payment. The 2016 Bonds are not a debt of the Authority, the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.**

*Outstanding Senior Obligations.* The "Maintenance and Operation Costs" excluded from Net Revenues include, among other costs, the City's share of debt service on debt incurred by certain joint powers agencies in which the Electric System participates. As a result, the City's payments of debt service on this joint powers agency debt are payable on a basis senior to the 2016 Payments and other Parity Obligations, as defined below.

*Outstanding Parity Obligations.* The pledge of Net Revenues for payment of the 2016 Payments is a parity pledge of Net Revenues securing payment of the 2016 Payments and other obligations (collectively, the "**Parity Obligations**") incurred by the City under the Installment Purchase Contract. The Parity Obligations include the installment payments securing three series of certificates of participation executed and delivered in 2004, 2009 and 2012 (collectively, the "**Prior Certificates**") and three series of bonds issued in 2010, 2013 and 2014 (collectively, the "**Prior Bonds**") to finance and refinance improvements to the Electric System.

*Future Parity Debt.* The Trust Agreement does not provide for the issuance of any obligations payable from the Revenues on parity with the 2016 Bonds. However, the Master Contract permits the City to execute additional Parity Obligations and Parity Payment Agreements, the payments of which are payable from Net Revenues on a parity with the 2016 Payments (all as described below), if the conditions set forth in the Master Contract are met. See "SECURITY FOR THE 2016 BONDS – Additional Debt."

**Parity Reserve Fund**

The City maintains a Parity Reserve Fund securing all Payments made under the Installment Purchase Contract securing the outstanding Prior Certificates, Prior Bonds and the 2016 Bonds. The Parity Reserve Fund will be fully funded upon issuance of the 2016 Bonds. See "SECURITY FOR THE 2016 BONDS – Parity Reserve Fund."

**Financing Purpose**

The 2016 Bonds are being issued to (i) prepay all or a portion of the 2009 Certificates (as described herein), (ii) refinance all or a portion of the 2010 Bonds (as described herein), and

(iii) pay certain costs incurred in connection with the issuance of the 2016 Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS."

**Rate Covenants**

Under the Master Contract, the City covenants that it will at all times fix, prescribe and collect rates and charges for the services, facilities and electricity of the Electric System during each Fiscal Year which are reasonably fair and nondiscriminatory and which will be at least sufficient to yield "Adjusted Annual Net Revenues" for such Fiscal Year equal to at least 110% of the Adjusted Annual Debt Service for such Fiscal Year. See "SECURITY FOR THE 2016 BONDS – Rate Covenant."

**Redemption***

The 2016 Bonds are subject to optional redemption prior to maturity as more fully described herein. See "THE 2016 BONDS – Redemption."

**DTC and the Book-Entry Only System**

The 2016 Bonds are being executed and delivered as fully registered securities in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), and beneficial interests in the book-entry certificates will be made available in authorized denominations to ultimate purchasers under the book-entry-only system maintained by DTC. See "APPENDIX F-DTC AND THE BOOK-ENTRY ONLY SYSTEM."

* Preliminary; subject to change.

## PLAN OF FINANCING

### The Refunding Plan

The Authority has previously executed and delivered $27,010,000 original principal amount of Electric System Revenue Refunding Certificates of Participation, Series 2009 (the "**2009 Certificates**"); and has previously issued $55,845,000 original principal amount of Electric System Revenue Refunding Bonds, Series 2010 (the "**2010 Bonds**").

The net proceeds from the sale of the 2009 Certificates were primarily used to refinance certain outstanding obligations of the City relating to certificates of participation executed and delivered in 2002 for the Electric System. The net proceeds from the sale of the 2010 Bonds were primarily used to refinance certain outstanding obligations of the City relating to certificates of participation executed and delivered in 2008 for the Electric System.

As described below, the net proceeds from the sale of the 2016 Bonds will be used to prepay all or a portion of the City's obligations under the 2009 and 2010 Supplemental Agreements, resulting in a prepayment of all or a portion of the remaining outstanding 2009 Certificates and 2010 Bonds.

The specific maturities of the 2009 Certificates and 2010 Bonds, or portions thereof, to be prepaid or refunded, as applicable, with a portion of the proceeds of the 2016 Bonds, is subject to the determination of the Authority at the time of sale. Consequently, the refunding of the any specific maturity of 2009 Certificates and 2010 Bonds is dependent upon market conditions and other events beyond the control of the City or the Authority.

*The amounts held and invested by the 2016 Escrow Agent in the 2016 Escrow Fund are pledged solely to the payment of the 2009 Certificates and 2010 Bonds. The funds deposited in the 2016 Escrow will not be available for the payment of debt service on the 2016 Bonds*.

___________, as verification agent, will verify that the amounts in the 2016 Escrow Account will be sufficient to prepay the applicable 2009 Certificates and the 2010 Bonds, as described herein. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" below.

## ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds with respect to the 2016 Bonds.

| | |
|---|---|
| <u>Sources of Funds</u> | |
| Par Amount of 2016 Bonds | |
| [Plus/Less] Net [Premium/Discount] | |
| | |
| [Release of Funds from Common Reserve Fund (1)] | |
| Total Sources | |
| | |
| <u>Uses of Funds</u> | |
| 2016 Escrow Fund (2) | |
| Costs of Issuance (3) | |
| Total Uses | |

[(1) Represents a release from the common reserve fund securing the 2016 Bonds and the Parity Obligations. After the release of funds, the amount on deposit in the Parity Reserve Fund will equal the current Reserve Fund Requirement for the 2016 Bonds and the outstanding Parity Obligations. See "SECURITY FOR THE 2016 BONDS –Parity Reserve Fund."]

(2) Includes prepayment of all or a portion of the outstanding 2009 Certificates and 2010 Bonds as described under "PLAN OF FINANCING – The Refunding Plan."

(3) Includes costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, 2016 Escrow Agent and Verification Agent legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the 2016 Bonds, fees of the Authority, Underwriter's discount and any other cost, charge or fee in connection with the original issuance of the 2016 Bonds.

## THE 2016 BONDS

The following is a summary of certain provisions of the 2016 Bonds. Reference is made to the 2016 Bonds for the complete text thereof and to the Trust Agreement for a more detailed description of such provisions. The discussion herein is qualified by such reference. See APPENDIX C – "DEFINITIONS AND SUMMARY OF CERTAIN DOCUMENTS".

### Authority for Issuance

The 2016 Bonds are being issued under the Trust Agreement. The 2016 Supplemental Contract is being executed and delivered pursuant to a Master Installment Purchase Contract (the "**Master Contract**") dated as of November 1, 1997, as supplemented by the following contracts, all entered into between the City and the Authority: 1997 Supplemental Installment Purchase Contract executed and entered into as of November 1, 1997 (the "**1997 Supplemental Contract**"), 1999 Supplemental Installment Purchase Contract executed and entered into as of August 1, 1999 (the "**1999 Supplemental Contract**"), 2002 Supplemental Installment Purchase Contract executed and entered into as of December 1, 2002 (the "**2002 Supplemental Contract**"), 2004 Supplemental Installment Purchase Contract executed and entered into as of July 1, 2004, with respect to the 2004 Certificates (the "**2004 Supplemental Contract**"), 2005 Supplemental Installment Purchase Contract executed and entered into as of June 1, 2005, with respect to the 2005 Certificates (the "**2005 Supplemental Contract**"), 2008 Supplemental Installment Purchase Contract executed and entered into as of May 1, 2008, with respect to the 2008 Certificates (the "**2008 Supplemental Contract**"), 2009 Supplemental Installment Purchase Contract executed and entered into as of December 1, 2009, with respect to the 2009 Certificates (the "**2009 Supplemental Contract**"), 2010 Supplemental Installment Purchase Contract executed and entered into as of July 1, 2010, with respect to the 2010 Bonds (the "**2010 Supplemental Contract**"), 2012 Supplemental Installment Purchase Contract executed and entered into as of November 1, 2012, with respect to the 2012 Certificates (the "**2012 Supplemental Contract**"), 2013 Supplemental Installment Purchase Contract executed and entered into as of November 1, 2013, with respect to the 2013 Bonds (the "**2013 Supplemental Contract**"), 2014 Supplemental Installment Purchase Contract executed and entered into as of August 1, 2014, with respect to the 2014 Bonds (the "**2014 Supplemental Contract**"), and 2016 Supplemental Installment Purchase Contract to be executed and entered into as of ________, 2016, with respect to the 2016 Bonds (the "**2016 Supplemental Contract**").

The certificates of participation delivered in connection with the 1997 Supplemental Contract, the 1999 Supplemental Contract, the 2002 Supplemental Contract, the 2005 Supplemental Contract and the 2008 Supplemental Contract have been fully paid. The 2016 Bonds are being issued to prepay [[a portion of]] the outstanding amount of 2009 Certificates delivered in connection with the 2009 Supplemental Contract, as well as [[a portion of]] the outstanding amount of 2010 Bonds delivered in connection with the 2010 Supplemental Contract. [[After the prepayment of the 2009 Certificates and 2010 Bonds as described, a portion of the obligations under the 2009 and 2010 Supplemental Contracts will remain outstanding.]] See "PLAN OF FINANCING" and "SECURITY FOR THE 2016 BONDS – Outstanding Senior and Parity Indebtedness."

The Master Contract and the various supplements thereto are collectively referred to as the "**Installment Purchase Contract**." The payments due under the Installment Purchase Contract are collectively referred to as "**Payments**."

**General Terms**

***Dated Date and Maturities.*** The 2016 Bonds will be dated their date of initial delivery. Subject to the redemption provisions outlined below, the 2016 Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement.

***Interest.*** Interest on each 2016 Bond will accrue at the rates (based on a 360-day year of twelve 30-day months) set forth on the inside cover page of this Official Statement, payable semiannually on February 1 and August 1 of each year, beginning on February 1, 2017 (each, an "**Interest Payment Date**").

Each 2016 Bond will bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from the Interest Payment Date next preceding the date of authentication thereof; unless (i) it is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event such 2016 Bonds bear interest from such Interest Payment Date; (ii) it is authenticated on or before the Record Date, in which event such 2016 Bonds will bear interest from the date of delivery; provided, however, that if, as of the date of authentication of any 2016 Bond, interest thereon is in default, such 2016 Bond will bear interest from the date on which interest has been paid in full, payable on each Interest Payment Date.

***Principal.*** The principal of the 2016 Bonds will be payable in lawful money of the United States of America upon the surrender thereof on the respective maturity date or on redemption prior thereto at the Corporate Trust Office of the Trustee.

***Denominations.*** The 2016 Bonds will be issued in the form of fully registered bonds in the denomination of $5,000 each or any integral multiple of $5,000; provided that no 2016 Bond will have more than one maturity date.

***DTC and Book-Entry Only System.*** DTC will act as securities depository for the 2016 Bonds. The 2016 Bonds will be executed and delivered as fully-registered securities registered initially in the name of Cede & Co. (DTC's partnership nominee). So long as Cede & Co. is the registered owner of the 2016 Bonds, as nominee of DTC, references in this Official Statement to the "Owners" will mean Cede & Co., and will not mean the Beneficial Owners of the 2016 Bonds. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

***Method of Payment.*** So long as the 2016 Bonds are registered in the name of Cede & Co., principal, premium, if any, and interest on the 2016 Bonds are payable directly to DTC by the Trustee in lawful money of the United States of America. Upon receipt of payments of principal, premium or interest, DTC is to remit such principal, premium or interest to the "DTC Participants" (as defined in APPENDIX F) for subsequent disbursement to the Beneficial Owners of the 2016 Bonds. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

**Redemption***

***Optional Redemption.***

*Series 2016A Bonds.* The 2016A Bonds are subject to optional redemption prior to their respective stated maturity dates, upon notice as hereinafter provided, from prepayment of 2016 Payments made by the City pursuant to the Contract, as a whole or in part (from such maturity dates as are designated by the Authority to the Trustee at the direction of the City or, if the Authority fails to designate such maturity dates, in inverse order of maturity date and by lot within a maturity date) on any date on or after _________ 1, 20__, at a redemption price equal to the principal amount of the 2016A Bonds called for redemption, plus accrued and unpaid interest to the redemption date, without premium.

*Series 2016B Bonds*. The Series 2016B Bonds are subject to redemption prior to their respective maturities at the option of the Authority, in whole or in part, on any Business Day, at the Make-Whole Redemption Price (as defined herein) determined by the Designated Investment Banker (as defined herein).

The "Make-Whole Redemption Price" is the greater of (i) the issue price of the Series 2016B Bonds as shown on the cover page of this Official Statement (but not less than 100% of the principal amount of the Series 2016B Bonds to be redeemed), or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2016B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2016B Bonds are to be redeemed, discounted to the date on which such Series 2016B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" (defined below) plus ____* basis points, plus accrued and unpaid interest on the Series 2016B Bonds to be redeemed on the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2016B Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semi-annual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker (defined below).

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Series 2016B Bond, the U.S. Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Series 2016B Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Series 2016B Bonds to be redeemed.

___________
* Preliminary; subject to change.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m. New York City time, on the Valuation Date; or (ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the average of five Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Authority.

"Reference Treasury Dealer" means each of five firms, specified by the Authority from time to time, that are primary U.S. Government securities dealers in the City of New York (each, a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Authority will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2016B Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Authority and the Trustee by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the Valuation Date.

"Valuation Date" means a date that is no earlier than four days prior to the date the redemption notice is to be mailed.

***Mandatory Sinking Fund Redemption.***

*Series 2016A Term Bonds.* The 2016A Bonds that are Term Bonds are subject to mandatory redemption in whole, or in part by lot, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on February 1 in the years as set forth in the following table:

**2016A Term Bonds**
**Maturing February 1, 20__**

| Sinking Fund Redemption Date (February 1) | Principal Amount |
|---|---|
| | |
| (Maturity) | |

*Series 2016B Term Bonds.* The 2016B Bonds that are Term Bonds are subject to mandatory redemption in whole, or in part by lot, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on February 1 in the years as set forth in the following table:

**2016B Term Bonds**
**Maturing February 1, 20__**

| Sinking Fund Redemption Date (February 1) | Principal Amount |
|---|---|
| (Maturity) | |

***Selection of Bonds for Redemption.*** With respect to the Series 2016A Bonds, if less than all Outstanding Series 2016A Bonds of any particular maturity date are to be redeemed at any one time, the Trustee will select the portions of the Series 2016A Bonds of such maturity date to be redeemed by lot in a manner which the Trustee deems to be fair. With respect to the Series 2016B Bonds, if less than all of the Outstanding Series 2016B Bonds of a particular maturity date are to be redeemed at any one time, the redemption shall be made among the maturities being redeemed on a pro rata basis to each Owner in whose name such Series 2016B Bonds are registered at the close of business on the Record Date immediately preceding the redemption date (which shall be DTC so long as the book-entry system with DTC is in effect with respect to the Series 2016B Bonds). For purposes of such selection, all 2016 Bonds will be deemed to be comprised of separate $5,000 denominations and such separate denominations will be treated as separate Bonds that may be separately redeemed.

***Notice of Redemption.*** The Trustee on behalf and at the expense of the City will mail (by first class mail) notice of any redemption to the respective Owners of any 2016 Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption. Each notice of redemption will state the date of such notice, the redemption price, the place of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the 2016 Bonds to be redeemed, and, if less than all of the 2016 Bonds of any one maturity date are to be redeemed, the distinctive bond numbers of the 2016 Bonds of such maturity date to be redeemed and, in the case of 2016 Bonds to be redeemed in part only, the respective portions of the principal amount evidenced and represented thereby to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said 2016 Bonds the redemption price thereof and in the case of a 2016 Bond to be redeemed in part only, the specified portion of the principal amount evidenced and represented thereby to be redeemed, together with accrued and unpaid interest evidenced and represented thereby to the redemption date, and that from and after such redemption date interest evidenced and represented thereby will cease to accrue, and will require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such a redemption notice will not invalidate any of the proceedings taken in connection with such redemption.

In the event of redemption of 2016 Bonds, the Trustee will mail a notice of redemption upon receipt of a Written Request of the Authority. Conditional notice of optional redemption may be given by the Trustee at the direction of the Authority or the City.

Unless the book-entry only system is discontinued, the City and the Trustee will only recognize DTC or its nominee as an Owner. Conveyance of notices and other communications by DTC to its participants ("**DTC Participants**") and by DTC Participants to each actual purchaser of each 2016 Bond will be governed by arrangements between them, subject to any statutory and regulatory requirements as may be in effect from time to time. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

***Purchase in lieu of Redemption.*** In lieu of redemption of 2016 Bonds as provided in the Trust Agreement, amounts held by the Trustee for such redemption may be applied by the Trustee to the purchase of 2016 Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) at the direction of the Authority or the City received by the Trustee at least 75 days prior to the selection of the 2016 Bonds for redemption, but such purchase price must not exceed the redemption price that would be payable if such 2016 Bonds were redeemed.

***Effect of Redemption.*** If notice of redemption has been duly given and money for the payment of the redemption price of the 2016 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice 2016 Bonds so called for redemption will become due and payable, and from and after the date so designated interest on such 2016 Bonds will cease to accrue, and the Owners of such 2016 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

### Debt Service Schedule

The 2016 Bonds are payable from Revenues available under the Trust Agreement, consisting primarily of the 2016 Payments made by the City pursuant to the Installment Purchase Contract. The schedule below shows the annual debt service on the 2016 Bonds (assuming no redemption of the 2016 Bonds) and outstanding Parity Obligations (assuming no optional prepayment of the 2016 Payments or Parity Obligations) after the defeasance and prepayment described under "PLAN OF FINANCING" above.

| Fiscal Year Ending June 30 | 2016 Bonds Principal | 2016 Bonds Interest | 2016 Bonds Total Debt Service(1) | Outstanding Parity Payments(2) | Total Payments |
|---|---|---|---|---|---|
| Total | | | | | |

(1) Equal to the total 2016 Payments due in each Fiscal Year.
(2) Represents the 2004 Payments, [[unrefunded 2009 Payments, unrefunded 2010 Payments,]] the 2012 Payments, the 2013 Payments and the 2014 Payments. See "SECURITY FOR 2016 BONDS – Outstanding Senior and Parity Obligations" and "ELECTRIC SYSTEM FINANCIAL INFORMATION – Outstanding Indebtedness."

## SECURITY FOR THE 2016 BONDS

*This section provides summaries of certain provisions of the Trust Agreement, the Installment Purchase Contract and the 2016 Bonds. See APPENDIX C for a summary of additional provisions of the Trust Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.*

### Revenues

The 2016 Bonds are payable from and secured by a lien on and security interest in the Revenues as provided in the Trust Agreement. "Revenues" consist of (a) all of the 2016 Payments, and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Trust Agreement. Under the Trust Agreement, all of the Revenues and all amounts (including proceeds of the sale of the 2016 Bonds) held in any fund or account established under the Trust Agreement are pledged to secure the payment of the principal of and interest and premium (if any) on the 2016 Bonds.

**The 2016 Bonds are limited obligations of the Authority payable solely from and secured by the Revenues. The issuance of the 2016 Bonds will not directly, indirectly or contingently obligate the City or the Authority to levy or pledge any form of taxation or to make any appropriation for their payment. The 2016 Bonds are not a debt of the Authority, the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.**

### Assignment to Trustee

Under the Trust Agreement, the Authority transfers, assigns and sets over to the Trustee, subject to the provisions of the Trust Agreement, all of the Revenues (which consist primarily of the 2016 Payments, as more fully described below) and any and all rights and privileges it has under the Installment Purchase Contract, including the right to collect and receive directly all of the 2016 Payments and the right to enforce the provisions of the Installment Purchase Contract.

Any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and will immediately be paid by the Authority to the Trustee

The Trust Agreement provides that the Trustee will, subject to the provisions of the Trust Agreement, take all steps, actions and proceedings required to be taken as provided in any Opinion of Counsel delivered to it, reasonably necessary to maintain in force for the benefit of the Owners of the 2016 Bonds the Trustee's rights as assignee of the 2016 Payments under the Installment Purchase Contract and as beneficiary of any other rights to security for the 2016 Bonds which the Trustee may receive in the future.

**2016 Payments**

***General.*** The 2016 Payments represent the purchase price of a portion of the facilities financed from the proceeds of the 2009 Certificates and 2010 Bonds, which the Authority is reselling to the City. The Installment Purchase Contract provides that the City's obligations to make the 2016 Payments is (subject to the provisions of the Installment Purchase Contract relating to defeasance) absolute and unconditional, and until such time as the 2016 Payments are paid in full (or provision for the payment thereof is made under the Installment Purchase Contract), the City will not discontinue or suspend any 2016 Payments required to be paid by it under the Installment Purchase Contract when due, whether or not the Electric System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part. The 2016 Payments are not subject to reduction whether by offset, abatement or otherwise and are not conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

Notwithstanding anything contained in the Installment Purchase Contract, however, the City is not required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the 2016 Payments or for the performance of any agreements or covenants required to be performed by it contained in the Installment Purchase Contract.

***Pledge of Net Revenues.*** Under the Installment Purchase Contract, all Net Revenues of the Electric System are irrevocably pledged to the payment of all Payments to be made by the City to the Authority, including the 2016 Payments and all other payments under the Parity Obligations in accordance with the terms of the Installment Purchase Contract. The Net Revenues of the Electric System may not be used for any other purpose while any of the Payments remain unpaid; provided, however, that out of Net Revenues there may be apportioned such sums for such purposes as are expressly permitted by the Installment Purchase Contract. The Installment Purchase Contract provides that this pledge constitutes a parity first pledge of and charge and lien upon the Net Revenues of the Electric System

*Electric System.* The Installment Purchase Contract defines "Electric System" to mean the electric public utility system of the City, comprising all electric generation, transmission and distribution facilities and all general plant facilities related thereto owned by the City at the time the Master Contract was executed and all other properties, structures or works for the generation, transmission or distribution of electricity thereafter acquired by the City, including all contractual rights for electricity or the transmission thereof, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof thereafter acquired.

*Net Revenues.* The Installment Purchase Contract defines "Net Revenues" to mean, for any Fiscal Year or any designated twelve (12) month period in question, the Gross Revenues during such Fiscal Year or twelve (12) month period less the Maintenance and Operation Costs during such Fiscal Year or twelve (12) month period.

*Gross Revenues.* "Gross Revenues" as used herein (defined in the Installment Purchase Contract as "Revenues") means all gross income and revenue received or receivable by the City from the ownership or operation of the Electric System, determined in accordance with Generally Accepted Accounting Principles, including all rates and charges received by the City for the Electric Service and the other services and facilities of the Electric System and all proceeds of insurance covering business interruption loss relating to the Electric System and all other income and revenue howsoever derived by the City from the ownership or operation of the

Electric System or arising from the Electric System, and including all Payment Agreement Receipts, and including all income from the deposit or investment of any money in the Electric Revenue Fund.

The definition of "Gross Revenues" *excludes* proceeds of taxes, refundable deposits made to establish credit and advances, or contributions in aid of construction and line extension fees, and charges collected by any person to amortize, or otherwise relating to the payment of, the uneconomic portion of costs associated with assets and obligations ("stranded costs") of the Electric System or of any joint powers agency in which the City participates which the City has dedicated to the payment of obligations other than Contracts, the payments of which obligations will be applied or pledged to, or otherwise set aside for, the reduction or retirement of outstanding obligations of the City or any joint powers agency in which the City participates relating to such "stranded costs" of the City or of any such joint powers agency to the extent such "stranded costs" are attributable to, or the responsibility of, the City.

*Maintenance and Operation Costs.* The Installment Purchase Contract defines "Maintenance and Operation Costs" to mean the costs paid or incurred by the City for maintaining and operating the Electric System, determined in accordance with Generally Accepted Accounting Principles, including, but not limited to, all costs of electric energy and power generated or purchased by the City for resale, costs of transmission, fuel supply and water supply in connection with the foregoing, all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Electric System in good repair and working order, all administrative costs of the City that are charged directly or apportioned to the operation of the Electric System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the Contracts or any resolution authorizing the execution of any Parity Obligations or of such Contracts or Parity Obligations, such as compensation, reimbursement and indemnification of the Trustee, remarketing agent or surety costs for any such Parity Obligations, letter of credit fees for any such Parity Obligations, fees and expenses of Independent Certified Public Accountants and Independent Engineers.

The definition of "Maintenance and Operation Costs" *excludes* depreciation, replacement and obsolescence charges or reserves therefore and amortization of intangibles.

It should be noted that "Maintenance and Operation Costs" *specifically include* all amounts required to be paid by the City under contracts with a joint powers agency for the purchase of capacity, energy, transmission capability or any other commodity or service in connection with the foregoing, which contract requires payments by the City to be made thereunder to be treated as Maintenance and Operation Costs.

**The 2016 Payments are limited obligations of the City and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the City or any of its income or receipts, except the Net Revenues.**

## Rate Covenant

***Rate Covenant.*** Under the Installment Purchase Contract, the City covenants that it will at all times fix, prescribe and collect rates and charges for the services, facilities and electricity of the Electric System during each Fiscal Year which are reasonably fair and nondiscriminatory and which will be at least sufficient to yield "Adjusted Annual Net Revenues" for such Fiscal Year equal to at least 110% of the Adjusted Annual Debt Service for such Fiscal Year (the "**Rate Covenant**").

The City may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but may not reduce the rates and charges then in effect unless the Adjusted Annual Net Revenues (defined herein) from such reduced rates and charges will at all times be sufficient to meet the requirements described in the preceding sentence.

***Adjusted Annual Net Revenues.*** The Installment Purchase Contract defines "Adjusted Annual Net Revenues" to mean, for any Fiscal Year or 12-month period in question, the "Adjusted Annual Revenues" during such Fiscal Year or 12-month period less the "Maintenance and Operation Costs" during such Fiscal Year or 12-month period.

***Adjusted Annual Revenues.*** The Installment Purchase Contract defines "Adjusted Annual Revenues" to mean, for any Fiscal Year or 12-month period in question:

- the Gross Revenues during such Fiscal Year or 12-month period,

- *plus*, for purposes of the Rate Covenant only, the amounts on deposit in the Rate Stabilization Fund (or any other unrestricted funds of the Electric System designated by the City Council by resolution and available for the purpose of paying Maintenance and Operation Costs and/or Annual Debt Service for such Fiscal Year or 12-month period), as of the first day of such Fiscal Year or 12-month period,

- *minus*, for the purposes of the Rate Covenant only, earnings from the investments in the Parity Reserve Fund that are deposited in the Electric Revenue Fund in such Fiscal Year or 12-month period.

***Adjusted Annual Debt Service.*** The Installment Purchase Contract defines "Adjusted Annual Debt Service" to mean, for any Fiscal Year or 12-month period in question, the "Annual Debt Service" for such Fiscal Year or 12-month period *minus* the sum of

(i) for purposes of the Rate Covenant only, the earnings from the investments in the Parity Reserve Fund that have been deposited in the Electric Revenue Fund in such Fiscal Year or 12-month period, and

(ii) the amount of the Annual Debt Service paid from the proceeds of Parity Obligations or interest earned thereon (other than from the Parity Reserve Fund), all as set forth in a certificate of the City.

***Annual Debt Service.*** The Installment Purchase Contract defines "Annual Debt Service" to mean, for any Fiscal Year or 12-month period in question, the required payments scheduled to be made with respect to all Outstanding Parity Obligations in such Fiscal Year or 12-month period; provided, that for purposes of determining compliance with the Rate

Covenant, the Reserve Fund Requirement and conditions for the execution of Parity Obligations, certain additional provisions are applicable as described in "APPENDIX C – DEFINITIONS AND SUMMARY OF CERTAIN DOCUMENTS."

***Rate Stabilization Fund.*** Under the Installment Purchase Contract, the City is also required to establish and maintain the Rate Stabilization Fund so long as any Parity Obligations remain unpaid. Under the Installment Purchase Contract, amounts in the Rate Stabilization Fund are not pledged as security for the 2016 Payments but may be included in Adjusted Annual Revenues for purposes of determining compliance with the Rate Covenant.

The City may at any time deposit in the Rate Stabilization Fund any Net Revenues after providing for the payment of Parity Obligations and any other money available for such deposit. The City may at any time withdraw any or all of the money from the Rate Stabilization Fund for any legal purpose. All interest or other earnings upon deposits in the Rate Stabilization Fund will be accounted for as Gross Revenues.

Notwithstanding the foregoing, no Gross Revenues will be deposited in the Rate Stabilization Fund to the extent that such amount was included by the City in Adjusted Annual Revenues for purposes of determining compliance with the conditions for the execution of Parity Obligations contained in the Contracts or for the Rate Covenant and deduction of the amounts to be deposited in the Rate Stabilization Fund would have caused noncompliance with such conditions.

The City's ability to set rates, fees and charges for electricity at levels which would permit the City to make deposits into the Rate Stabilization Fund may be limited by new regulations and other changes to the electric industry in California.

**Parity Reserve Fund**

***Establishment.*** Under the trust agreement entered into by the Authority and the Trustee with respect to the 1997 Certificates, the Trustee established and is obligated to maintain the Parity Reserve Fund, which secures all Payments made under the Installment Purchase Contract securing the outstanding Prior Certificates, the Prior Bonds and the 2016 Bonds.

***Funding of 2016 Parity Reserve Account.*** After the release of amounts in the Parity Reserve Fund as shown in "ESTIMATED SOURCES AND USES OF FUNDS" herein, the combined amount on deposit in the Parity Reserve Fund will be sufficient to meet the Reserve Fund Requirement for the Parity Obligations, including the 2016 Bonds. As a result, a "2016 Parity Reserve Account" will not be established within the Parity Reserve Fund. The Parity Reserve Fund will be maintained so long as the 2016 Bonds or any Parity Obligations remain outstanding.

***Reserve Fund Requirement.*** The Installment Purchase Contract defines "Reserve Fund Requirement" to mean, as of any date of determination and excluding any Parity Obligations that are not Supplemental Contracts and the debt service thereon, the least of

(a) 10% of the initial offering price to the public of the Parity Obligations as determined under the Internal Revenue Code of 1986 (the "**Code**"), or

(b) the Maximum Annual Debt Service, or

(c) 125% of the Average Annual Debt Service.

***Substitution of Surety.*** The Reserve Fund Requirement (or any portion thereof) may be provided by one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank or other institution if the obligations insured by such insurer or issued by such bank or other institution, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit equal to "Aa" or higher assigned by Moody's (if Moody's is then rating any of the Parity Obligations) and "AA" or higher assigned by S&P (if S&P is then rating any of the Parity Obligations) and that maintain at all times ratings at least equal to the lowest ratings (without giving effect to municipal bond insurance or other credit enhancement) on any of the Parity Obligations provided by Moody's (if Moody's is then rating any of the Parity Obligations) and by S&P (if S&P is then rating any of the Parity Obligations).

If at any time obligations insured by any such municipal bond insurer issuing a policy of municipal bond insurance or surety bond or a bank or other institution issuing a letter of credit as permitted by this definition no longer maintains ratings as required in accordance with the requirements of the Installment Purchase Contract, the Installment Purchase Contract requires the City to provide or cause to be provided cash or a substitute municipal bond insurance policy or surety bond or a letter of credit meeting such requirements.

Currently, no portion of the Reserve Fund Requirement is provided by a policy of municipal bond insurance, surety bond or letter of credit.

***Disbursement.*** Amounts in the Parity Reserve Fund will be transferred to the "2016 Debt Service Fund" established under the Trust Agreement to pay principal and interest on the 2016 Bonds on any Interest Payment Date in the event amounts on deposit therein are insufficient for such purposes. The Trustee will also transfer amounts in the Parity Reserve Fund to any applicable debt service fund established under a trust agreement under which any obligations are issued in connection with a Supplemental Contract, without preference or priority between transfers made as described in the preceding sentence, and in the event of any insufficiency of such moneys ratably without discrimination or preference. See " – Outstanding and Senior Parity Obligations" below.

**Outstanding Senior and Parity Obligations**

***Senior Obligations.*** The City participates in the projects of, and has entered into financing agreements with certain regional joint powers agencies (including the Northern California Power Agency and the Transmission Agency of Northern California), under which the City is responsible for a share of debt service on debt issued by those joint powers agencies. Obligations of the City under these financing agreements constitute operating expenses of the Electric System payable prior to the obligations under the Installment Purchase Contract, including the 2016 Payments (and the Parity Obligations described below). Under certain circumstances, payments under these financing agreements are subject to a potential "step-up," as described herein, obligating the City to pay a share of the obligations of a defaulting participant and granting the City a corresponding increased entitlement to electricity. See "ELECTRIC SYSTEM FINANCIAL INFORMATION – Outstanding Indebtedness."

***Parity Obligations.*** The 2016 Payments are secured by and payable from Net Revenues on parity with other obligations previously incurred by the City under the Installment

Purchase Contract and designated as parity obligations (collectively, the "**Parity Obligations**"), including installment payments securing certain outstanding series of certificates of participation and revenue bonds described herein. For a list of currently outstanding Parity Obligations see “ELECTRIC SYSTEM FINANCIAL INFORMATION – Outstanding Indebtedness – Parity Indebtedness.”

## Conditions for Issuing Additional Obligations

The Trust Agreement does not provide for issuance of additional obligations payable or secured by the Revenues pledged to payment of the 2016 Bonds. However, under the terms of the Master Contract, the City may at any time execute a Supplemental Contract or other Parity Obligation, the payments of which are payable from the Net Revenues on a parity with the other Parity Obligations, including the 2016 Payments, but subject to the conditions precedent set forth in the Master Contract, including the condition that there be on file with the Trustee either:

(1) a Certificate of the City demonstrating that during any twelve consecutive calendar months out of the immediately preceding eighteen calendar month period, the Adjusted Annual Net Revenues were at least equal to 110% of the Maximum Annual Debt Service for all existing Parity Obligations plus the Parity Obligation proposed to be executed; or

(2) an Engineer's Report showing that projected Adjusted Annual Net Revenues during the succeeding five complete Fiscal Years beginning with the first Fiscal Year following issuance of such Parity Obligations in which interest is not capitalized in whole or in part from the proceeds of Parity Obligations, is at least equal to 110% of the Maximum Annual Debt Service for all existing Parity Obligations plus the Parity Obligations proposed to be executed.

Notwithstanding the foregoing, the Master Contract specifies that there are no limitations on the ability of the City to execute any Parity Obligations at any time to refund any outstanding Parity Obligations. See "APPENDIX C – DEFINITIONS AND SUMMARY OF CERTAIN DOCUMENTS."

## Flow of Funds

***2016 Debt Service Fund.*** All Revenues received by the Trustee will be promptly deposited by the Trustee in the 2016 Debt Service Fund; *except that* all moneys received by the Trustee and required hereunder or under the 2016 Supplemental Contract to be used for optional redemption of 2016 Bonds will be promptly deposited in a special fund and disbursed for that purpose. All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Trust Agreement.

All money in the 2016 Debt Service Fund will be set aside by the Trustee in the following respective special accounts within the 2016 Debt Service Fund (each of which is created and maintained by the Trustee under the Trust Agreement) in the following order of priority:

(i) 2016 Interest Account,

(ii) 2016 Redemption Account (with a 2016 Principal Subaccount therein), and

(iii) 2016 Parity Reserve Account.

*2016 Interest Account.* On the Business Day immediately preceding each February 1 and August 1, commencing on February 1, 2017, the Trustee will set aside from the 2016 Debt Service Fund and deposit in the 2016 Interest Account that amount of money which is equal to the amount of interest on the 2016 Bonds becoming due and payable on such February 1 or August 1, as the case may be.

No deposit need be made in the 2016 Interest Account if the amount contained therein is at least equal to the aggregate amount of interest on the 2016 Bonds becoming due and payable on such Interest Payment Date.

All money in the 2016 Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest as it becomes due and payable (including accrued interest on any 2016 Bonds purchased or redeemed prior to their respective maturity dates).

*2016 Redemption Account.* On the Business Day immediately preceding each February 1, commencing on February 1, 2016, the Trustee will set aside from the 2016 Debt Service Fund and deposit in the 2016 Principal Subaccount in the 2016 Redemption Account an amount of money equal to the principal amount of the Outstanding serial Bonds with a maturity date of such February 1.

No deposit need be made in the 2016 Redemption Account if the amount contained in the 2016 Principal Subaccount therein is at least equal to the aggregate amount of the principal of the Outstanding serial Bonds with a maturity date of such February 1.

All money in the 2016 Principal Subaccount in the 2016 Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the serial 2016 Bonds as they become due and payable, whether at their respective maturity dates or on prior redemption.

*2016 Parity Reserve Account.* The Trustee will deposit in the 2016 Parity Reserve Account such amounts transferred to the Trustee by the City pursuant to the Master Contract, as directed by the Authority in a Written Request of the Authority, as described under "- Flow of Funds under the Installment Purchase Contract" below. See also "- Parity Reserve Fund" above.

*Surplus.* Any surplus remaining in the 2016 Debt Service Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under the Trust Agreement, and (ii) any applicable fees and expenses to the Trustee, will be withdrawn by the Trustee and remitted to the City.

***Flow of Funds under Installment Purchase Contract.*** Under the Installment Purchase Contract, the City agrees and covenants that all Gross Revenues it receives will be deposited when and as received in the Electric Revenue Fund, which the City is required to establish and maintain separate and apart from other moneys of the City so long as any Parity Obligations remain unpaid.

All money on deposit in the Electric Revenue Fund will be applied and used only as provided in the Installment Purchase Contract.

*Payment of Maintenance and Operation Costs.* The City is to pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs the payment of which is not then immediately required) from the Electric Revenue Fund as they become due and payable.

*Disbursement of Remaining Funds.* The Installment Purchase Contract requires the City to deposit and set aside all remaining money in the Electric Revenue Fund at the following times in the following order of priority:

(1) *Parity Obligation Payment Fund Deposits*. On or before the third Business Day before each date on which interest or principal becomes due and payable under any Parity Obligation or any net payment becomes due and payable under any Parity Payment Agreement, the City will, from the money in the Electric Revenue Fund, deposit in the Parity Obligation Payment Fund (which the City agrees and covenants to establish and maintain separate and apart from other moneys of the City so long as any Parity Obligations remain unpaid) a sum equal to the amount of interest and principal becoming due and payable under all Parity Obligations on such due date, plus the net payments due on all Parity Payment Agreements on such due date.

However, no such deposit need be made if there is money in the Parity Obligation Payment Fund available therefore at least equal to the amount of interest and principal becoming due and payable under all Parity Obligations on such date on which interest or principal becomes due and payable under any Parity Obligations plus the net payments due on all Parity Payment Agreements on the next succeeding due date.

Moneys on deposit in the Parity Obligation Payment Fund will be transferred by the City to the Trustee to make and satisfy the payments due on the next applicable date on which interest or principal becomes due and payable under any Parity Obligation at least one Business Day prior to such next applicable due date.

(2) *Parity Reserve Fund Deposits*. On or before the third Business Day before each Payment Date, the City will, from the remaining money on deposit in the Electric Revenue Fund after deposits and transfers under paragraph (1) above, transfer to the Trustee for deposit in the Parity Reserve Fund that sum, if any, necessary to restore the Parity Reserve Fund to an amount equal to the Reserve Fund Requirement.

The City will also, from such remaining moneys in the Electric Revenue Fund, transfer or cause to be transferred to the reserve fund or account for any Parity Obligations which are not Supplemental Contracts, without preference or priority between transfers made in accordance with this sentence and the preceding sentence, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, that sum or sums, if any, equal to the amount required to be deposited therein pursuant to such Parity Obligations.

After making the foregoing deposits and transfers in each Fiscal Year, the City may apply any remaining money in the Electric Revenue Fund for any lawful purpose of the City, including for the payment of any Subordinate Obligations in accordance with the instruments authorizing such Subordinate Obligations; provided, however, that no moneys in the Electric Revenue Fund may be applied to the payment of any Subordinate Obligations in any Fiscal Year unless amounts on deposit in the Electric Revenue Fund are sufficient to make the transfers required to be made in such Fiscal Year as described above.

**Limited Obligations**

The 2016 Bonds are limited obligations of the Authority payable solely from and secured by the Revenues. The Authority has no obligation or liability to the Owners of the 2016 Bonds with respect to the payment of the 2016 Payments when due, or with respect to the performance by the City of any other covenant made by it in the Installment Purchase Contract.

Except for the payment of 2016 Payments when due and the performance of the other covenants and agreements of the City contained in the Installment Purchase Contract, the City has no obligation or liability to the Owners of the 2016 Bonds with respect to the Trust Agreement or the execution, delivery or transfer of the 2016 Bonds, or the disbursement of debt service payments to the Owners by the Trustee. The obligation of the City to make the 2016 Payments is a special obligation of the City secured by a pledge of Net Revenues and payable solely from the Net Revenues and other amounts available under the Trust Agreement, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Notwithstanding anything contained in the Installment Purchase Contract, the City is not required to advance any moneys derived from any source of income other than the Net Revenues and the other funds provided in the Installment Purchase Contract for the payment of amounts due under the Installment Purchase Contract or for the performance of any agreements or covenants required to be performed by it contained in the Installment Purchase Contract. See "OTHER RISK FACTORS – Limited Obligations" herein.

## THE ELECTRIC SYSTEM

### History and Background

The City, through its Electric System, has been providing electrical power to its residents, businesses, and the City's street and traffic lighting systems since 1912. In 1956, the City entered into a contract with the Federal Bureau of Reclamation for 69 megawatts ("MW"; a megawatt equals 1 million watts) of electric capacity from the Central Valley hydroelectric project, which consists of a system of dams, reservoirs and power plants within central and northern California (the contract is currently administered through the Western Area Power Administration ("Western")). In the early 1970s, the City's demand for electricity exceeded the Western resource allocation. To help meet this additional need, in 1968 the City became a charter member in the Northern California Power Agency (the "NCPA"), a consortium of municipal electrical utilities. The City participates in several resources developed by NCPA, including its geothermal, combustion turbine, steam-injected gas turbine, and hydroelectric projects. In October of 2007, the City completed construction of a 160 MW natural gas fired combined cycle power plant (the "Roseville Energy Park" or "REP"). REP was built as a reliable, economic alternative to bulk power purchases. REP has a base operating capacity of 120 MW with the ability to peak-fire up to 160 MW. On September 1, 2010, the City assumed full title and ownership of the NCPA Combustion Turbine Project No. 1 (48 MW capacity), which is connected to the Roseville electric distribution system and now referred to as Roseville Power Plant 2, to meet reserve and capacity requirements.

### Organization and Management

***Supervision by City Council and Roseville Public Utilities Commission.*** The City's Electric System is under the supervision of the Roseville City Council. The seven-member Roseville Public Utilities Commission serves as an advisory board to the City Council on matters relating to all utilities owned and operated by the City. The City Council appoints all seven members of the Public Utilities Commission.

***Risk Oversight Committee ("ROC")***. The Electric System's risk management strategies and procedures are monitored by the ROC. The ROC meets quarterly and includes two members of the City Council, two members of the Roseville Public Utilities Commission, the City Manager, the Assistant City Manager, the Chief Financial Officer, the City Attorney, and the Electric Utility Director. The ROC oversees Roseville Electric's risk management procedures and ensures that Roseville Electric's risk profile is within the parameters set forth in the risk management policies.

***Risk Management Committee ("RMC")***. The Electric System's risk management activities are reviewed and monitored on a more regular basis by the RMC. The RMC meets monthly and is comprised of one or two delegates from the City Manager's office, one or two delegates from the Finance Department, one or two delegates from the City Attorney's office, and one or two Assistant Electric Utility Directors. The RMC discusses risk mitigation strategies, impacts of various strategies on Roseville Electric's strategic goals and makes recommendations to the ROC, or City Council, as appropriate. The RMC receives position and credit reports on a monthly basis to ensure compliance with risk policies.

***Senior Management.*** The Electric System's senior management consists of the following executives:

*Michelle Bertolino, Electric Utility Director*. Michelle Bertolino has worked at Roseville Electric, in various capacities, since 2002. She was promoted to Director in 2010. In addition to her responsibilities overseeing operations of the utility, she is President of the California Municipal Utilities Association ("CMUA"), Commissioner for the Balancing Authority of Northern California ("BANC"), and a member of the Board of Trustees of the Northwest Public Power Association ("NWPPA"). Prior to joining Roseville, Ms. Bertolino was employed by the Sacramento Municipal Utility District and San Francisco Public Utilities Commission. She graduated from the University of California, Santa Barbara and attended the Graduate School of Management at the University of California, Davis. She received her Certified Public Accountant license from the State of California.

*Michael Bloom, Assistant Electric Utility Director: Planning and Services.* Michael Bloom has served as Assistant Electric Utility Director responsible for the Planning and Services Division since 2011. He began working at Roseville Electric in 1989 as an analyst and served as the Power Supply Manager for several years. Mr. Bloom is responsible for the Electric System's energy supply portfolio, risk management, power generation, retail services, rates and financial services, and operations technology systems. Mr. Bloom graduated from California State University, Sacramento with a Bachelor of Science Degree in Mechanical Engineering and Master of Arts Degree in Business Administration.

*Sonny Person, Assistant Electric Utility Director: Generation and Distribution*. Sonny Person has served as the Assistant Electric Utility Director, responsible for the Generation and Distribution Division since October 2012. In his current role, Mr. Person is responsible for the safe, reliable and cost effective delivery of electricity to Roseville Electric's customers. His areas of responsibility include overseeing the design, engineering, maintenance, construction and operation of the electric distribution system. Mr. Person also provides oversight of the city's two power plant generating facilities, as well as engineering and planning system improvements, preparing budgets, and managing 80 employees. Prior to joining the City of Roseville, Mr. Person was employed for 36 years by Pacific Gas and Electric, and 2-1/2 years by Seattle City Light. During his earlier career, he was responsible for customer service, field service, and electric system operations. He graduated from Morgan State University with a B.A. in Education.

*Shawn Matchim, Electric Regulatory Compliance Administrator.* Shawn Matchim joined the executive team of Roseville Electric in 2013. He oversees the utility's Customer and Government Relations division, which includes customer programs, legislative services, and regulatory compliance. Prior to joining the CIty, Mr. Matchim worked for over 17 years with Navigant Consulting, Inc., most recently as a Director in the firm's Energy Practice. In that capacity, he worked on a range of consulting engagements related to power markets, generation and transmission development, litigation support, and regulatory matters in the electric utility industry. While at Navigant, Mr. Matchim also worked closely with a host of northern California municipal electric utilities. Prior to joining Navigant, Mr. Matchim also worked for the California Energy Commission.

*Philip McAvoy, Finance & Administration Manager.* Philip McAvoy has worked for Roseville Electric since 1997. He is currently responsible for the electric system's financial and administrative services division which is responsible for financial planning, revenue and load forecasting, ratemaking, budgeting, advanced metering, and technology system projects. Prior to joining the City, Mr. McAvoy worked at the City of Sacramento and the California Energy Commission. In 2015 he completed the University of California at Davis (Extension) Accounting Certificate program. He graduated from the California State University, Sacramento with a

Master of Public Policy and Administration Degree, and from San Jose State University with a Bachelor of Arts Degree in Economics.

**Employees**

As of June 30, 2016, 150 City employees were assigned specifically to the Electric System. Certain functions supporting the Electric System operations, including meter reading, customer billing, collections and accounting, are performed by the Finance Department of the City.

The bulk of the non-management City personnel working at the Electric System are represented by the International Brotherhood of Electrical Workers ("IBEW"). The current IBEW contract has a term through December 31, 2018. There have been no strikes or other work stoppages at the City, including at the Electric System.

**Sources of Power Supply**

***General.*** The City has a diverse portfolio of resources that includes large hydroelectric, geothermal, natural gas fired thermal, system power contracts, and additional contracts for renewable supply. In addition, the City purchases its incremental needs through open market purchases. The City owns and operates the Roseville Energy Park and the two units constructed under NCPA Combustion Turbine Project No. 1 (subsequently renamed Roseville Power Plant 2) connected to the Roseville electric distribution system. The City has a long-term contract with Western for a share of the Central Valley Project net generation and entitlements to the output of several NCPA projects. Central Valley Project net generation and entitlements to the output of several NCPA projects. In recent years, Roseville has applied significant focus to procure renewable resources to comply with legislative mandates. See "DEVELOPMENTS IN THE ENERGY MARKETS." Table 3 provides a summary of the City's sources of power supply for Fiscal Year 2015-16.

**Table 1**
**Sources of Power Supply**
**Fiscal Year 2015-16 (Preliminary)**

| Source | Type | Area | Capacity Available (MW) (1) | Estimated Power (GWh) (2) | % of Total |
|---|---|---|---|---|---|
| Roseville Energy Park (3) | Natural Gas | Local | 155 | 533 | 43% |
| Roseville Power Plant 2 | Natural Gas | Local | 48 | 2 | 0% |
| Western Area Power Administration | Hydro | Western | 45 | 102 | 8% |
| NCPA | | | | | |
| Geothermal Project | Geothermal | ISO | 8 | 65 | 5% |
| Hydroelectric Project | Hydro | ISO | 29 | 7 | 1% |
| Steam Injected Gas Turbine Generator Project | Natural Gas | ISO | 20 | 1 | 0% |
| Renewable Purchases | Geo/Small Hydro | | 24 | 305 | 25% |
| Other Purchases | | | | | |
| Long-term hedged (4) | Various | | 50 | 387 | 14% |
| Short-term un-hedged | Various | | 0 | -166 | 6% |
| TOTAL | | | 379 | 1236 | 100% |
| Peak Demand (MW) | | | 331 | | |
| Capacity Reserve Percent | | | 12% | | |

*Source: City of Roseville*.
(1) Capacity in MW and available for System Peak.
(2) One gigawatt-hour (GWh) equals one million kilowatt-hours (kWh).
(3) Includes slight de-rating for summer (ambient temperatures).
(4) Capacity includes long-term and seasonal purchases.
Note: Numbers may not total due to rounding.

***Roseville Energy Park.***

*Description.* Roseville Energy Park is a 120 MW base load and 160 MW duct fired combined cycle, natural gas fueled power plant. The Roseville Energy Park power island is comprised of two Siemens SGT 800 combustion turbine units and a Siemens STG 900 steam turbine. The Roseville Energy Park utilizes duct firing within the Heat Recovery Steam Generator ("HRSG") and a Zero Liquid Discharge system. The plant has been in commercial operation since October of 2007 and serves as an intermediate load resource for the City's electric power needs.

*Ownership and Management.* Roseville Energy Park is owned and operated by the City.

*Financing.* The City financed the Roseville Energy Park through the issuance of the 2005 Certificates of Participation, Series A, B and C. The Series 2005B and 2005C Certificates have been refunded, and the Series 2005A Certificates are outstanding in the principal amount of $________ as of July 1, 2016.

*Operation.* The Roseville Energy Park is directly connected to the City's distribution system and thus avoids transmission costs and losses. The City schedules and dispatches the plant against the avoided cost of electric market purchases to meet its load requirements, primarily from the California Independent System Operator ("ISO"), and taking into account all known costs and constraints. Roseville Energy Park is also used to provide load following reserves to the extent they are not available from the electric markets. The City operates the Roseville Energy Park during periods where the alternative cost of supplying customer loads is higher, and idles the plant when alternative electric purchases are less expensive than Roseville Energy Park operations. Having the Roseville Energy Park in place allows the City to take advantage of attractive market prices and provides economic flexibility to the plant and overall portfolio.

***Roseville Power Plant 2.***

The Roseville Power Plant 2 consists of two 24 MW simple cycle combustion turbines for a total of 48 MW of capacity. These units were previously part of the NCPA Combustion Turbine Project No. 1 of which Roseville was a participant. On September 1, 2010, the City took ownership of the two units connected to the Roseville electric distribution system and ceased participation in the NCPA project. These units provide capacity and reserves for the City and are used for peaking energy and limited high value economic dispatch.

***Western Area Power Administration.***

The City has long-term contracts with Western that provide a 4.85333% share of the net output of the Central Valley Project (the "CVP"), provide for interconnection and interconnected operations with Western's transmission system, and provide for transmission services. The Base Resource contract provides varying amounts of capacity and energy depending upon hydrological and storage conditions of the CVP. The output is reduced by Western's project use, first preference customer allocations, environmental and control area obligations. The City is directly connected to Western's transmission system and acquires reserves under contract that include regulation and frequency response service, and spinning and non-spinning reserves. The term of the power supply contract extends through December 31, 2024.

***NCPA Geothermal Project*.**

*Description.* NCPA developed a geothermal project (the "NCPA Geothermal Project") located on federal land in certain areas of Sonoma and Lake Counties, California. In addition to the geothermal leasehold, wells, gathering system and related facilities, the NCPA Geothermal Project consists of two electric generating stations (Geothermal Plant 1 and Geothermal Plant 2), each with two 55 MW (nameplate rating) turbine generating units utilizing low pressure, low temperature geothermal steam, associated electrical, mechanical and control facilities, a heat dissipation system, a steam gathering system, a transmission tap line and other related facilities. Geothermal steam for the NCPA Geothermal Project is derived from geothermal property, which includes well pads, access roads, steam wells and reinjection wells.

*Ownership and Management.* NCPA formed two not-for-profit corporations controlled by its members to own the generating plants of the NCPA Geothermal Project. NCPA manages the NCPA Geothermal Project for the corporations and is entitled to all the capacity and energy generated by the NCPA Geothermal Project.

*Financing.* NCPA financed the NCPA Geothermal Project with NCPA Geothermal Project Number 3 Revenue Bonds with a final maturity date of July 1, 2024, of which an estimated $25.6 million were outstanding as of June 30, 2016. A geothermal improvement project was financed using bonds with a final maturity date of July 1, 2022, of which an estimated $8.9 million were outstanding as of June 30, 2016. [These bonds were refinanced in 2016.]

*City's Entitlement.* The City has purchased from NCPA, pursuant to power sales contracts, a 7.88% entitlement share in the NCPA Geothermal Project and is obligated to pay a like percentage of all of the debt service and operating costs of the NCPA Geothermal Project. These obligations constitute operating expenses of the Electric System payable on a basis senior to payments under the Installment Purchase Contract. See "ELECTRIC SYSTEM FINANCIAL INFORMATION – Outstanding Indebtedness – Senior Indebtedness."

*Operation.* Subsequent to the development of the Geothermal Project, declines in steam pressure and quantity of steam have occurred. This decline is due to reduced steam availability and not from the thermal potential of the site, thus the generation capability of the plant benefits from the injection of water to create additional steam. NCPA has managed this decline through additional drilling and maintenance of wells, injection of both plant condensate and supplemental water, and conversion to lower steam turbine operating pressures. NCPA is also upgrading some of the steam turbine equipment to more efficient designs for the available steam conditions.

NCPA is implementing efficiency projects at the Geothermal Project; however, due to current operating protocols and forecasted operations, NCPA expects average annual generation and peak capacity to decrease over time. In the calendar year ended December 31, 2015, the NCPA Geothermal Project reached approximately 837,379 MWh (net) of generation and 103.3 MW (gross) of capacity. Generation and capacity are both expected to decline at a 2% approximate annual rate.

*Transmission Intertie*. In order to meet certain obligations required of NCPA to secure transmission and other support services for the NCPA Geothermal Project, NCPA and its transmission project participants (including the City) undertook the "Geysers Transmission Project," which includes (a) an ownership interest in PG&E's 230 kilovolt ("kV"; 1 kilovolt equals 1,000 volts) line from Castle Rock Junction in Sonoma County to the Lakeville Substation, (b) additional firm transmission rights in this line, and (c) a central dispatch facility (see "– Dispatch and Scheduling" below). The City is entitled to a 14.18% share of the Geysers Transmission Project transfer capability.

***NCPA Hydroelectric Project Number One.***

*Description.* NCPA's Hydroelectric Project Number One (the "NCPA Hydroelectric Project") consists of (a) three diversion dams, (b) the 252 MW Collierville Powerhouse, (c) the Spicer Meadow Dam with a 5.5-MW powerhouse, and (d) associated tunnels located essentially on the North Fork of the Stanislaus River and on the Stanislaus River in Alpine, Tuolumne and Calaveras counties, California, together with required transmission facilities.

*Ownership and Management.* The NCPA Hydroelectric Project (with the exception of certain transmission facilities discussed below) is owned by the Calaveras County Water District ("CCWD") and is licensed to CCWD by the Federal Energy Regulatory Commission ("FERC") under its license for Project No. 2409, which has a term of 50 years and expires in 2032.

Under a power purchase contract, NCPA (i) is entitled to the electric output of the NCPA Hydroelectric Project until Fiscal Year 2031-32, (ii) managed the construction of the NCPA Hydroelectric Project and (iii) operates the generating and recreational facilities of the NCPA Hydroelectric Project.

Under a separate FERC-issued license for Project No. 11197, with an expiration date coterminous with its license for Project No. 2409, NCPA holds the license to and owns two transmission lines from the NCPA Hydroelectric Project (the 230 kV Collierville-Bellota and 21 kV Spicer Meadow-Cabbage Patch transmission lines).

*Financing.* NCPA financed the NCPA Hydroelectric Project through the issuance of the NCPA Hydroelectric Project Number One Revenue Bonds with a final maturity date of July 1, 2032, of which an estimated $363.9 million were outstanding as of June 30, 2016.

*City's Entitlement.* The City has a 12% entitlement share of the generating output of the NCPA Hydroelectric Project.

*Operation.* The operation of the NCPA Hydroelectric Project is determined by consideration of its storage capacity and available stream flows. The NCPA Hydroelectric Project's average production is estimated to be 550 GWh annually, based on the 108-year record (1895 to 2003) of stream flows on the two rivers supplying water to the project. Using the driest period on record (1976-1977), the NCPA Hydroelectric Project is estimated to produce 180 GWh annually.

***NCPA Steam Injected Gas Turbine Generator Project, Unit One.***

*Description.* In 1992, NCPA undertook its multiple capital facilities project consisting of one Steam Injected Gas Turbine ("STIG"), Unit One, with a design rating of 49.9 MW located in Lodi, and owned and operated by NCPA.

*Financing.* NCPA financed the NCPA Steam Injected Gas Turbine Generator Project through the issuance of $152.3 million of Multiple Capital Facilities Revenue Bonds, all of which have since been refunded or defeased with a subsequent issue of refunding bonds, an estimated $41.1 million of which was outstanding as of June 30, 2016. The bonds have a final maturity in 2025.

*City's Entitlement.* The capacity and energy of STIG Unit One is purchased through a contractual arrangement among the City, Alameda, Lompoc and Lodi, under which the City has purchased from NCPA a 36.50% entitlement share in the NCPA Multiple Capital Facilities Project. NCPA has entered into arrangements on behalf of the NCPA Multiple Capital Facilities Project Participants to provide for a gas supply for Unit One.

***Long Term Purchases.***

The City has historically entered into long term purchases to hedge electricity costs. With the passage of Senate Bill X1 2, the California Renewable Energy Resources Act and its successor Senate Bill 350, the City has additional incentive to enter into long term renewable contracts. Certain contracts over ten years have the ability to have renewable energy "banked" to be used to meet future compliance periods. One requirement for "banking" is a renewable contract must have a term of ten years or greater for Renewable Portfolio Standard ("RPS") compliance through 2020, and 65% of Renewable Energy Credits from long term contracts thereafter. The City's current portfolio fulfills RPS compliance through 2024 to meet the 40% target including contracts with Silicon Valley Power, Powerex Corporation, Iberdrola Renewables, Lost Hills Solar, Blackwell Solar, as well as grandfathered resources including Geothermal and Small Hydroelectric projects.

*See also* "DEVELOPMENTS IN ENERGY MARKETS – State Legislation" for more information.

***Open Market Term Purchase and Sale Agreements.***

The City enters into various fixed-price purchase or sale contracts on the open market periodically to meet its power supply requirements and hedge its portfolio costs consistent with its risk management policies (see Power Supply Risk Management). Purchases include transactions to hedge natural gas (physical or financial) and electricity (physical or financial) over various tenors authorized in the Trading Authority Policy.

In addition to the above supply resources, the City expects that it will obtain additional resources from market purchases or investment in generation facilities, either independently, through NCPA or other agencies. In accordance with recent legislation, the City expects that future energy purchases will increasingly be made from renewable energy sources. See "-Energy Efficiency and Conservation" below.

Table 4 below shows the City's energy requirements and resources using projected estimates for the next 10 fiscal years.

**Table 2**
**Energy Requirements and Resources**
**Projected Fiscal Years 2016-17 through 2025-26**
**(GWh) (1)**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|
| **City-Owned Generation** | | | | | | | | | | |
| Roseville Energy Park | 318 | 317 | 330 | 346 | 369 | 392 | 421 | 442 | 478 | 477 |
| Roseville Power Plant 2 | 0 | 0 | 1 | 1 | 2 | 1 | 1 | 2 | 2 | 2 |
| **Joint Powers Facilities** | | | | | | | | | | |
| Geothermal Project | 63 | 64 | 63 | 59 | 59 | 56 | 55 | 54 | 51 | 50 |
| Hydroelectric Project | 56 | 60 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 66 |
| Steam Injected Gas Turbine Generator Project | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| **Subtotal** | **437** | **441** | **461** | **473** | **497** | **516** | **544** | **565** | **598** | **596** |
| **Exchanges** | | | | | | | | | | |
| Western Area Power Administration(2) | 128 | 139 | 153 | 156 | 155 | 155 | 156 | 155 | 156 | 156 |
| Long-Term Purchases | 357 | 372 | 331 | 291 | 330 | 371 | 346 | 371 | 224 | 38 |
| Other Contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Subtotal** | **485** | **511** | **484** | **447** | **485** | **526** | **502** | **526** | **380** | **194** |
| **Net Short Term Market Purchases/(Sales)** | **317** | **289** | **292** | **313** | **247** | **184** | **178** | **126** | **226** | **401** |
| **Total Energy Resources** | 1241 | 1242 | 1240 | 1236 | 1233 | 1230 | 1228 | 1224 | 1211 | 1200 |
| **Wholesale Sales** | 2 | 1 | 3 | 3 | 4 | 4 | 4 | 7 | 7 | 9 |
| **Net Energy Requirements** | **1239** | **1241** | **1237** | **1233** | **1229** | **1226** | **1224** | **1217** | **1204** | **1191** |

*Source: City of Roseville.*
(1) Numbers may not foot due to rounding.
(2) This table projects contract renewal after December 31, 2024 expiration

## Service Area, Customer Base and Demand

***Service Area.*** The Electric System serves an area of approximately 43 square miles, which is virtually coterminous with the City's borders. As of June 30, 2016, the Electric System serves an estimated 58,000 customers. See "APPENDIX A – GENERAL INFORMATION ABOUT THE CITY OF ROSEVILLE" for background and demographic information about the City.

***Customer Base***. In Fiscal Years 2011-12 through 2015-16, the Electric System's customer base increased by over 1.5% per year. Population increased by an average of 2.4% per year between Fiscal Years 2011-12 and 2015-16. Anticipated residential growth includes over 19,000 new residences associated with approved projects expected to be constructed by 20__ upon build-out of current and developing specific plans. Recent commercial growth includes a new FBI building, iFLY indoor sky diving, and Top Golf, a multi-story entertainment facility.

***Historical Customers Sales and Peak Demand***. The average number of customers, electricity sales measured in megawatt-hours ("MWh") and in revenues, and peak demand during the past five fiscal years, is listed below.

**Table 3**
**Customers, Sales and Peak Demand**
**Fiscal Years Ended June 30 (1)**

| | 2012 | 2013 | % Chg | 2014 | % Chg | 2015 | % Chg | 2016 (2) | % Chg |
|---|---|---|---|---|---|---|---|---|---|
| **Customers** (3) | | | | | | | | | |
| Residential | 47,611 | 48,387 | 1.63% | 49,000 | 1.27% | 49,851 | 1.71% | 50,784 | 1.27% |
| Commercial | 6,505 | 6,561 | 0.86% | 6,600 | 0.59% | 6,673 | 0.88% | 6,700 | 0.59% |
| Total | 54,115 | 54,948 | 1.54% | 55,600 | 1.19% | 56,524 | 1.61% | 57,484 | 1.19% |
| **MWh** | | | | | | | | | |
| Residential | 440,311 | 443,489 | 0.72% | 434,800 | -1.96% | 428,824 | -1.33 | 439,495 | -1.96% |
| Commercial | 752,001 | 750,694 | -0.17% | 748,300 | -0.32% | 748,913 | 0.09% | 750,482 | -0.32% |
| Total | 1,192,312 | 1,194,183 | 0.16% | 1,183,100 | -0.93% | 1,177,737 | -0.43% | 1,189,977 | -0.93% |
| **Revenues** ($000s) | | | | | | | | | |
| Residential | 65,760 | 66,206 | 0.68% | 66,400 | 0.29% | 67,660 | 1.40% | 68,853 | 0.29% |
| Commercial | 88,610 | 89,228 | 0.70% | 92,600 | 3.78% | 96,028 | 3.99% | 95,078 | 3.78% |
| Total | 154,369 | 155,434 | 0.69% | 159,000 | 2.29% | 163,688 | 2.90% | 163,930 | 2.29% |
| **Peak Demand** (MW) | 312 | 330.0 | 5.77% | 340.0 | 3.03% | 3400 | 0.07% | 331.3 | 3.03% |

(1) Revenues listed are as billed. For realized revenues, see Table 8.
(2) Preliminary.
(3) Customer counts reported as fiscal year average annual values.
Note: Numbers may not total due to rounding.
*Source: City of Roseville.*

***Ten Largest Customers.*** The estimated electric usage and type of business of the ten largest customers of the City's Electric System, are shown in Table 2 below. The ten largest customers by usage account for 24% of usage and 19% of the Electric System's revenues. Certain statutory provisions prohibit the City from disclosing the names of the Electric System's largest customers.

**Table 4**
**Ten Largest Customers**
**Fiscal Year 2015-16 (Preliminary)**

| Rank | Business Type | Percent of Total kWh Sold | Percent Total Revenue |
|---|---|---|---|
| 1 | Manufacturing | 8.91% | 6.62% |
| 2 | Admin/Office/R&D | 3.39 | 2.55 |
| 3 | Medical Care | 2.45 | 2.02 |
| 4 | Government and Utilities | 2.21 | 1.70 |
| 5 | Medical Care | 1.91 | 1.64 |
| 6 | Retail and Property Management | 1.61 | 1.46 |
| 7 | Retail | 1.07 | 0.87 |
| 8 | Grocery | 0.89 | 0.84 |
| 9 | Grocery | 0.80 | 0.66 |
| 10 | Telecommunications | 0.75 | 0.65 |
| TOTAL | | 23.98% | 19.00% |

Source: City of Roseville

**Power Supply Risk Management**

The Electric System has a rigorous risk management program to ensure that customers will, to the best extent possible, be insulated from the volatility of supply prices. The Electric System established a Risk Oversight Committee ("ROC"), as well as extensive risk management policies and procedures. The ROC meets quarterly to review energy trading activities and to ensure their adherence to the risk management policies.

All energy purchases are made to supplement existing resources to meet forecasted load requirements. Generally, the City purchases or sells energy that is deficit or surplus to its retail customer needs independently within a 3 year horizon and by using the scheduling and load following services of ACES within a 30 day horizon. The City's risk management policies include short-term and long-term measures.

In general, short-term measures limit exposure due to market prices, hydro conditions, and unit outages for the coming 12 months to 7.5% or less of the City's expected purchased power cost and limit portfolio open volume to no more than +/- 10% of forecast load.

The City's long-term risk management strategy encourages a balanced "layered" energy portfolio. The Energy Hedge Policy provides a ceiling and floor for the required hedged energy (electricity and natural gas) to meet expected loads as follows:

| Rolling Year | Minimum Hedged Supply | Maximum Hedged Supply |
|---|---|---|
| 1 | 90% | 110% |
| 2 | 70% | 100% |
| 3 | 45% | 80% |

The policy requires that the City purchase forward electric contracts and/or forward gas contracts to fulfill its long-term hedged supply requirement. In the event of decreases in expected sales levels, the policy may require that the City sell forward electric gas and/or electric contracts. Allowed instruments in the hedging program include:

- Electric forward sales or purchases with authorized counterparties
- Electric tolling arrangements with qualified counterparties
- Bilateral Gas contracts with qualified counterparties
- Gas futures, Floors and Caps through the NYMEX or other approved market

The City's natural gas procurement strategy primarily involves purchasing natural gas for REP's operation at a daily index price. The City hedges its daily index purchases with monthly financial fixed for floating swap contracts or physical forward purchases in accordance with its Energy Hedge Policy described above. For the period January 1, 2016 through December 31, 2018, the City has fixed the price of approximately 12 million MMBtu of natural gas and over 210,000 MWh of electricity. These financial contracts are divided between BP Energy, J Aron and Company, Macquarie Energy, Exelon, and Shell Energy.

**Natural Gas Pre-Payment**

The Roseville Natural Gas Financing Authority entered into a 20-year pre-paid natural gas supply contract in January 2007 with Merrill Lynch Commodities Inc. ("MLCI"). The natural gas the City is obligated to purchase under the prepaid gas supply agreement provides approximately 40% of the City's expected gas requirements for the REP. The natural gas supply contract provides the City with seasonally adjusted fixed monthly quantities of gas at a discounted monthly index price.

**Regional Transmission Facilities**

***Western Area Power Administration Network Integrated Transmission Service Agreement ("NITS").*** The City's electrical system interconnects with the transmission system of Western. The Western transmission system is part of the BANC balancing authority area and interconnects with the ISO Controlled Grid. The City imports all of its requirements, not met by the Roseville Energy Park and the Roseville Power Plan 2, over the Western transmission system. The City contracts for transmission service to meet its load under a NITS contract that expires on December 31, 2024. This contract provides for imports of electricity from various delivery points into the City's electric system. The City pays a proportionate share of Western's cost for operating and maintaining the system, which is currently $4.0 million per year.

***Balancing Authority of Northern California.*** The BANC is a Joint Powers Authority consisting of the Sacramento Municipal Utility District ("SMUD"), Modesto Irrigation District, the City, the City of Redding and the Trinity Public Utility District. With a peak electricity demand of around 5,000 MW, BANC is the third largest balancing authority in California, serving 763,000 retail customers, and includes more than 1,700 miles of high voltage transmission lines. The City is about 7% of the total BANC member load.

***ISO Controlled Grid.*** The ISO provides a market for the City to purchase its incremental energy needs, and in which to sell the output of its entitlements in NCPA's generating units, and contract purchases. Under current ISO operating protocols, the City pays per MWh charges for uses of the transmission system for exports from ISO. While the City sells energy from units and contracts within the ISO, less than one percent of ISO energy is used to meet City load, due to the high cost (currently about $14/MWh) to export energy.

***TANC California-Oregon Transmission Project.***

*Ownership and Description.* Fourteen northern California cities and districts and one rural electric cooperative, including the City, are members or associate members of a California joint powers agency known as the Transmission Agency of Northern California ("TANC").

TANC, together with the City of Vernon, California ("Vernon"), Western, three California districts and authorities and PG&E (collectively, the "COTP Participants") own the California-Oregon Transmission Project ("COTP"), a 339-mile long, 1,600 MW, 500 kV transmission power project between Southern Oregon and Central California. The COTP was placed in service on March 24, 1993, at a cost of approximately $430 million, and was financed through a combination of bonds and notes issued by TANC. A major debt refinancing was completed in 2016 to extend the debt service from year 2024 to year 2039.

*City's Entitlement.* Under Project Agreement No. 3 for the COTP (the "TANC Agreement"), the City is entitled to 2.313% of TANC's share of COTP transfer capability (approximately 29.35 MW). In return, the City has agreed to pay 2.295% of the construction costs of the COTP, including debt service, and 2.313% of TANC's COTP operating and maintenance expenses. The City's share of annual debt service continues to the year 2039 and is approximately $400,000 per year. These obligations constitute operating expenses of the electric system payable on a basis senior to payments under the Installment Purchase Contract. See "ELECTRIC SYSTEM FINANCIAL INFORMATION – Outstanding Indebtedness – Senior Indebtedness."

**City Distribution System**

The City owns and operates the electrical distribution system serving retail customers within the City's boundaries. The distribution system is connected to the Western transmission system at two connection points, the 230-kV Berry Street Receiving Station and the 230-kV Fiddyment Receiving Station. The distribution system consists of over 145 miles of overhead lines, over 735 miles of underground lines, 53 fiber circuit miles, and 17 substations. The City performs continued maintenance on its distribution system to sustain service reliability.

**Dispatch and Scheduling**

The City contracts with ACES to provide scheduling services and discontinued its participation in the NCPA Power Pool. NCPA continues to dispatch the NCPA power plants to meet the schedules of energy delivery prepared and submitted by ACES on the City's behalf. NCPA provides dispatch service from its dispatch control center located at its headquarters in the City.

**Energy Efficiency and Conservation**

In 1996, Assembly Bill 1890 ("AB 1890"), the California electric utility deregulation law, required the establishment of public benefit programs for investor-owned and public power utilities through 2001. In 2006, Assembly Bill 2021 (also discussed under "- *Energy Procurement and Efficiency Reporting" below)* further required power utilities to set yearly goals for the actual amount of energy efficiency savings (in kWh) to be procured. These requirements have been further codified as part of California's Public Utility Code. California's Public Utility Code does not set an expiration/sunset date on these requirements for public power utilities. The City funds these programs at a minimum of 2.85% of budgeted yearly revenues (approximately $4.0 million in Fiscal Year 2016-17).

The City has developed a full portfolio of public benefits programs for the Electric System since 1996, addressing the following areas of concentration required by state law: energy efficiency programs, renewable energy production, demand reduction, advanced electric technology demonstration, research and development, and low income assistance programs. Residential and commercial energy efficiency offerings focus primarily on summer period consumption reduction and include programs for both existing facilities and new construction.

Under Assembly Bill 2021, the City is required to develop ten year plans for energy efficiency goals and report on these goals to the California Energy Commission ("CEC") with updates every four years. The CEC has the obligation to develop energy efficiency goals for the entire state, after consultation with utilities and others. The Electric System is participating in the state effort, and the Roseville City Council approved the new ten year energy efficiency goals in March 2013. The next update will be in March 2017.

Senate Bill 1037, signed into law in September 2005, established several important policies regarding energy efficiency. Among the many provisions of the law is a statewide commitment to cost-effective and feasible energy efficiency, with the expectation that all utilities consider energy efficiency before investing in any other resources to meet growing demand. The City is required to report annually to its customers and to the CEC, its investment in energy efficiency and demand reduction programs. Roseville continues its commitment to energy efficiency and is in compliance with these requirements.

For a more detailed discussion of recent California legislation relating to the electric energy market, see "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation" below.

**Insurance**

The City is a member of the California Joint Powers Risk Management Authority ("CJPRMA"), which covers general liability claims, property, and boiler and machinery losses. Once the City's deductible is met, CJPRMA becomes responsible for payment of all claims up to the limit. General liability claims are covered up to $40,000,000 with a self-insured retention of $500,000. For the City's projected Fiscal Year 2016-17, the City's premium was $701,692 with an additional $1,625 charge to reflect the fees to access certain online risk management systems. Total premium cost to the City was $703,317. CJPRMA has purchased commercial insurance against property damage and boiler and machinery claims. Property damage is covered up to $300,000,000 with a self-insured retention of $25,000. For the City's projected Fiscal Year 2016-17, Boiler and Machinery damage is covered up to $21,250,000 with a self-insured retention of $5,000. For the City's projected Fiscal Year 2016-17, the annual premium for both paid was $217,418.00

Additionally, the City maintains insurance coverage for liabilities arising from the Roseville Energy Park Property. The policy has a self-insured retention of $250,000 per claim up to a $200,000,000 limit. For the policy term of October 13, 2016 through October 13, 2017, the City's premium was $369,667.60. The City purchased fiduciary insurance specifically to cover the OPEB Trust; see "- Other Post-Employment Health Benefits" above. The self-insured retention was $15,000 per claim up to a $3,000,000 limit. For the policy term of January 15, 2016 through January 15, 2017, the City's premium was $34,056.

The City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority ("LAWCX"), which covers workers' compensation claims up to $5,000,000 and provides additional coverage up to statutory limit. The City has a self-insured retention of up to $500,000 per claim. During Fiscal Year 2016-17, the City paid $604,079 for current year coverage.

See "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015, NOTE 14" for additional information about the City's risk management practices.

## CAPITAL PLAN

### Projected Capital Improvement Plan

The City's currently anticipated capital improvement plan for the electric system encompasses both improvements to the City's electricity distribution system and rehabilitation projects for assets that can no longer provide the necessary service. As shown in the Capital Improvement Plan Summary below in Table 5, the City has planned electric system capital spending of approximately $104 million over the next five years, of which $27 million is included in the Fiscal Year 2016-17 budget. Funds for the additional $77 million will be requested when necessary.

**Table 5**
**Capital Improvement Plan Summary**

| Fiscal Year | Planned CIPs |
|---|---|
| 2016-17 | $26,952,000 |
| 2017-18 | 31,575,000 |
| 2018-19 | 15,777,000 |
| 2019-20 | 21,366,000 |
| 2020-21 | 8,626,000 |
| Total | $104,269,000 |

The City currently expects to fund the capital expenditures with revenues collected from rates and development fees.

## RATE SETTING

### Electric Rates

***Rate-Setting Procedure.*** Under the City Charter and State law, the City has the exclusive jurisdiction to set electric rates within its service area by ordinance, which requires a majority vote of the City Council. These rates are not currently subject to review by the California Public Utilities Commission ("CPUC") or any other state or federal agency. See "RATE REGULATION" below.

The City Council reviews Electric System rates periodically and makes adjustments as necessary.

The City Council is also authorized by the City Charter to set charges, pay for and supply all electric power to be furnished to customers according to such schedules, tariffs, rules and regulations as are adopted by the City Council. The City Charter provides that the City Council will have the power to charge equitable rates for the electric services furnished and for building up the electric properties so as to conserve their value and increase their capacity as needed by the City.

In addition, the City Charter provides for the maintenance of the Electric Fund for the Electric System into which is deposited receipts from the operations of the Electric System and from which are payable the costs and expenses of the Electric System.

***Service Charges and Demand Charge as of January 1, 2016 and January 1, 2017.*** Rates for the City's electric customers are shown below. Rates have been approved through January 2017.

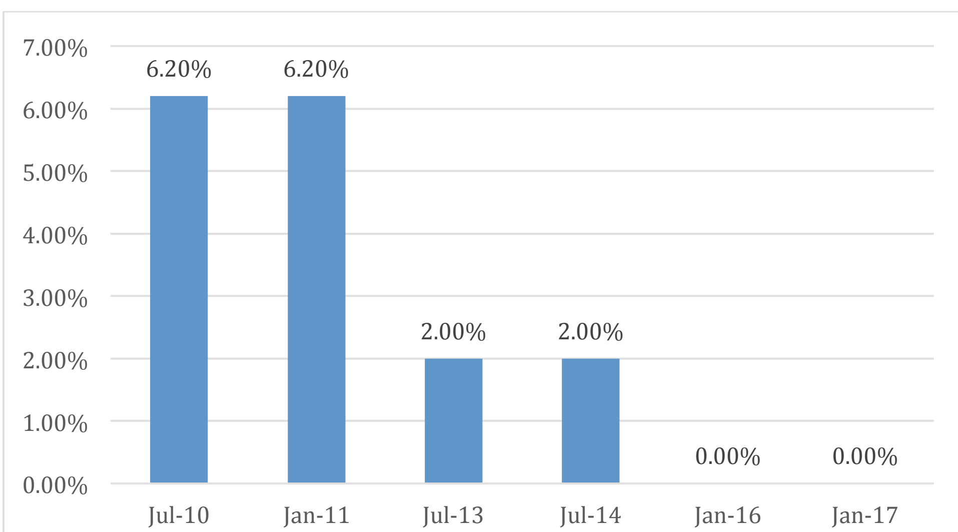
**Table 6**
**Summary of Electric System Rates**

| | Effective Date | Basic Service Charge ($/month) | Energy Charge ($/kWh) | Demand Charge ($/kW) | Renewable and GHG surcharges ($/kWh) |
|---|---|---|---|---|---|
| Residential | 2016 | $22 | $0.098 to $0.149 | N/A | $0.0058 |
| | 2017 | $26 | $0.093 to $0.144 | N/A | $0.0058 |
| Commerical | 2016 | $33 to $70 | $0.101 to $0.126 | $0 to $5.39 | $0.0058 |
| | 2017 | $38 to $65 | $0.097 to $0.124 | $0 to $6.16 | $0.0058 |
| Industrial | 2016 | $544 to $638 | $0.069 to $0.144 | $4.99 to $11.62 | $0.0058 |
| | 2017 | $521 to $591 | $0.067 to $0.1408 | $6.60 to $11.57 | $0.0058 |

A hydroelectric adjustment formula was adopted by the City Council in March 2009, to reflect deviations of precipitation from average conditions that significantly change hydroelectric production. This surcharge may change annually, based on annual hydroelectric conditions, up to a maximum of 5% of total electric charges. As a result of average precipitation levels from July 2015 through June 2016 there is no surcharge currently in effect.

***Recent History of Electric Rate Adjustments.*** From Fiscal Year 2009-10 through 2016-17, the City's retail electric rates have increased an average of approximately 4.8% annually. The following is the City's recent rate change history:

**Table 7**
**Rate Adjustments**
**Fiscal Years 2009-10 through 2016-17**




The City's two neighboring electric utilities recently implemented rate increases, with one utility increasing rates by 2.5% in 2014 and 2015, and the other utility increasing rates by 6.3% in 2014, 2.4% in 2015, and 2.4% in 2016.

## Rate Comparison

The City's current retail electric rates are among the lowest in California and lower than other retail electric rates being charged in the Sacramento region. Table 6 below sets forth a comparison between average electric rates paid by City customers and PG&E customers.

**Table 8**
**Electric Rate Comparison with Neighboring Utilities [1]**
**(cents/kWh)**

| Customer Type | Roseville Electric Rates | PG&E Rates | % Difference | SMUD Rates | % Difference |
|---|---|---|---|---|---|
| Residential | 15.24 | 19.64 | 29% | 14.40 | -6% |
| Commercial | 13.88 | 19.27 | 39% | 13.51 | -3% |
| Industrial | 11.06 | 14.74 | 33% | 11.40 | 3% |

(1) Based on estimated average annual rates as of June 30, 2016.
*Source: City of Roseville.*

## Rate Stabilization Fund

On May 8, 1996, the City Council adopted Resolution No. 96-148, which provides for, among other policies, the establishment of a rate stabilization fund (the "RSF" or "Rate Stabilization Fund"), in order to remain competitive under industry-wide restructuring of the electric industry. Such policies also provide for the recovery of capital costs of the City's electric generating assets. On March 18, 2009 the City Council reviewed the financial policy that defines the range of the RSF balance, reducing the minimum balance from 60% to 40% of operating expenses. This action was taken in conjunction with the implementation of a hydroelectric rate adjustment mechanism that adjusts electric rates up to five percent without further City Council action when hydroelectric conditions increase or decrease electric operating expenses.

Amounts in the Rate Stabilization Fund are not pledged as security for the 2016 Payments, but interest earnings on the Rate Stabilization Fund are considered Gross Revenues (Revenues under the Installment Purchase Contract), and funds in the Rate Stabilization Fund may be included in Adjusted Annual Revenues for purposes of determining compliance with the Rate Covenant. See "SECURITY FOR THE 2016 Bonds – Rate Covenant" for a further description of the Rate Stabilization Fund. The Rate Stabilization Fund has a projected, unaudited balance of $58 million as of June 30, 2016. See Table 8 for a recent history of balances in the Rate Stabilization Fund.

## Electricity Rate Regulation

***No Current Direct Regulation.*** The authority of the City to impose and collect rates and charges for electric power and energy sold and delivered is not currently subject to the regulatory jurisdiction of the CPUC, and presently neither the CPUC nor any other regulatory authority of the State of California nor FERC limits or restricts such rates and charges. See also "RATE REGULATION."

***California Energy Commission.*** The California Energy Commission is authorized to evaluate rate policies for electric energy as related to goals of the Energy Resources Conservation and Development Act and make recommendations to the Governor, the Legislature and publicly-owned electric utilities.

## ELECTRIC SYSTEM FINANCIAL INFORMATION

### Significant Accounting Policies

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Electric System is accounted for as an enterprise fund. Enterprise funds are used to account for operations (i) that are financed and operated in a manner similar to private business enterprises (where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges) or (ii) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Electric Fund uses the accrual method of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Investments are stated at cost. Inventories are valued at weighted average method. Capital assets are recorded at historical cost. Donated fixed assets are valued at their estimated fair market value on the date donated.

### Audited Financial Statements

The City's Financial Statements for Fiscal Year 2014-15 were audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, Sacramento, California (the "Auditor"), in accordance with generally accepted auditing standards, and contains opinions that the financial statements present fairly the financial position of the various funds maintained by the City. The reports include certain notes to the financial statements, which may not be fully described below. Such notes constitute an integral part of the audited financial statements.

Copies of these reports for prior Fiscal Years are available on the City's website, www.roseville.ca.us. *The website address is given for reference and convenience only and the current accuracy of information contained therein cannot be assured; nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.*

The City's Audited Financial Statements for Fiscal Year 2014-15 are attached as APPENDIX B to this Official Statement.

*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 Electric System. In addition, the Auditor has not reviewed this Official Statement.*

## Outstanding Indebtedness

***Parity Indebtedness.*** The 2016 Bonds will refund a portion of the outstanding 2009 and 2010 Payments, and the 2016 Payments are secured on parity with the 2004 Payments, the 2012 Payments, 2013 Payments, and the 2014 Payments which are further described below:

**Table 9**
**Parity Indebtedness**
**As of July 1, 2016**

| | Original Date and Execution and Delivery | Original Principal Amount | Outstanding Principal Amount(1) | Final Maturity Outstanding |
|---|---|---|---|---|
| 2004 Payments | July 13, 2004 | $39,940,000 | $5,000 | Feb. 1, 2034 |
| 2009 Payments(1) | Dec. 10, 2009 | 27,010,000 | 16,050,000 | Feb. 1, 2024 |
| 2010 Payments(1) | Oct. 21, 2010 | 55,845,000 | 54,075,000 | Feb. 1, 2037 |
| 2012 Payments | Nov. 7, 2012 | 90,000,000 | 90,000,000 | Feb. 1, 2035 |
| 2013 Payments | Nov. 14, 2013 | 48,780,000 | 43,750,000 | Feb. 1, 2029 |
| 2014 Payments | August 21, 2014 | 16,485,000 | 16,485,000 | Feb. 1, 2034 |

(1) Outstanding principal amounts as of July 1, 2016, prior to the prepayment [in part] of the 2009 and 2010 Payments as described in "PLAN OF FINANCING."

*2004 Certificates*. $39,940,000 original principal amount of "Electric System Revenue Certificates of Participation, Series 2004," evidencing and representing proportionate interests of the owners thereof in the payments made under the 2004 Supplemental Contract (the "**2004 Payments**"); principal amount outstanding as of _______, 2016: $_________. A portion of the 2004 Certificates was defeased and prepaid with proceeds of the 2014 Bonds described herein.

*2009 Certificates.* $27,010,000 original principal amount of "Electric System Revenue Certificates of Participation, Series 2009," evidencing and representing proportionate interests of the owners thereof in certain payments made under the 2009 Supplemental Contract (the "**2009 Payments**"); principal amount outstanding as of _______, 2016: $_________. A portion of the 2009 Certificates will be defeased and prepaid with proceeds of the 2016 Bonds as described under "PLAN OF FINANCING."

*2010 Bonds.* $55,845,000 original principal amount of "Electric System Revenue Refunding Bonds, Series 2010," secured by and payable from certain payments made under the 2010 Supplemental Contract (the "**2010 Payments**"); principal amount outstanding as of _______, 2016: $_________. A portion of the 2010 Bonds will be defeased and prepaid with proceeds of the 2016 Bonds as described under "PLAN OF FINANCING."

*2012 Certificates.* $90,000,000 original principal amount of "Electric System Revenue Certificates of Participation, Series 2012," evidencing and representing proportionate interests of the owners thereof in certain payments made under the 2012 Supplemental Contract (the "**2012 Payments**"); principal amount outstanding as of _______, 2016: $_________.

*2013 Bonds.* $48,780,000 original principal amount of "Electric System Revenue Refunding Bonds, Series 2013," secured by and payable from certain payments made under the 2013 Supplemental Contract (the "**2013 Payments**"); principal amount outstanding as of _______, 2016: $_________.

*2014 Bonds.* $16,485,000 original principal amount of "Electric System Revenue Refunding Bonds, Series 2014," secured by and payable from certain payments made under the 2014 Supplemental Contract (the "**2014 Payments**"); principal amount outstanding as of _______, 2016: $_________.

See "THE 2016 Bonds – Debt Service Schedule" for the schedule of combined 2004 Payments, 2009 Payments, 2010 Payments, 2012 Payments, 2013, Payments, 2014 Payments and 2016 Payments.

***Senior Indebtedness.*** The City participates in certain joint powers agencies, including NCPA and TANC, through which the City owes a share of debt service on debt issued by those joint powers agencies. See "THE ELECTRIC SYSTEM – Sources of Power Supply" and "-Regional Transmission Facilities."

The obligations of the City under its agreements with TANC and NCPA constitute operating expenses of the Electric System payable on a senior basis to any of the payments required to be made under the Installment Purchase Contract, including the 2016 Payments and other Parity Obligations. See "SECURITY FOR THE 2016 BONDS – Outstanding Senior and Parity Obligations" above.

The agreements with NCPA and TANC are on a "take or pay" basis, which requires payments to be made whether or not projects are operable, or whether output from such projects is suspended, interrupted or terminated. Certain of these agreements contain "step up" provisions obligating the City to pay a share of the obligations of a defaulting participant and granting the City a corresponding increased entitlement to electricity (generally, the City's "step-up" obligation is limited to 25% of the City's scheduled payments on such obligations).

The City's participation and share of debt service obligation (without giving effect to any "step up" provisions) for each of the joint powers agency projects in which it participates are shown in the following table.

**Table 10**
**CITY SHARE OF**
**OUTSTANDING DEBT OF JOINT POWERS AGENCIES[1]**
**Fiscal Year 2015-16 (Estimated)**
**(Dollars in millions)**

| | Outstanding Debt[2] | Roseville Participation[3] | Roseville Share of Outstanding Debt[2] |
|---|---|---|---|
| NCPA | | | |
| Geothermal Project | $ 34.5 | 7.88% | $ 2.7 |
| Hydroelectric Project | 363.9 | 12.00[4] | 40.1 |
| Capital Facilities Project | 41.1 | 36.50 | 15.0 |
| TANC | | | |
| Bonds | 216.2 | 2.34 | 2.1 |
| TOTAL | $655.7 | | $59.9 |

*Source: City of Roseville.*
(1) Excludes Roseville Natural Gas Financing Authority. See "Natural Gas Pre-payment" above.
(2) Principal only. Does not include obligation for payment of interest on such debt.
(3) Participation based on actual debt service obligation. Participation obligation is subject to increase upon default of another project participant. Such increase shall not exceed, without written consent of a non-defaulting participant, an accumulated maximum of 25% of such non-defaulting participant's original participation.
(4) The City's actual payments represent approximately 9.9% of outstanding debt service as a result of credit received.
Note: Numbers may not total due to rounding.

### Rate Stabilization Fund

As described under "RATE SETTING – Rate Stabilization Fund" above, the City Council has adopted a policy establishing, among other policies, a Rate Stabilization Fund. The Rate Stabilization Fund has a projected, unaudited balance of approximately $58 million as of June 30, 2016. A recent history of balances in the Rate Stabilization Fund is included in Table 8. The City estimates that under current annual revenue estimates, the Rate Stabilization Fund is expected to be sufficient to pay for currently anticipated contingencies related to power supply costs.

### Historic Revenues, Expenses and Debt Service Coverage

Table 8 presents a summary of the revenues, expenses, and debt service coverage for the City's Electric Fund for Fiscal Years 2011-12 through 2014-15 on a historical basis and for Fiscal Year 2015-16 on an estimated, unaudited basis. This table is based on historic operating results of the electric system, but is presented on a cash basis consistent with the definitions of Revenues and Maintenance and Operation Costs as defined in the Installment Purchase Contract, and as such, does not match the audited financial statements of the electric system.

Table 8 also includes a recent history of balances in the Rate Stabilization Fund, and calculates debt service coverage both with and without the Rate Stabilization Fund balance.

Table 8 as it is presented is not available in the City's audited financial statements for the Electric System; it has been designed to reflect revenues and coverage in a manner that meets GAAP standards and is reflective of the definitions of Revenues and Maintenance and

Operation Costs as defined in the Installment Purchase Contract. The figures shown in the table are accounted for in the City's audited financial statements but the presentation in the audited financial statements may not necessarily correlate to the line item designations in Table 8.

**Table 11**
**Electric Fund**
**Historical Calculation of Debt Service Coverage Ratio**
**Fiscal Years 2011-12 through 2015-16 (Projected)**
**(Dollars in Thousands)**

| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 [1] |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Charges for Services | $153,913 | $156,986 | $159,677 | $164,822 | $163,629 |
| Other [2] | 6,228 | 2,016 | 2,325 | 3,508 | 3,123 |
| Total Revenues | 160,141 | 159,002 | 161,002 | 168,330 | 166,752 |
| Operating Expenses | | | | | |
| Power Supply | 95,969 | 96,314 | 91,793 | 90,285 | 84,068 |
| Non-Power Costs [3] | 18,511 | 18,744 | 19,434 | 20,933 | 26,806 |
| Indirect Costs and Transfers [4] | 8,835 | 8,402 | 7,718 | 8,869 | 9,043 |
| Total Operating Expenses | 123,315 | 123,460 | 118,945 | 120,087 | 119,917 |
| Net Revenue | 36,826 | 35,542 | 43,057 | 48,243 | 46,835 |
| Debt Service | 17,136 | 16,942 | 15,415 | 16,176 | 16,514 |
| Adjusted Net Revenue | | | | | |
| Net Revenue | 36,826 | 35,542 | 43,057 | 48,243 | 46,835 |
| Operating Transfers and Other Expense (net) [5] | (982) | 9 | 0 | (576) | (411) |
| Interest Revenue (excluding unrealized gain/loss) | 536 | 381 | 603 | 795 | 1,511 |
| Adjusted Net Revenue | 36,380 | 35,932 | 43,660 | 48,462 | 47,935 |
| Debt Service Coverage Ratio | 2.12 | 2.12 | 2.83 | 3.00 | 2.90 |
| Rate Stabilization Fund Balance [6] | 37,785 | 41,386 | 47,209 | 50,768 | 58,336 |
| Transfers (to) Rate Stabilization Fund | (6,419) | (3,305) | (5,387) | (3,400) | (7,000) |
| DSC ratio including Rate Stabilization Fund [7] | 3.95 | 4.37 | 5.53 | 5.92 | 6.01 |

*Source: City of Roseville.*

(1) Fiscal Year 2015-16 projected, unaudited.
(2) Remediation Revenue stopped being reported in Other Revenue in Fiscal Year 2012-13, and is now reflected as a net in the Power Supply Operating Expenses item.
(3) Includes distribution operations and administration expenses, including the Electric System's share of PERS costs.
(4) Represents operating payments to the City as reimbursement for the Electric System's share of certain overhead expenses such as information technology, meter reading, traffic signal transfer, enterprise asset management contribution, facility lease payments, utility exploration center operations, retired employees' health costs, the Electric System's share of GIS system costs, payroll, human resources, OPEB costs, etc.
(5) Represents inter-fund transfers to fund non-capital rehabilitation projects and includes subventions/grants transfers in.
(6) Represents available resources as of June 30, which includes cash as well as moneys due the fund from internal borrowing.
(7) Funds on deposit in the Rate Stabilization Fund may be included in Adjusted Annual Revenues for purposes of determining compliance with the Rate Covenant. See "RATE SETTING - Rate Stabilization Fund" above and "SECURITY FOR THE 2014 BONDS" – Rate Stabilization Fund.

**Investment Policy**

The cash attributable to the Electric System must be invested in accordance with the City's Investment Policy. Pursuant to the Investment Policy, the City strives to maintain a level of investment of all idle funds, less required reserves, as near 100% as possible, through daily and projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the City Treasurer and permitted investments include the following:

- U.S. Treasury obligations
- U.S. Agency Securities
- Mortgage Pass-Through Securities
- Obligations of the State of California or any Local Agency within the state
- Repurchase Agreements
- Banker’s Acceptances
- Commercial Paper
- Medium-Term Corporate Notes
- Collateralized Time Deposits
- Negotiable Certificates of Deposit
- California Local Agency Investment Fund
- Insured Savings Accounts
- Money Market/Mutual Funds
- Shares in a California Common Law Trust
- Supranationals
- Mortgage pass-through security
- City of Roseville Pooled Investment Fund

Criteria for selecting investments and the order of priority are:

- Safety -- Preservation of principal and interest
- Liquidity -- Ability to convert investment to cash at any moment in time
- Yield -- Potential dollar earnings on an investment

The City’s cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain the highest yield when selecting an investment, provided the criteria for safety and liquidity are met.

The following table shows the investments in the pooled funds of the City as of August 31, 2016.

**Table 12**
**City of Roseville Pooled Investment Fund**
**As of August 31, 2016**

| City Pooled Investment Fund | Par | Book Value | Market Value |
|---|---|---|---|
| Certificates of Deposit | $1,750,000 | $1,750,000 | $1,752,742 |
| L.A.I.F. | 30,006,186 | 30,006,186 | 30,006,186 |
| Money Market Funds | 95,043,528 | 95,043,528 | 95,043,528 |
| Negotiable CDs | 45,480,000 | 45,475,138 | 45,477,538 |
| Medium-Term Corporate Notes | 129,760,000 | 131,507,032 | 131,987,630 |
| Commercial Paper | 10,000,000 | 10,000,000 | 10,000,000 |
| Federal Agency Coupon Securities | 216,035,000 | 216,027,026 | 215,891,128 |
| Supranational | 2,105,000 | 2,102,939 | 2,107,610 |
| Municipal Bonds | 465,000 | 465,000 | 466,628 |
| Total: | $530,644,714 | $532,376,849 | $532,732,990 |

Source: City of Roseville

As of August 31, 2016, the portion of the City's Pooled Investment Fund allocable to the Electric System was $114,660,250, or approximately 21.52% of the City's Pooled Investment Fund.

**Retirement Benefits**

*Much of the following information concerning the California Public Employees' Retirement System ("**PERS**") is excerpted from publicly available sources, which the City believes to be accurate. PERS should be contacted directly at CalPERS, Lincoln Plaza, 400 Q Street Room 1820, Sacramento, CA 95811, Telephone: (888) 225-7377 for other information, including information relating to its financial position and investments.*

Substantially all regular City employees, including employees of the Electric System, are eligible to participate in pension plans offered by PERS, an agent-multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. Copies of PERS annual financial reports may be obtained from its Executive Office located at 400 Q Street Room 1820, Sacramento, CA 95811. Such report is not incorporated herein and does not constitute part of this Official Statement.

The City's employees participate in the separate Safety (for its police and fire employees) and Miscellaneous (for all other employees) employee plans. Benefit provisions under both plans are established by State statute and City resolution. Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment.

The Plans' provisions and benefits in effect for employees hired prior to January 1, 2013, are summarized as follows:

| | Safety Plan | Miscellaneous Plan |
|---|---|---|
| Benefit Vesting Schedule | 5 years of service | 5 years of service |
| Benefit Payments | Monthly for life | Monthly for life |
| Retirement Age | 50 | 50-55 |
| Monthly Benefits (as % of Annual Salary) | 3.0% | 2.0 – 2.7% |
| Required Employee Contribution Rate | 9.0% | 8.0% |
| Required Employer Contribution Rate | 35.724% | 22.455% |

The Plans' provisions and benefits in effect for employees hired after January 1, 2013, are summarized as follows:

| | Safety Plan | Miscellaneous Plan |
|---|---|---|
| Benefit Vesting Schedule | 5 years of service | 5 years of service |
| Benefit Payments | Monthly for life | Monthly for life |
| Retirement Age | 57 | 62 |
| Monthly Benefits (as % of Annual Salary) | 2.7% | 2.0% |
| Required Employee Contribution Rate | 12.25% | 6.25% |
| Required Employer Contribution Rate | 35.724% | 22.455% |
| Actuarially Required Contributions (1) | $10,710,211 | $19,956,451 |

(1) Updated actuarial report expected in October 2016.

*Employees of the Electric System participate in the PERS Miscellaneous Plan described above, and the Electric System pays a percentage of the City's Plan expenses based on the number of employees. However, the Electric System's portion of the unfunded liability under PERS has not been calculated separately from the City's liability. The following discussion pertains to the City's PERS liability as a whole.*

***Funding Policy***. The contribution requirement of plan members and the City are established and may be amended by PERS. PERS determines contribution requirements using a modification of the Entry Age Normal Method, which is a projected benefit cost method. This method takes into account the benefits that are expected to be earned in the future as well as those already accrued. Accordingly, the normal cost for an employee is the level amount that would fund the projected benefit if it were paid annually from the date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll in order to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability.

Active Safety Plan employees are required to contribute 9.0% (12.25% for employees hired after January 1, 2013) of their annual covered salary, and active Miscellaneous Plan employees are required to contribute 8.0% (6.25% for employees hired after January 1, 2013) of their annual covered salary. The City is required to contribute to each of the Safety and Miscellaneous Plans at an actuarially determined rate. The rate for the fiscal year ended June 30, 2015 was 35.724% of annual covered payroll for Safety Plan employees and 22.455% of annual covered payroll for Miscellaneous Plan employees. The City's total contribution was $10,710,211 for the Safety Plan and $19,956,451 for the Miscellaneous Plan for the fiscal year ended June 30, 2015. The City paid 100% of the contributions required by PERS for each of the fiscal years ended June 30, 2015, 2014 and 2013, and 2012 respectively. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by PERS, for the last four fiscal years were as follows:

| Fiscal Year Ended | Annual Pension Cost ("APC") | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| *Safety Plan* | | | |
| June 30, 2012 | $10,027,631 | 100% | $0 |
| June 30, 2013 | 10,101,015 | 100 | 0 |
| June 30, 2014 | 10,341,437 | 100 | 0 |
| June 30, 2015 | 10,710,211 | 100 | 0 |
| *Miscellaneous Plan* | | | |
| June 30, 2012 | $18,065,353 | 100% | $0 |
| June 30, 2013 | 18,063,140 | 100 | 0 |
| June 30, 2014 | 20,250,273 | 100 | 0 |
| June 30, 2015 | 19,956,451 | 100 | 0 |

*Source: City of Roseville.*

***Actuarial Valuations.*** Staff actuaries at PERS prepare annually an actuarial valuation that covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuations delivered to the City in October 2015 with respect to the Miscellaneous Plan, covered PERS' fiscal year ended June 30, 2014). The actuarial valuation expresses the required contribution rates for the City in percentages of payroll, which percentages the City contributes in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared (thus, the City's contribution rates derived from the actuarial valuation as of June 30, 2014, which was prepared in October 2015 will be in effect for Fiscal Year 2015-16). PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components: the normal cost and the unfunded accrued actuarial value ("UAAL"). The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions, such as, among others, the rate of investment return, average life expectancy, average age at retirement, inflation, salary increases, and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments, such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL is an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement rather than a fixed liability amount the City owes to PERS under the PERS Plans.

In each actuarial valuation, the PERS actuary estimates the actuarial value of the assets (the "Actuarial Value") of the PERS Plans at the end of the fiscal year, which assumes, among other things, that the real rate of return during that fiscal year equaled the applicable assumed rate of return of 7.5%). The PERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies.

***Plans' Funding History.*** The table below provides the recent history of the Plans' actuarial accrued liability the market value of assets, the funded ratio, annual covered payroll and the relationship of the unfunded liability to payroll for the City, for the four prior years including June 30, 2014 (the most recent date for which such actuarial valuation data is available):

Safety Plan

| Valuation Date | Entry Age Accrued Liability | Value of Asset | Unfunded (Overfunded) Liability (UAL) | Funded Ratio | Annual Covered Payroll | UAL as a % of Payroll |
|---|---|---|---|---|---|---|
| June 30, 2011 | 196,208,635 | 131,696,620 | 64,512,015 | 67.1 | 22,222,636 | 290.299% |
| June 30, 2012 | 213,420,106 | 133,826,226 | 79,593,880 | 62.7 | 23,542,236 | 338.090 |
| June 30, 2013 | 229,488,161 | 153,012,683 | 76,475,478 | 66.7 | 24,567,399 | 311.288 |
| June 30, 2014 | 252,720,734 | 181,736,554 | 70,984,180 | 71.9 | 24,439,306 | 290.451 |

Miscellaneous Plan

| Valuation Date | Entry Age Accrued Liability | Value of Asset | Unfunded (Overfunded) Liability (UAL) | Funded Ratio | Annual Covered Payroll | UAL as a % of Payroll |
|---|---|---|---|---|---|---|
| June 30, 2011 | 403,899,989 | 253,518,409 | 150,381,580 | 62.8 | 62,355,851 | 241.167% |
| June 30, 2012 | 429,218,174 | 256,134,726 | 173,083,448 | 59.7 | 63,780,598 | 271.373 |
| June 30, 2013 | 459,668,557 | 292,797,486 | 166,871,071 | 63.7 | 65,672,293 | 254.097 |
| June 30, 2014 | 511,304,179 | 346,372,039 | 164,932,140 | 67.7 | 68,518,685 | 240.711 |

*Source: CalPERS Annual Valuation Report*

***Pension Reform Act of 2013 (Assembly Bill 340)***. On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**") and that will also amend various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the City, have a five-year window to negotiate compliance with AB 340 through collective bargaining. The City is currently in compliance with the provisions of AB 340.

PERS predicts that the impact of AB 340 on employers, including the City, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, PERS notes that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about AB 340 can be accessed through PERS's website. *The reference to this internet website is cited for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.*

The City is unable to predict what the amount of PERS liabilities will be in the future or the amount of the PERS contributions which the City may be required to make, all as a result of the implementation of AB 340, and as a result of negotiations with its employee associations.

See also "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2015, Note 12" for additional information relating to the City's retirement plans.

**Other Post-Employment Health Benefits**

***General***. In April 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 43, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans. Statement No. 43 establishes uniform financial reporting standards for post-employment healthcare and other non-pension benefits ("OPEB") plans. The approach followed in Statement No. 43 is generally consistent with the approach adopted for defined benefit pension plans with modifications to reflect differences between pension plans and OPEB plans.

Subsequently, in June 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, which addresses how state and local governments should account for and report their costs and obligations related to OPEB. Statement No. 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Statement No. 45's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

As required, the City adopted GASB 43/45 beginning with Fiscal Year 2007-08.

***City Plan Description***. The City provides medical benefits to substantially all retirees under the City of Roseville Other Post Employment Benefit Plan (the "**Plan**"), a sole employer defined benefit healthcare plan, which is administered by the City of Roseville. Retirees who have at least five years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses. As of June 30, 2015, there were 596 participants receiving these health care benefits.

Maximum reimbursement amounts differ depending on the labor organization membership and when an employee retired from City service. The majority of retirees may be eligible for a maximum of $1,284 in monthly reimbursements. Amendments to benefit provisions are negotiated by various bargaining units at the City and must be approved by the City Council. The City manages the Plan by investing assets in a Retiree Health Plan Trust (the "OPEB Trust"), established pursuant to a Trust Agreement, and managed by the OPEB Trust's administrator, Public Financial Management. The City, as trustee, has elected to invest the OPEB Trust assets in up to six months of cash, cash equivalent and/or money market funds for near-term OPEB Trust benefits and expenses. All remaining assets will be invested in longer-term securities and shall be diversified with the intent to minimize the risk of long-term investment losses. Financial reports for the Plan and the OPEB Trust are contained in the City's annual Audited Financial Statements. See also "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2013, Note 13" for additional information relating to the Plan and the Trust.

***Annual OPEB Cost and Net OPEB Obligation****.* The Plan's Annual Required Contribution ("ARC") is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Plan members do not make contributions to the Plan; the Plan is funded entirely by the employer contributions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for Fiscal Year 2014-15, the amount actually contributed to the Plan, and changes in the City's Net OPEB obligation:

| | |
|---|---|
| Annual required contribution | $15,270,000 |
| Interest on net OPEB obligation | 2,558,615 |
| Adjustment to annual required contribution | (3,735,797) |
| Annual OPEB cost (expense) | $14,092,818 |
| Contributions: | |
| Pay-as-you-go premiums | (5,663,252) |
| Transfer to OPEB Trust | (3,330,949) |
| Change in net OPEB obligation | 5,098,617 |
| Net OPEB obligation – beginning of year | 39,363,312 |
| Net OPEB obligation – end of year | $44,461,929 |

*Source: City of Roseville.*

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last four Fiscal Years are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Actual Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|---|
| June 30, 2013 | $ 15,317,140 | $7,612,084 | 50% | $33,246,786 |
| June 30, 2014 | 13,586,139 | 7,469,613 | 55 | 39,363,312 |
| June 30, 2015 | 14,092,818 | 8,994,201 | 64 | 44,461,929 |

Source: City of Roseville.

***Funding Policy****.* There is no statutory requirement for the City to prefund its OPEB obligation. The City has currently, and generally, chosen to both pay Plan benefits on a pay-as-you-go basis and to also fund the OPEB Trust. The City set up and moved $34 million of accumulated revenues into the OPEB Trust in 2011, to begin setting aside monies to address the City's long-term liability for post-retirement health benefits. This transfer has increased the longer-term investment return on the transferred funds, thus lowering the City's unfunded liability. Since inception, the trust's investments have performed at or better than its long-term return assumption of 6.5%. In addition to one-time monies transferred into this fund, the City has transferred 3% of the total cost of salaries for several years; however, the General Fund transfer was 1% of salaries in Fiscal Year 2013-14 and 2% of salaries in Fiscal Year 2014-15, and 3% of salaries in Fiscal Year 2015-16.

The City paid and contributed the following amounts for eligible employees as its regular employer contributions for and over its last five Fiscal Years:

| Fiscal Year Ended | No. of Active Employees | No. of Retired Employees | Amount Contributed to OPEB Trust | Amount Paid Under Pay-as-you-go |
|---|---|---|---|---|
| June 30, 2011 | 975 | 545 | $34,000,000 | $4,457,645 |
| June 30, 2012 | 985 | 539 | 896,969 | 4,972,333 |
| June 30, 2013 | 1,058 | 536 | 2,480,609 | 5,131,475 |
| June 30, 2014 | 1,132 | 567 | 2,100,000 | 5,369,613 |
| June 30, 2015 | 1,190 | 641 | 3,330,849 | 5,663,252 |

Source: City of Roseville.

The City presently anticipates that its pay-as-you-go Plan benefit expense will be approximately $6,079,963 for Fiscal Year 2015-16, and that it will also contribute $4,047,782 to the OPEB Trust for this same Fiscal Year.

***Funded Status and Funding Progress***. As of June 30, 2015, the latest Plan valuation date, the funded status of the Plan, shown below with information for the prior two valuation dates, was as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Entry Age Actuarial Accrued Liability (B) | (Underfunded) Actuarial Accrued Liability (A-B) | Funded Ratio (A/B) | Covered Payroll (C) | Actuarial Liability as Percentage of Covered Payroll ((A-B)/C) |
|---|---|---|---|---|---|---|
| June 30, 2011 | $34,626,000 | $176,733,000 | (142,107,000) | 19.59 | $74,535,000 | -190.66 |
| June 30, 2013 | 41,493,000 | 184,532,000 | (143,039,000) | 22.49 | 86,402,000 | -165.55 |
| June 30, 2015 | 53,826,000 | 206,344,000 | (152,518,000) | 26.09 | 93,480,000 | -163.16 |

Source: City of Roseville.

Actuarial valuations of an ongoing Plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

***Electric System OPEB Obligations.*** The Electric System and other City utilities make annual contributions for Plan expenses. The Electric System's OPEB obligations as of June 30, 2015, the latest Plan valuation date for the Electric System, were as follows:

| | |
|---|---|
| Present Value of Benefits | |
| Actives | $16,724,000 |
| Retirees | 13,847,000 |
| Total | 30,571,000 |
| | |
| Actuarial Accrued Liability | |
| Actives | 10,032,000 |
| Retirees | 13,847,000 |
| Total | 23,879,000 |
| | |
| Actuarial Value of Assets | 4,803,000 |
| UUAL | 19,075,000 |
| Normal Cost | 868,000 |
| Pay-as-you-go Cost | 901,000 |

The Electric System paid and contributed $649,291 for pay-as-you-go Plan benefit expenses and $634,321 (4.5% of payroll) to the OPEB Trust in Fiscal Year 2014-15. The Electric System presently anticipates that it will fund 100% of its ARC for Fiscal Years 2014-15 and 2015-16, including all pay-as-you-go Plan benefit expenses and contributions to the OPEB Trust equal to 4.5% of payroll in each Fiscal Year.

***Actuarial Methods and Assumptions***. Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the entry age normal actuarial cost method was used with a 30 year closed amortization period and level percentage of pay. The actuarial assumptions are as follows:

- A healthcare trend of declining annual increases in costs of HMO and PPO plans, ranging from 7.0% to 7.2% in 2017 to 5.0% for years starting 2021, was assumed.
- The CPI was assumed to be a constant at 3% per year.
- Assets in the plan will be invested in a moderately conservative money market portfolio that will provide current income with capital appreciation as a secondary objective.
- 3.25% projected annual salary increase
- 6.5% investment rate of return (net of administrative expenses).

## DEVELOPMENTS IN THE ENERGY MARKETS

### Background; Electric Market Deregulation

In 1996, California partially deregulated its electric energy market. An independent system operator of the transmission system, the ISO, was established, as well as an independent power exchange, the California Power Exchange (the "PX"). The PX was originally established to permit power generators to sell power on a competitive spot-market basis; however, the PX ceased all power exchange operations and filed for bankruptcy protection.

Subsequent to the demise of the PX, substantial electric market disruptions occurred in 2000 and 2001. The response to the disruptions was the expansion of the ISO's responsibilities to the creation of new market frameworks, implemented on April 1, 2009 as the Market Redesign and Technology Upgrade (the "MRTU"), and adoption of a legislative and regulatory requirement for additional reserve capacity called the Resource Adequacy Standard. The MRTU establishes enhanced unit commitment and balancing markets for energy purchases and sales. The Resource Adequacy Standard ensures that adequate levels of capacity to meet load and reserves are procured by all load serving entities in a timely manner for the purpose of avoiding future shortages. The developments are expected to benefit the City by providing liquid and stable markets for electricity. This market continues to evolve as market needs and regulatory forces influence it to change.

### State Legislation

A number of bills affecting the electric utility industry have been enacted by the California Legislature. In general, these bills provide for reduced greenhouse gas emission standards and greater investment in energy-efficient and environmentally friendly generation alternatives through more stringent renewable resource portfolio standards. The following is a brief summary of these bills.

See also "THE ELECTRIC SYSTEM – Energy Efficiency and Conservation" above.

***Greenhouse Gas Emissions.*** On June 1, 2005, the Governor signed Executive Order S-3-05, which placed an emphasis on such efforts to reduce greenhouse gas emissions by establishing Statewide greenhouse gas reduction targets. The targets are: (i) a reduction to 2000 emissions levels by 2010; (ii) a reduction to 1990 levels by 2020; and (iii) a reduction to 80% below 1990 levels by 2050. The Executive Order also called for the California Environmental Protection Agency to lead a multi-agency effort to examine the impacts of climate change on California and develop strategies and mitigation plans to achieve the targets. On April 25, 2006, the Governor also signed Executive Order S-06-06, which directs the State to meet a 20% biomass utilization target within the renewable generation targets of 2010 and 2020 for the contribution to greenhouse gas emission reduction.

On September 27, 2006 the Governor signed into law Assembly Bill 32 ("AB 32"), the Global Warming Solutions Act of 2006. AB 32 requires all California utilities to inventory and report greenhouse gas emissions beginning January 1, 2008 and requires the California Air Resources Board ("CARB") to adopt enforceable greenhouse gas emission limits and emission reduction measures by regulation in order to reduce greenhouse gas emissions to 1990 levels by 2020. In December 2008, the CARB adopted the AB 32 Scoping Plan, which serves as California's blueprint for reducing greenhouse gas emissions. The Plan called for essential complementary measures along with the creation of a cap-and-trade program and will be revised every 5 years as CARB proceeds with its next task of designing the mechanisms for returning the state to 80% below 1990 levels by 2050 as directed in Executive Order S-3-05. On December 14, 2010, CARB adopted regulations approving the cap-and-trade program for California. The CARB regulations became enforceable on January 1, 2012. On April 29, 2015 the Governor signed Executive Order B-30-15, which establishes a new interim statewide greenhouse gas emission reduction target to reduce greenhouse gas emissions to 40 percent below 1990 levels by 2030 is established in order to ensure California meets its target of reducing greenhouse gas emissions to 80 percent below 1990 levels by 2050.

The cap-and-trade program adopted by CARB has been implemented in phases. The first phase of the program (January 1, 2013 to December 31, 2014) introduces a hard emissions cap on electricity generators and industrial sources emitting more than 25,000 metric tons of carbon dioxide-equivalent greenhouse gases ("CO2e") per year. In 2015, the program was expanded to cover transportation fuels, natural gas, propane and fossil fuels. The cap will decline each year.

The cap-and-trade program includes the distribution of carbon allowances. Each allowance is equal to one metric ton of CO2e. Initially, most of the carbon allowances are distributed for free. Additional allowances are auctioned quarterly, which began in November 2012. Utilities can acquire more carbon allowances at these auctions. They are then required to purchase allowances to meet their compliance obligations, and use any remaining proceeds from the sale of their allocated allowances for the benefit of their ratepayers. POUs that do not sell into the ISO markets (such as Roseville Electric) have three options (which are not mutually exclusive) once their allocated allowances are distributed to them. They can (i) place allowances in their compliance accounts to meet compliance obligations for plants they operate directly, (ii) place allowances in the compliance account of a joint powers agency or public power utility that generates power on their behalf, and/or (iii) auction the allowances and use the proceeds to benefit their ratepayers.

Quebec joined California's cap and trade carbon market in 2014. Both are part of the Western Climate Initiative. The linkage between California and Quebec's carbon markets is the first substantial step of the Western Climate Initiative, formed in 2007 to design a regional cap-and-trade program to limit carbon pollution and curb climate change. Expansion continues with Ontario set to join the carbon market in 2017.

The cap-and-trade program also allows covered entities to use offset credits for compliance purposes (not exceeding 8% of a covered entity's compliance obligation). Offsets can be generated by emission reduction projects in sectors that are not regulated under the cap-and-trade program. Approved project types include urban forest projects, reforestation projects, destruction of ozone-depleting substances, and livestock methane management projects. CARB is considering additional offset protocols, including emission reductions through changes to rice cultivation practices, and destruction of fugitive coalmine methane. CARB is considering other international policies such as Reducing Emissions from Deforestation and Degradation, which would provide a financial incentive to governments, agribusinesses and communities to maintain forests in South America. CARB has implemented the trading and tracking system and the City has participated in all auctions through calendar year 2015. CARB may still consider changes to the cap-and-trade program's electricity sector provisions, including provisions relating to electricity imports and "resource shuffling."

On September 29, 2006, the Governor signed into law Senate Bill 1368 ("SB 1368"), the Greenhouse Gas Emissions Performance Standard. SB 1368 sets a greenhouse gas emission performance standard ("EPS") for baseload electric generating resources. Any new investment in baseload generation or contract for baseload generation with a term of over five years must have greenhouse gas emissions at or below that of a baseload, combined cycle power plant. The CEC has established the EPS and associated compliance methodologies for the publicly-owned utilities. The CPUC has the similar responsibility for the IOUs.

The legislation had an impact on all California electric utilities as the State begins to reduce its reliance on imported, out-of-state, coal-fired generation. The City is committed to renewable energy, demand side management and energy efficiency; however, it is widely recognized that there will still be a large demand for traditional, baseload fossil fuel-based power plants in order to meet projected load growth and maintain reliability. Currently there is a ban in California, prohibiting the development of nuclear power plants until there is a permanent storage solution for spent fuel rods. Large hydroelectric plant development is unlikely to occur in California as a result of resistance from environmental interests. With the effective ban on new coal power imports under SB 1368, natural gas fired, combined cycle power plants are the primary viable option for fossil fuel based baseload power plant development absent the implementation of new technologies in connection with other resource options. The reliance on a single fuel source concentrates risk in the natural gas market in the United States. In January 2007 the Roseville Natural Gas Financing Authority entered into a 20-year pre-paid natural gas supply contract with MLCI. The natural gas purchased from MLCI is in turn sold to the City for use in the Roseville Energy Park. The natural gas the City is obligated to purchase under the prepaid gas supply agreement is expected to provide approximately 40% of the City's expected gas requirements for Roseville Energy Park. See "THE ELECTRIC SYSTEM — Sources of Power Supply."

The City does not anticipate that SB 1368 will have a material impact on current City or NCPA resources. The impact on future resources is unknown at this time. The cap-and-trade program began in 2013. None of the City's NCPA resources are impacted. The Roseville Energy Park is the only City resource that has a compliance obligation. The City receives free allowances which help offset the impact to ratepayers. In calendar year 2013, the free allowances were used to offset 223,000 tons of REP emissions (approximately a $2.5 million value) and provide a refund to all electric customers (approximately a $1.4 million value).

***Energy Procurement and Efficiency Reporting.*** Senate Bill 1037 ("SB 1037"), signed by the Governor on September 29, 2005, requires that each municipal electric utility, including the City, prior to procuring new energy generation resources, first acquire all available energy efficiency, demand reduction and renewable resources that are cost effective, reliable and feasible. SB 1037 also requires each municipal electric utility to report annually to its customers and to the CEC its investment in energy efficiency and demand reduction programs. Further, Assembly Bill 2021 ("AB 2021"), signed by the Governor on September 29, 2006 requires that the publicly-owned utilities establish, report, and explain the basis of the annual energy efficiency and demand reduction targets by June 1, 2007 and every three years thereafter for a ten year horizon. Reporting requirements per AB 2021 include: (i) the identification of sources of funding for the investment in energy efficiency and demand reduction programs, (ii) the methodologies and input assumptions used to determine cost-effectiveness, and (iii) the results of an independent evaluation to measure and verify energy efficiency savings and demand reduction program impacts. The information obtained from local publicly-owned utilities is being used by the CEC to present the progress made by the publicly-owned utilities on the State's goal of reducing electrical consumption by 10% in ten years and amelioration with the greenhouse gas targets presented in Executive Order S-3-05 enacted by the Governor on June 1, 2005. In addition, a report will be developed by the CEC with recommendations for improvement to assist each local publicly-owned utility in achieving cost-effective, reliable, and feasible savings in conjunction with the established targets for reduction.

In March 2014, the City submitted its mandated annual report to the CEC per SB 1037 which provided cost-effectiveness analyses of the City's energy efficiency programs for Fiscal Year 2013. Additionally, in March 2012, the City updated the ten year forecast of potential energy efficiency programs in the triennial cycle to the CEC in response to the requirements of AB 2021.

***Renewable Portfolio Standards.*** Senate Bill X1 2 ("SBX1 2"), the California Renewable Energy Resources Act, and its successor Senate Bill 350, the Clean Energy and Pollution Reduction Act, codify the RPS target for retail electricity sellers to serve 50% of their loads with eligible renewable energy resources by 2030. These laws make the requirements of the RPS program applicable to POUs (rather than just prescribing that POUs meet the intent of the legislation as under previous statutes). However, the governing boards of POUs are responsible for implementing the requirements, rather than the CPUC, as is the case for the IOUs. In addition, certain enforcement authority with respect to POUs is given to the CEC and CARB, including authority to impose penalties. Each POU must adopt and implement a renewable energy resource procurement plan. The plan must require the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, which may include renewable energy credits ("RECs"), as a specified percentage of total kilowatt hours sold to the utility's retail end-use customers to achieve the following targets: (i) 25% by December 31, 2016, (ii) 40% by December 31,2024, (iii) 45% by December 31, 2027 and (iv) 50% by December 31, 2030 and for all subsequent years. Any facility approved by the governing board of a POU prior to June 1, 2010 for procurement to satisfy renewable energy procurement obligations adopted under prior law if the facility is "grandfathered" as a "renewable electrical generation facility" as defined in the law (subject to certain restrictions). Renewable electrical generation facilities include certain out-of-state renewable energy generation facilities if the facility: (i) will not cause or contribute to any violation of a California environmental quality standard or requirement, (ii) participates in the accounting system to verify compliance with the RPS program requirements, and (iii) either (a) commenced initial commercial operation after January 1, 2005 or (b) either (x) the electricity is from incremental generation resulting from expansion or repowering of the facility or (y) electricity generated by the facility was procured by a retail seller or POU as of January 1, 2010. The percentage of a retail electricity seller's RPS requirements that may be met with unbundled RECs from generating facilities outside California declines over time, beginning at 25% through 2013 and declining to a level of 10% in 2017 and beyond.

In compliance with renewable requirements the City passed a Program for Enforcement of the Renewable Portfolio Standards, and an initial Renewable Portfolio Standard Procurement Plan on December 5, 2012. The procurement plan was updated in May 2015 to incorporate the Powerex contract, bringing the plan up to date.

The CEC, collaboratively with the Western Governors' Association and the Western Electricity Coordinating Council ("WECC"), has undertaken the development and establishment of the Western Renewable Energy Generation Information System, which will be used to ensure the integrity of RECs and prevent the double counting of the certificates. The electronic tracking system became operational in June of 2007.

Considered the most significant climate and clean energy legislation since the passage of AB 32; SB 350 Clean Energy and Pollution Reduction Act (de Leon), Chapter 547 was signed into law October 7, 2015. This landmark legislation establishes new clean energy, clean air and greenhouse gas reduction goals for 2030 and beyond. SB 350 increases California's renewable electricity procurement goal from 33% by 2020 to 50% by 2030.

***Solar Power.*** The California State Legislature enacted Senate Bill ("SB 1") in 2006 to encourage the installation of 3,000 MW of photovoltaic (PV) solar energy by the year 2017. SB 1 requires all publicly-owned utilities to adopt, finance, and implement a solar initiative program for the purpose of investing in and encouraging the increased installation of residential and commercial solar energy systems. POUs were required to commence a solar initiative program in order to establish the funding of solar energy systems receiving ratepayer funded incentives, which commenced no later than January 1, 2008. A POU was given the choice of selecting an incentive based on the installed capacity, starting at $2.80 per watt, or based on the energy produced by the solar energy system, measured in kWh. Incentives are required to decrease at a minimum average rate of 7% per year. As of June 1, 2008, the City is required to provide the following information to customers, the CEC and the legislature: (i) the number of photovoltaic solar watts installed, (ii) the number of photovoltaic systems installed, (iii) the number of applicants for incentives, (iv) the amount of awarded incentives, and (v) the contribution towards the program's goals.

The Electric System and other northern California public utilities have performed well in launching their solar energy programs. These programs, while incorporating uniform state guidelines, have been developed to meet the unique needs of the communities they serve. As such, they provide the best opportunity to maximize program results at the local level. Since 2006, the Electric System has spent over $8 million on incentives for solar systems. Presently, approximately 2.5% of all customers of the Electric System have installed solar electric generation in Roseville.

***Smart Grid and Advanced Metering Infrastructure***. In 2007 and 2008, CEC held rulemaking proceedings for the definition of load management standards for Advanced Metering Infrastructure ("AMI") and for demand response. The CEC was evaluating the use of advanced technologies for operation and maintenance of the electric grid and impacts to California electricity customers. The largest IOUs in California have deployed smart meters for gas and electric services, and several publicly-owned utilities have implemented such technology. Adoption of AMI technologies may be required in the future to meet electric utility operating requirements. As a result of regulatory trends in the industry, the Electric System is conducting an AMI feasibility study and has budgeted for a capital improvement project to install AMI.

***Resource Adequacy.*** In September 2005, the California Legislature enacted and the Governor signed into law Assembly Bill 380 ("AB 380"), which requires the CPUC to establish resource adequacy requirements for all load-serving entities ("LSEs") within the CPUC's jurisdiction. In addition, AB 380 requires publicly-owned utilities, including the Electric System, to meet the most recent resource adequacy standard as adopted by the WECC. In October 2005, the CPUC issued a decision stating that LSEs under its jurisdiction would be required, by June 2006, to demonstrate that they have acquired capacity sufficient to serve their forecast retail customer load plus a 15% reserve margin. The WECC has yet to formally adopt a resource adequacy requirement.

Notwithstanding the lack of a formal Resource Adequacy Standard, the City has implemented steps to meet its customer's load and reserve requirements in the future. These steps include the construction of the 160 MW REP, the acquisition of 48 MW of capacity in the Roseville Power Plant 2 (formerly NCPA Combustion Turbine Project No. 1), and the procurement of seasonal short-term capacity as needed to protect customers from the impacts of capacity and energy shortages. Results for Fiscal Year 2015-16 indicate that the City has a capacity reserve of 15%, not including 10 MW of regulating capacity and 7% capacity reserve purchased from Western.

**Additional Developments**

***Federal Cybersecurity Policy.*** On February 13, 2013, President Obama issued an Executive Order entitled "Improving Critical Infrastructure Security." The Executive Order calls for improved sharing and processing of security clearances for owners and operators of critical infrastructure. As required by the Executive Order, the National Institute of Standards and Technology ("NIST") is leading the development of a framework to reduce cyber risks to critical infrastructure.

On December 18, 2015 the President signed the Cybersecurity Information Sharing Act, which is intended to increase cybersecurity through enhanced sharing of information about cybersecurity threats and other purposes.

Roseville Electric places a high priority on all of its security practices to protect electric infrastructure. With respect to cyber-security, these practices include, but are not limited to: performance of periodic security risk assessments and gap analyses to identify security strengths and vulnerabilities; implementation of access controls and restrictions; personnel risk assessments; software patch management; reliance on appropriate malware protection; practices for the designation of and proper safeguards for confidential or sensitive information; practices for the backup and recovery of data; and security awareness training.

Roseville Electric staff will continue to take actions to address new threats as they arise and to close new vulnerabilities as they are identified that are appropriate for the assets owned, operated, and controlled by Roseville Electric.

***State and Federal Investigations*.** State of California and federal authorities are conducting investigations and other proceedings concerning various aspects of the California energy markets. These include, for example, investigations by the FERC into alleged overcharging for the sale of electricity (including sales by municipal utilities) and alleged manipulation of the electricity market. The City is unable to predict the outcome of existing investigations and proceedings regarding California's energy crisis or whether further investigations, proceedings, litigation or other actions will follow.

***Shortages and Volatility*.** During 2000 and 2001, California experienced extreme fluctuations in the prices and supplies of natural gas and electricity in much of the State. After the shortages, licenses for new power plants were issued by CEC and other measures were taken to moderate prices and supply. Prices and supplies of natural gas and electricity have moderated; however, no assurance can be given that measures undertaken since 2001, together with measures to be taken in the future, will prevent the recurrence of shortages, price volatility or other energy problems that have adversely affected the Electric System and other California electric utilities in the past.

### Impact of Developments on the City

As described above, a number of bills affecting the electric utility industry have been enacted by the California Legislature. In general, these bills provide for reduced greenhouse gas emission standards and greater investment in energy-efficient and environmentally friendly generation alternatives through more stringent renewable resource portfolio standards.

The effect of these developments (including the state legislation) in the California energy markets on the City cannot be fully ascertained at this time. Volatility in energy prices in California may return due to a variety of factors that affect both the supply and demand for electric energy in the western United States. These factors include, but are not limited to, the adequacy of generation resources to meet peak demands, the availability and cost of renewable energy, the impact of variable generation renewables such as wind and solar on general electric system cost, price volatility, and reliability the impact of greenhouse gas emission legislation and regulations, fuel costs and availability, weather effects on customer demand, transmission congestion, the strength of the economy in California and surrounding states and levels of hydroelectric generation within the region (including the Pacific Northwest). This price volatility may contribute to greater volatility in the City's costs and revenues from the sale (and purchase) of electric energy and, therefore, could materially affect the financial condition of the City.

## OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

### Energy Policy Act of 1992

The Energy Policy Act of 1992 (the "Energy Policy Act") made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access under Sections 211, 212 and 213 of the Federal Power Act. The purpose of these changes, in part, was to bring about increased competition in the electric utility industry.

As amended by the Energy Policy Act, Sections 211, 212 and 213 of the Federal Power Act provide FERC authority, upon application by any electric utility, federal power marketing agency or other person or entity generating electric energy for sale or resale, to require a transmitting utility to provide transmission services (including any enlargement of transmission capacity necessary to provide such services) to the applicant at rates, charges, terms and conditions set by FERC based on standards and provisions in the Federal Power Act. Under the Energy Policy Act, electric utilities owned by municipalities and other public agencies which own or operate electric power transmission facilities which are used for the sale of electric energy at wholesale are "transmitting utilities" subject to the requirements of Sections 211, 212 and 213. See also "RATE REGULATION" below.

## Future Federal Energy Legislation

Numerous bills have been under consideration in Congress addressing United States energy policies and various environmental matters, including those related to energy supplies, global warming and water quality. Many of these bills, if enacted into law, could have a material impact on the City and the electric utility industry generally. Proposed energy and climate change-related pieces of legislation have proposed, among other things, a cap-and-trade system to regulate and reduce the emission of carbon dioxide and other greenhouse gases and a federal renewable energy portfolio standard. The impact that federal greenhouse gas cap-and-trade legislation could have on the electric utility industry and business depends largely on the specific provisions of the legislation that ultimately become law. Some of the important factors to be addressed are the timing and magnitude of the emissions cap, the extent to which emissions allowances are either allocated or auctioned to the highest bidder, the extent to which emissions may be offset by other actions, whether there will be a cap on the price of emissions allowances and the allocation of proceeds from the auction of allowances. Other areas of consideration for energy legislation include, but are not limited to, the development and deployment of alternative fuels, renewable energy resources, and energy conservation measures. The timeline and impact of climate change legislation cannot be accurately assessed at this time, but it is expected that any such federal action will have a significant impact on fossil-fueled generation facilities.

## Environmental Issues

***General.*** Electric utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures that regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that any City facility or project will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

***Greenhouse Gas Regulations Under the Clean Air Act.*** The United States Environmental Protection Agency (the "EPA") has taken steps to regulate greenhouse gas emissions under existing law. In 2009, the EPA issued a final "endangerment finding," in which it declared that the weight of scientific evidence requires a finding that six identified greenhouse gases – carbon dioxide, methane, nitrous oxide, hydroflourocarbons, perfluorocarbons, and sulfur hexafluoride – cause global warming, and that global warming endangers public health and welfare. The final rule for the "endangerment finding" was published in the Federal Register on December 15, 2009. As a result of this finding, the EPA is authorized to issue regulations limiting carbon dioxide emissions from, among other things, stationary sources such as electric generating facilities, under the federal Clean Air Act. The "Tailoring Rule," states that greenhouse gas emissions will be regulated from large stationary sources including electric generating facilities based on specified threshold levels of the tons per year of greenhouse gases emitted, using a unit known as the carbon dioxide equivalent, or CO2e. Large sources with the potential to emit in excess of the applicable threshold will be subject to the major source permitting requirements under the Clean Air Act. Permits would be required in order to construct, modify and operate facilities exceeding the emissions threshold. Examples of such permitting requirements include, but are not limited to, the application of Best Available Control Technology (known as BACT) for greenhouse gas emissions, and monitoring, reporting, and recordkeeping for greenhouse gases. The endangerment finding and the Tailoring Rule have been challenged in court, but were upheld on June 26, 2012, in a decision by the U.S. Court of Appeals for the District of Columbia Circuit in Coalition for Responsible Regulation, Inc., et al v. EPA. A petition for rehearing was denied on December 20, 2012, and a petition for writ of certiorari was denied by the United States Supreme Court on October 15, 2013.

On September 22, 2009, the EPA issued the final rule for mandatory monitoring and annual reporting of greenhouse gas emissions from various categories of facilities including fossil fuel suppliers, industrial gas suppliers, direct greenhouse gas emitters (such as electric generating facilities and industrial processes), and manufacturers of heavy-duty and off-road vehicles and engines. This rule does not require controls or limits on emissions, but requires data collection to begin on January 1, 2010, and the first annual reports were due March 31, 2011. Such data collection and reporting lays the foundation for controlling and reducing greenhouse gas in the future, whether by way of the EPA regulations under existing Clean Air Act authority or under a new climate change federal law. The City is in compliance with the data collection and reporting requirements applicable to the Electric System.

On September 20, 2013, the EPA issued proposed regulations setting performance standards for new power plants. As proposed, the performance standard will apply only to new power plants; it will not apply to existing, modified or reconstructed power plants. In addition, power plants that have been issued a Prevention of Significant Deterioration permit and commence construction within one year will be exempted from application of the new performance standard. The proposed regulations would restrict CO2 emissions from natural gas-fired units to 1,000 pounds of CO2 per MWh for larger units and 1,100 pounds of CO2 per MWh for smaller units. These emission limits are based on the use of natural gas combined cycle technology. The proposed regulations would restrict CO2 emissions from coal-fired units to 1,100 pounds of CO2 per MWh. The EPA states that this emission limit reflects the use of partial carbon capture and sequestration as the best system of emission reduction that has been adequately demonstrated for coal-fired units. The new performance standard would be the most stringent in the country (surpassing the emission performance standard of 1,100 pounds of CO2 per MWh of electricity produced imposed by the CEC regulations in California as described under "DEVELOPMENTS IN THE CALIFORNIA ENERGY MARKETS - State Legislation - Greenhouse Gas Emissions"). The public comment period for the proposed regulations ended on March 10, 2014.

[UPDATE] On June 2, 2014, the EPA issued proposed regulations designed to reduce carbon pollution from existing power plants (the "Clean Power Plan"). The Clean Power Plan focuses primarily on reducing emissions from existing coal-fired plants, but may also affect plants fired by natural gas. The EPA's goal is to reduce carbon pollution from the power sector by 30% from 2005 levels by 2030. If the Clean Power Plan is enacted, states will be required to design implementation plans to meet emission targets; these plans may build upon state initiatives already in place. (See "DEVELOPMENTS IN THE ENERGY MARKETS - State Legislation" above for a discussion of California's existing initiatives.) The public comment period for the proposed regulations will end on October 16, 2014. The City has reviewed the Clean Power Plan and does not currently anticipate any significant impact on the Electric System.

A number of legal and legislative challenges to the EPA's finding and rulemaking are pending. The City is unable to predict the outcome of these challenges to the EPA's endangerment finding and subsequent rulemaking or the effect that any final rules promulgated by the EPA regulating greenhouse gas emissions from electric generating units and other stationary sources would have on the City's Electric System.

[UPDATE] ***Air Quality – National Ambient Air Quality Standards.*** The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards ("NAAQS") for certain air pollutants. When a NAAQS has been established, each state must identify areas in its state that do not meet the EPA standard (known as "non-attainment areas") and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant in order to meet the standard and become an "attainment area." For example, on January 7, 2010, the EPA released a draft rule proposing stricter NAAQS for ground-level ozone, the main component of smog. On September 2, 2011, President Obama directed the EPA to withdraw its proposal for stricter NAAQS for ozone. As a result of this withdrawal, the EPA resumed the process of issuing non-attainment designations for the ozone NAAQS under the standard set in 2008. On May 29, 2013, the EPA proposed a rule to implement the 2008 ozone NAAQS. Pursuant to a ruling by the U.S. District Court for the Northern District of California, the EPA must issue a revised rule for ozone NAAQS by December 2014 and a final rule by October 1, 2015. As of December 2013, portions of northern California were designated as non-attainment areas, including the Sacramento metro area within Placer County. Additional non-attainment areas for ozone may continue to be designated. The EPA revised the NAAQS for particulate matter in December 2012, the NAAQS for sulfur dioxide in June 2010, the NAAQS for carbon monoxide in August 2011 and the NAAQS for nitrogen dioxide in February 2010, and in each case made the NAAQS more stringent.

The NAAQS limits imposed on the Electric System's power plants via the Permits to Operate through PCAPCD and the CEC are below the NAAQS standards. This is expected to insulate the City's Electric System from further action unless the limits are lowered.

**Fuel Risk**

Increases in fuel supply and transmission costs, or the failure of counterparties in its natural gas arrangements, pose a financial risk to the City. In addition, the City does not currently have fixed price arrangements in place to meet all of the Roseville Electric Park's fuel supply needs and is therefore exposed to price volatility for such commodities and services. To mitigate such risks, the City has developed a power supply risk management strategy focused on reliability and price risk management. See "THE ELECTRIC SYSTEM – Power Supply Risk Management."

**Other Factors**

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. Such factors include, among others, the following:

(a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above;

(b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy;

(c) changes resulting from a national energy policy;

(d) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and "strategic alliances" of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity;

(e) the proposed repeal of certain federal statutes that would have the effect of increasing the competitiveness of many investor-owned utilities;

(f) increased competition from independent power producers and marketers, brokers and federal power marketing agencies;

(g) "self-generation" or "distributed generation" (such as microturbines and fuel cells) by industrial and commercial customers and others;

(h) issues relating to the ability to issue tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with outstanding tax-exempt obligations;

(i) effects of inflation on the operating and maintenance costs of an electric utility and its facilities;

(j) changes from projected future load requirements;

(k) increases in costs and uncertain availability of capital;

(l) shifts in the availability and relative costs of different fuels (including the cost of natural gas);

(m) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has previously occurred in California;

(n) issues relating to risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity;

(o) other legislative changes, voter initiatives, referenda and statewide propositions;

(p) other political risks impacting the City's rates or other operational or financial matters;

(q) effects of changes in the economy;

(r) effects of possible manipulation of electric markets;

(s) natural disasters or other physical calamities, including, but limited to, so earthquake and flood; and

(t) changes to the climate.

Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility, including the Electric System.

The City cannot predict what effects such factors will have on the business operations and financial condition of the Electric System, but the effects could be significant. The foregoing is a brief discussion of these factors. The City has taken certain steps to mitigate the impacts of these changes, including establishing the Rate Stabilization Fund and implementation of the renewable energy surcharge and greenhouse gas emission reduction surcharge. This Official Statement includes a brief discussion of these steps. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is, and will be, available from the legislative and regulatory bodies and other sources in the public domain.

## RATE REGULATION

The City sets rates, fees and charges for electric service. The authority of the City to impose and collect rates and charges for electric power and energy sold and delivered is not subject to the general regulatory jurisdiction of the CPUC, and currently neither the CPUC nor any other regulatory authority of the State of California nor FERC approves such rates and charges. Although the retail rates of the City are not subject to approval by any federal agency, the City is subject to certain ratemaking provisions of the federal Public Utility Regulatory Policies Act of 1978 ("PURPA") with respect to the purchase of the output of "qualified facilities" ("QFs") and the Energy Policy Act of 2005 ("EPACT 2005"). EPACT 2005 repealed the mandatory purchase obligation for utilities (including the City) when FERC determines that the QF has access to a competitive sales market and open access transmission. The City is operating in compliance with PURPA. It is possible that future legislative and/or regulatory changes could subject the rates and/or service area of the City to the jurisdiction of the CPUC or to other limitations or requirements.

FERC potentially could assert jurisdiction over rates of licensees of hydroelectric projects (such as NCPA) and customers of such licensees (such as the City) under Part I of the Federal Power Act, although it as a practical matter has not exercised or sought to exercise such jurisdiction to modify rates that would legitimately be charged. There is a question as to whether FERC has jurisdiction at all to modify rates for municipalities, which are authorized to set their own rates. NCPA is a licensee of hydroelectric projects under Part I, but no jurisdictional authority to regulate their rates has been asserted by FERC.

Under EPACT 1992, FERC has the authority, under certain circumstances and pursuant to certain procedures, to order any utility (municipal or otherwise) to provide transmission access to others at FERC-approved rates. Neither the City nor any joint powers agencies with which the City has contracted which developed the transmission assets are providing any such transmission service to others. No assurance can be given that such service will not be requested in the future.

The CEC is authorized to evaluate rate policies for electric energy as related to the goals of the Energy Resources Conservation and Development Act and to make recommendations to the Governor, the Legislature and publicly-owned electric utilities.

## OTHER RISK FACTORS

*The following information should be considered by prospective investors in evaluating the 2016 Bonds. However, the following does not purport to be an exclusive listing of risks and other considerations that may be relevant to investing in the 2016 Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks and considerations.*

### Limited Obligations

The 2016 Bonds are limited obligations of the Authority secured by and payable from the Revenues and other amounts available under the Trust Agreement. The Revenues consist generally of 2016 Payments to be made by the City under the Installment Purchase Contract. The 2016 Payments are limited obligations of the City and are not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Net Revenues. The obligation of the City to make the 2016 Payments does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

The City is obligated under the Installment Purchase Contract to pay the 2016 Payments solely from Net Revenues. No representation or assurance can be made that revenues will be realized by the City in amounts sufficient to make payments required by the Installment Purchase Contract and thus to pay maturing principal and interest on the 2016 Payments. Future economic and other conditions, including economic trends and events, technological developments and demographic changes, increases in insurance claims, as well as increased costs and changes in government regulations, including Internal Revenue Service (the "**IRS**") policy regarding tax exemption, may adversely affect the future financial condition of the City and, consequently, its ability to make the 2016 Payments securing payment of the principal of and premium, if any, and interest on 2016 Bonds. There is no assurance that the City can succeed in operating the Electric System such that Net Revenues in the future amounts projected in this Official Statement will be realized.

### Tax Exemption

The City and the Authority have each covenanted to take all actions necessary to assure the exclusion of interest on the Series 2016A Bonds from the gross income of the Owners of the Series 2016A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code, as amended. If the City or the Authority fails to comply with the tax covenants, the interest on the Series 2016A Bonds may be includable in the gross income of the Owners thereof for federal tax purposes. See "TAX MATTERS."

### Limitations on Remedies and Limited Recourse on Default

The ability of the City to comply with its covenants under the Installment Purchase Contract and to generate Net Revenues sufficient to pay principal of and interest on the 2016 Bonds 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 persons obligated to pay assessments, fees and charges. Failure by the City to pay the 2016 Payments constitutes an event of default under the Installment Purchase Contract, and the Trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the 2016 Payments, there is no assurance that the City would have sufficient funds to pay the accelerated 2016 Payments.

Furthermore, the remedies available to the owners of the 2016 Bonds upon the occurrence of an event of default under the Installment Purchase Contract 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, the rights and remedies of bondholders under the Trust Agreement and the Installment Purchase Contract may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State of California. The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2016 Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the 2016 Bonds will be similarly qualified. See "APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION." In the event the City fails to comply with its covenants under the Installment Purchase Contract or fails to pay the 2016 Payments, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the 2016 Bonds.

**Secondary Market**

There can be no guarantee that there will be a secondary market for the 2016 Bonds or, if a secondary market exists, that the 2016 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

**Initiatives**

In recent years several initiative measures have been proposed or adopted which affect the ability of local governments to increase taxes and rates. There is no assurance that the electorate or the State Legislature will not at some future time approve additional limitations that could affect the ability of the City to implement rate increases, which could reduce Net Revenues and adversely affect the security for the 2016 Bonds.

**Seismic Considerations**

The services area of the Electric System, like much of California, is subject to seismic activity that could result in interference with its operation of the Electric System. In addition, other active and potentially active seismic faults cross the regional transmission facilities through which the City obtains power.

No assurance can be given that a future seismic event will not materially adversely affect the operation of the Electric System.

## Possible Future Federal Deregulation and Tax Legislation

Many bills have been introduced in the United States House of Representatives and the United States Senate to deregulate the electric utility industry on the federal or state level. Many of the bills provide for open competition in the furnishing of electricity to all retail customers (i.e., retail wheeling). In addition, various bills have been introduced which would impact the issuance of tax-exempt bonds for transmission and generation facilities.

No prediction can be made by the City as to whether any of these bills or any similar federal bills proposed in the future will become law or, if they become law, what their final form or effect would be. Such effect could be material to the City. However, the IRS has recently issued new rules that will preserve the tax-exempt status of bonds issued to finance transmission facilities, where control is turned over to an Independent System Operator or Regional Transmission Organization, subject to certain conditions.

# CONSTITUTIONAL LIMITATIONS ON TAXES AND APPROPRIATIONS

## California Constitution Articles XIIIA and XIIIB

Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed one percent of the "full cash value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes above that level required to pay debt service on voter-approved general obligation bonds. "Full cash value" is defined as "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraisal value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The "full cash value" is subject to annual adjustment to reflect inflation at a rate not to exceed two percent or a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters before July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of the votes cast by the voters voting on the proposition.

Under Article XIIIB of the California Constitution, state and local government entities have an annual "appropriations limit" which limits their ability to spend certain moneys called "appropriations subject to limitation", which consist of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. The City is of the opinion that the electric service and use charges imposed by the City do not exceed the costs the City reasonably bears in providing the electric service. In general terms, the "appropriations limit" is to be based on certain 1978/79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and services provided by these entities. Among other provisions of Article XIIIB, if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

## Constitutional Changes In California

***Proposition 218.*** Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters of the State of California on November 5, 1996. Proposition 218 added Articles XIIIC and XIIID to the State Constitution. Article XIIID creates additional requirements for the imposition by most local governments (including the City) of general taxes, special taxes, assessments and "property-related" fees and charges. Article XIIID explicitly exempts fees for the provision of electric service from the provisions of such article. Article XIIIC expressly extends the people's initiative power to reduce or repeal previously-authorized local taxes, assessments, and fees and charges. The terms "fees and charges" are not defined in Article XIIIC, although the California Supreme Court held in Bighorn-Desert View Water Agency v. Verjil, 39 Cal. 4th 205 (2006), that the initiative power described in Article XIIIC may apply to a broader category of fees and charges than the property-related fee and charges governed by Article XIIID. Moreover, in the case of Bock v. City Council of Lompoc, 109 Cal. App. 3d 43 (1980), the Court of Appeal determined that an electric rate ordinance was not subject to the same constitutional restrictions that are applied to the use of the initiative process for tax measures so as to render it an improper subject of the initiative process. The City believes that even if the electric rates of the City are subject to the initiative power, under Article XIIIC or otherwise, the electorate of the City would be precluded from reducing electric rates and charges in a manner adversely affecting the payment of the 2016 Bonds by virtue of the "impairments clause" of the United States and California Constitutions.

***Proposition 26.*** Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIIIA and XIIIC. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the State or local government of providing the service or product to the payor. Proposition 26 may, however, be interpreted to limit fees and charges for electric utility services charged by governmental entities such as the City to preclude future transfers of electric utility generated funds to a local government's general fund and/or require stricter standards for the allocation of costs among customer classes. The City is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impacts will be.

## Future Initiatives

Article XIIIA, Article XIIIB, Articles XIIIC and XIIID and Proposition 26, were each adopted pursuant to measures qualified for the ballot pursuant to California's constitutional initiative process. From time to time other initiative measures could be adopted by California voters. The adoption of any such initiatives might place limitations on the ability of the City to increase revenues or to increase appropriations.

## TAX MATTERS

***Federal Tax Law.*** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. Interest on the Taxable Series 2016B Bonds is <u>not</u> intended to be excluded from gross income for federal income tax purposes.

The opinions set forth in the preceding paragraph are subject to the condition that the City and the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Series 2016A Bonds. The City and the Authority have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2016A Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Series 2016A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Series 2016A Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium 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 in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Series 2016A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Series 2016A Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Series 2016A Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series 2016A Bonds who purchase the Series 2016A Bonds after the initial offering of a substantial amount of such maturity. Owners of such Series 2016A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2016A Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Series 2016A Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Series 2016A Bond (said term being the shorter of the Series 2016A Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Series 2016A Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Series 2016A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Series 2016A Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Series 2016A Bonds.

***State Tax Law***. In the further opinion of Bond Counsel, interest on the 2016 Bonds is exempt from California personal income taxes.

***General***. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2016 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2016 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

***Form of Proposed Opinion***. The form of the proposed opinion of Bond Counsel is attached as Appendix D.

## CONTINUING DISCLOSURE

The City will covenant in a continuing disclosure certificate, the form of which is set forth in "Appendix E – FORM OF CONTINUING DISCLOSURE CERTIFICATE," for the benefit of holders and beneficial owners of the 2016 Bonds, to provide certain financial information and operating data relating to the Electric System and the 2016 Bonds by not later than seven months after the end of the City's Fiscal Year, resulting in a deadline of January 31 of each year, beginning with an initial deadline of January 31, 2017. The Continuing Disclosure Certificate also requires the City to provide notices of the occurrence of certain enumerated events.

The covenants of the City in the Continuing Disclosure Certificate will be 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**").

A review of the City's compliance with prior continuing disclosure undertakings in the last five years indicates that:

(1) The annual reports required for Fiscal Years 2011, 2012, 2013 and 2015 for certain of the City's then-outstanding obligations were not filed with all required information until up to 552 days after the dates required for such filings.

(2) The Audited Financial Statements of the City for Fiscal Years 2011, 2012 and 2013 for certain of the City's then-outstanding obligations were filed up to 921 days after the dates required for such filings.

(3) The City may not have in a timely manner filed all significant event notices, including notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings to the bond insurers who insured such obligations or the underlying ratings for such obligations. However, the City has subsequently filed all previous event notices of changes in ratings on all currently outstanding obligations of which it is aware.

Supplemental annual reports, notices of the rating changes and filings to correct all of the known failures by the City to comply with its continuing disclosure undertakings have been made. The City has engaged contract support for the preparation and filing of its continuing disclosure reports in order to ensure compliance with future continuing disclosure obligations.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

The sufficiency of amounts on deposit in the 2016 Escrow Fund together with investment earnings thereon to pay the principal and accrued interest with respect to the 2009 Certificates and 2010 Bonds being prepaid on or about ________, 2016, will be verified by __________ (the "**Verification Agent**"). The Verification Agent will deliver a report to that effect on the date of delivery of the 2016 Bonds.

## OTHER INFORMATION

### Certain Legal Matters

The validity of the 2016 Bonds, the Trust Agreement and certain other legal matters are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain matters will also be passed upon for the City by Jones Hall, as disclosure counsel. Certain legal matters will be passed upon for the City by the City Attorney, and for the Underwriter by Nixon Peabody LLP.

### Professional Fees

Payment of the compensation of Bond Counsel, Disclosure Counsel, the Underwriter, Underwriter's counsel and the Trustee are contingent upon the execution and delivery of the 2016 Bonds.

**Absence of Litigation**

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution, delivery or sale of the 2016 Bonds or the execution of the Trust Agreement, or in any way contesting or affecting the validity of the foregoing or any proceedings of the City or the Authority taken with respect to any of the foregoing.

## RATINGS

Fitch Ratings ("**Fitch**") has assigned the rating of "__" to the 2016 Bonds, and S&P Global Ratings ("**S&P**") has assigned the rating of "__" to the 2016 Bonds. Each rating reflects only the views of the rating agency, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from the rating agency. There is no assurance that this rating will continue for any given period of time, or that this rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the 2016 Bonds.

## UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "**Underwriter**"), has agreed to purchase the 2016 Bonds at a price of $__________ (which is equal to the initial principal amount of the 2016 Bonds less Underwriter's discount of $_______, plus net original issue premium/less original issue discount of $__________).

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the Authority or the City or their respective affiliates in connection with such activities.

In the various course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority or the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority or the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The purchase contract under which the Underwriter is purchasing the 2016 Bonds provides that the Underwriter will purchase all of the 2016 Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The public offering prices of the 2016 Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell 2016 Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement.

## MUNICIPAL ADVISOR

The City has retained Hilltop Securities Inc., of Encino, California, as municipal advisor (the "**Municipal Advisor**") in connection with the execution and delivery of the 2016 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent financial advisory firm. The payment of the fees of the Municipal Advisor is contingent upon the issuance of the 2016 Bonds.

## EXECUTION

The Authority and the City have duly authorized the execution and delivery of this Official Statement.

**ROSEVILLE FINANCE AUTHORITY**

By: ___________________________________
Treasurer

**CITY OF ROSEVILLE**

By: __________________________________________
Chief Financial Officer

# APPENDIX A

## THE CITY OF ROSEVILLE AND PLACER COUNTY

The Districts are located in the City of Roseville (the "City"), which is located in southwestern Placer County (the "County"), California (the "State"). Certain financial and economic data for the City, County and State are presented in this appendix for information purposes only. The Bonds are not a debt or obligation of the City, County or State, but are a limited obligation of the Authority secured solely by the Revenues and other amounts pledged under the Indenture, all as described in more detail in this Official Statement.

### General

The City is located in the County, which is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City presently occupies 42.26 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and industrial center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and un-incorporated Placer County to the east and west. The estimated population of the City as of January 2016 was approximately 134,073.

The City has warm summers typical of central California, with an average July temperature of 77 degrees. Winter temperatures are moderate; the average January temperature is 46 degrees. The temperature drops below freezing an average of eight days per year. Rainfall averages 20 inches annually and falls mostly during the winter.

The City is predominately comprised of residential housing, small and large businesses, as well as numerous retail centers, the latter of which play a vital role in the economy of the City and contribute significantly to City and County sales tax receipts. The City has the thirteenth highest retail sales of all cities in the State, and the City is considered a regional shopping destination. The Westfield Galleria at Roseville is the main shopping center in the City and the second largest shopping mall in Northern California. Across from the Westfield Galleria lies the "Fountains at Roseville," a 330,000 square foot retail center, containing additional stores and several recreation centers. Plans call for future construction of hotel, additional retail, and office buildings in connection with the Fountains at Roseville project. In addition to the Westfield Galleria and Fountains at Roseville, the City has many shopping plazas surrounding the Westfield Galleria and the Douglas Boulevard financial corridor. The City is also home to one of the largest auto malls in the United States and a popular water park, Roseville Golfland-SunSplash.

### Municipal Government

The City was incorporated on April 10, 1909 and is a charter city. The City operates under the council-manager form of government, with a five-member City Council elected at large for staggered four-year terms. At each election, the council member receiving the most votes is appointed mayor pro-tempore for two years and becomes mayor for the final two years.

City services include, among others, police and fire protection, library services, street maintenance, and parks and recreation. The City also owns two golf courses and provides its own electricity, water, sewer and refuse services to its citizens.

## Population

The City's population has increased approximately 1% to 2% per year over the past five years. The following table sets forth population estimates for the City, County and State for the past five years.

**POPULATION ESTIMATES**
**City, County and State**
**2012 through 2016**

| Year | City of Roseville | Placer County | State of California |
|---|---|---|---|
| 2013 | 127,438 | 362,417 | 38,239,207 |
| 2014 | 129,822 | 367,176 | 38,567,459 |
| 2015 | 131,443 | 370,238 | 38,907,642 |
| 2016 | 134,073 | 373,793 | 39,255,883 |

*Source: California State Department of Finance.*

## Effective Buying Income

Effective buying income ("**EBI**") is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor 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, personal 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), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the County, the State and the United States.

The table on the following page summarizes the total effective buying income for the City, County, State and the United States for the period 2011 through 2015. Effective buying income data is not yet available for calendar year 2016.

## EFFECTIVE BUYING INCOME (EBI)
## City, County, State and United States
## As of January 1, 2011 through 2015

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|---|---|---|---|
| 2011 | City of Roseville | $3,030,070 | $56,309 |
| | Placer County | 9,797,178 | 55,993 |
| | California | 814,578,458 | 47,062 |
| | United States | 6,438,704,664 | 41,253 |
| 2012 | City of Roseville | $3,308,060 | $55,367 |
| | Placer County | 9,955,120 | 55,173 |
| | California | 864,088,828 | 47,307 |
| | United States | 6,737,867,730 | 41,358 |
| 2013 | City of Roseville | $3,327,535 | $56,270 |
| | Placer County | 9,811,843 | 56,393 |
| | California | 858,676,636 | 48,340 |
| | United States | 6,982,757,379 | 43,715 |
| 2014 | City of Roseville | $3,507,655 | $59,074 |
| | Placer County | 10,287,888 | 58,583 |
| | California | 901,189,699 | 50,072 |
| | United States | 7,357,153,421 | 45,448 |
| 2015 | City of Roseville | $3,959,073 | $64,615 |
| | Placer County | 11,729,490 | 64,480 |
| | California | 981,231,666 | 53,589 |
| | United States | 7,757,960,399 | 46,738 |

*Source: The Nielsen Company (US), Inc.*

## Employment and Industry

The unemployment rate in the Sacramento--Arden-Arcade--Roseville Metropolitan Statistical Area ("**MSA**"), which is comprised of El Dorado, Placer, Sacramento and Yolo Counties, was 5.5% in August 2016, down from a revised 5.8% in July 2016, and below the year-ago estimate of 5.7%. This compares with an unadjusted unemployment rate of 5.6% for California and 5.0% for the nation during the same period. The unemployment rate was 5.2% in El Dorado County, 4.7% in Placer County, 5.7% in Sacramento County and 5.5% in Yolo County.

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento--Arden-Arcade--Roseville MSA for the years 2011 through 2015.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
**Sacramento Arden Arcade Roseville Metropolitan Statistical Area**
**(El Dorado, Placer, Sacramento, and Yolo Counties)**
**Civilian Labor Force, Employment and Unemployment**
**Annual Averages**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| **Civilian Labor Force** (1) | 1,044,400 | 1,049,500 | 1,046,800 | 1,049,200 | 1,060,200 |
| Employment | 920,900 | 941,100 | 956,100 | 974,100 | 998,100 |
| Unemployment | 123,600 | 108,300 | 90,800 | 75,100 | 62,100 |
| Unemployment Rate | 11.8% | 10.3% | 8.7% | 7.2% | 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) | 837,100 | 855,300 | 878,200 | 898,800 | 925,400 |

(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.*

## Largest Employers

The following table lists the largest manufacturing and non-manufacturing employers within the County as of March 2016.

**LARGEST EMPLOYERS**
**Placer County**
**March 2016**
**(In Alphabetical Order)**

| Employer Name | Location | Industry |
|---|---|---|
| Adventist Health | Roseville | Health Services |
| Alpine Meadows | Alpine Meadows | Resorts |
| AT&T | Auburn | Telephone Companies |
| Composite Engineering Inc | Roseville | Engineers-Professional |
| Kaiser Foundation Hospitals | Roseville | Hospitals |
| Kw Commercial | Roseville | Real Estate |
| Northstar-At-Tahoe Resort | Truckee | Resorts |
| Oracle | Rocklin | Computer Software-Manufacturers |
| Placer County Fire Dept | Auburn | Government Offices-County |
| Placer County Food Stamps | Auburn | County Government-Social/Human Resources |
| Placer County of Education | Auburn | Schools |
| Placer County Sheriff | Auburn | Government Offices-County |
| Resort At Squaw Creek | Alpine Meadows | Resorts |
| Ritz-Carlton | Truckee | Hotels & Motels |
| Roseville Golfland-Sun Splash | Roseville | Water Parks |
| Roseville Toyota & Scion | Roseville | Automobile Dealers-New Cars |
| Sheriff's Training | Auburn | Government Offices-County |
| Sugar Bowl Ski Area Group Sls | Norden | Skiing Centers & Resorts |
| Sutter Roseville Medical Ctr | Roseville | Hospitals |
| Tami Saner & Assoc | Roseville | Real Estate |
| TASQ Technology | Roseville | Importers (whls) |
| Thunder Valley Casino & Resort | Lincoln | Casinos |
| UNFI Western Region Div | Rocklin | Food Products (whls) |
| Union Pacific Railroad Co | Roseville | Railroads |
| Village Lodge-Sugar Bowl | Norden | Hotels & Motels |

*Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2016 1st Edition.*

The following table sets forth the largest manufacturing and non-manufacturing employers in the City as of 2015.

**LARGEST EMPLOYERS**
**City of Roseville**
**2015**

| Employer | Number of Employees |
|---|---|
| The Permanente Medical Group & Foundation Group | 3,231 |
| Hewlett Packard | 2,548 |
| Sutter Roseville Medical Group | 1,654 |
| Roseville Joint Union High School | 1,434 |
| Union Pacific Railroad Company | 1,180 |
| City of Roseville | 1,102 |
| Adventist Health System West | 1,000 |
| Roseville City School District | 1,000 |
| PRIDE Industries | 550 |
| Solar City | 475 |
| Total Employment | 14,174 |

*Source: City of Roseville-City Manager's Office, Comprehensive Annual Financial Report, Fiscal Year Ending June 30, 2015.*

## Construction Permits

The County's 2015-2016 assessment roll totaled $63.4 billion as compared to the prior year's assessment roll of $58.2 billion, which reflected an 8.89% increase this year. These numbers over the last two years contrast with the real estate decline years of 2008 and after, where the County assessment roll experienced declines.

In May of 2016, the City issued 47 residential single-family building permits and 1 commercial building permit. The City maintains building permit data, which can be viewed on its website.

The following table shows valuations of residential and non-residential building permits issued for calendar years 2011 through 2015. Annual figures are not yet available for 2016.

**BUILDING PERMIT VALUATION**
**City of Roseville**
**(Valuation in Thousands of Dollars)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Permit Valuation | | | | | |
| New Single-family | $91,310.0 | $249,559.2 | $118,547.9 | $154,499.7 | $262,769.4 |
| New Multi-family | 0.0 | 0.0 | 6,632.0 | 15,360.4 | 0.0 |
| Res. Alterations/Additions | 7,329.2 | 3,082.0 | 3,395.0 | 4,967.8 | 9,039.9 |
| Total Residential | $98,639.2 | $252,641.2 | $128,575.0 | $174,827.9 | $271,809.3 |
| | | | | | |
| New Commercial | $ 707.9 | $16,280.4 | $26,058.9 | $19,546.6 | 36,704.0 |
| New Industrial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Other | 0.0 | 0.0 | 2,627.4 | 10,935.1 | 9,340.5 |
| Com. Alterations/Additions | 67,245.2 | 31,868.5 | 45,489.0 | 62,138.9 | 42,754.7 |
| Total Nonresidential | $67,953.1 | $48,148.9 | $74,175.4 | $92,620.6 | $88,799.2 |
| | | | | | |
| New Dwelling Units | | | | | |
| Single Family | 411 | 663 | 528 | 644 | 927 |
| Multiple Family | 0 | 0 | 224 | 0 | 0 |
| Total New Dwelling Units | 411 | 663 | 752 | 644 | 927 |

*Source: Construction Industry Research Board, Building Permit Summary.*

The following table shows residential and non-residential building permits issued within the County for calendar years 2011 through 2015. Annual figures are not yet available for 2016.

**BUILDING PERMIT VALUATION**
**County of Placer**
**(Valuation in Thousands of Dollars)**

| | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|
| Permit Valuation | | | | | |
| New Single-family | $230,831.8 | $431,611.6 | $378,286.0 | $523,638.2 | 683,806.3 |
| New Multi-family | 6,549.5 | 11,368.0 | 7,078.5 | 48,645.5 | 21,702.2 |
| Res. Alterations/Additions | 62,155.8 | 35,481.3 | 50,358.2 | 59,428.5 | 82,577.5 |
| Total Residential | $299,537.1 | $478,460.9 | $435,722.7 | $631,712.2 | 788,086.0 |
| | | | | | |
| New Commercial | $ 7,014.3 | $ 44,303.0 | $70,876.0 | $38,343.5 | 72,506.2 |
| New Industrial | 860.0 | 164.0 | 1,092.0 | 199.8 | 1,339.6 |
| New Other | 12,112.3 | 414.5 | 25,673.5 | 44,159.8 | 72,602.9 |
| Com. Alterations/Additions | 88,639.9 | 55,512.0 | 73,037.0 | 101,977.7 | 80,457.5 |
| Total Nonresidential | $108,626.5 | $100,393.5 | $170,678.5 | $184,680.8 | 226,906.2 |
| | | | | | |
| New Dwelling Units | | | | | |
| Single Family | 802 | 1,209 | 1,249 | 1,620 | 1,994 |
| Multiple Family | 28 | 111 | 227 | 376 | 240 |
| Total New Dwelling Units | 830 | 1,320 | 1,476 | 1,996 | 2,234 |

*Source: Construction Industry Research Board, Building Permit Summary.*

## Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables. The total taxable sales during calendar year 2014 in the City were reported to be $4.23 billion, a 1.34% increase over the total taxable sales of $4.17 billion reported during calendar year 2013. Annual figures for 2015 and 2016 are not yet available.

**TAXABLE TRANSACTIONS**
**City of Roseville**
**Calendar Years 2010 through 2014**
**(Dollars in Thousands)**

| | **Retail Stores** | | **Total All Outlets** | |
|---|---|---|---|---|
| | **Number of Permits** | **Taxable Transactions** | **Number of Permits** | **Taxable Transactions** |
| 2010 | 3,640 | 2,814,546 | 4,698 | 3,251,045 |
| 2011 | 3,405 | 3,024,189 | 4,476 | 3,499,616 |
| 2012 | 3,765 | 3,332,827 | 4,861 | 3,772,583 |
| 2013 | 3,757 | 3,558,765 | 4,819 | 4,171,738 |
| 2014 | 3,699 | 3,607,127 | 4,743 | 4,227,788 |

*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

The total taxable sales during calendar year 2014 in the County were reported to be \$8.10 billion, a 4.86% increase over the total taxable sales of \$7.72 billion reported during the calendar year 2013. Annual figures for 2015 and 2016 are not yet available.

**TAXABLE TRANSACTIONS**
**Placer County**
**Calendar Years 2010 through 2014**
**(Dollars in Thousands)**

| | Retail Stores | | Total All Outlets | |
|---|---|---|---|---|
| | **Number of Permits** | **Taxable Transactions** | **Number of Permits** | **Taxable Transactions** |
| 2010 | 8,110 | 4,678,785 | 11,439 | 6,017,542 |
| 2011 | 7,803 | 5,112,781 | 11,120 | 6,568,195 |
| 2012 | 8,272 | 5,613,981 | 11,621 | 7,065,597 |
| 2013 | 8,487 | 6,050,198 | 11,713 | 7,724,406 |
| 2014 | 8,520 | 6,296,076 | 8,520 | 8,100,167 |

*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

## Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the County, connecting San Francisco to New York. Highway 65 runs north from I-80 to Lincoln and Marysville. Interstate 5, which is west of the County, runs north to Seattle and south to Los Angeles. In the City, the major highways in the area are Interstate 80 and Interstate 5, and State Highways 65, 50, and 99.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in the City, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport serves the Roseville area. Served by ten major carriers and several commuter airlines, as well as air-freight carriers, the airport handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Nearby Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length.

Several trucking companies serve the County, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

# APPENDIX B

# AUDITED FINANCIAL STATEMENTS

## APPENDIX D

## PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Directors of the
Roseville Finance Authority
311 Vernon Street
Roseville, California 95678

***OPINION:*** Roseville Finance Authority Electric System Revenue Refunding Bonds, $_________ Series 2016A and $_________ Taxable Series 2016B

Members of the Board:

We have acted as bond counsel in connection with the issuance by the Roseville Finance Authority (the "Authority") of its Electric System Revenue Refunding Bonds, $_________ Series 2016A (the "Series 2016A Bonds") and its $_________ Electric System Revenue Refunding Bonds, Taxable Series 2016B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Bonds"), pursuant to the provisions of the Marks Roos Local Bond Pooling Act of 1985 (commencing with Section 6584 of the California Government Code) and a Trust Agreement, dated as of _____ 1, 2016 (the "Trust Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds are secured by Revenues, as such term is defined in the Trust Agreement, including certain installment payments made by the City of Roseville (the "City") under a Master Installment Purchase Contract, dated as of November 1, 1997, as supplemented, including by a 2016 Supplemental Installment Purchase Contract dated as of _________ 1, 2016 (the "2016 Supplemental Contract" and collectively with the Master Contract and the prior supplements, the "Installment Purchase Contract") between the Authority and the City. 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 Authority and the City contained in the Trust Agreement and the Installment Purchase Contract, and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California, with power to enter into the Trust Agreement, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms and payable solely from the sources provided therefor in the Trust Agreement.

3. The Trust Agreement has been duly authorized, executed and delivered by the Authority, and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

4. The City is a charter city duly organized and existing under the laws of the State of California, with power to enter into the Installment Purchase Contract and to perform the agreements on its part contained therein. The Installment Purchase Contract has been duly authorized, executed and delivered by the City, and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

5. The interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; 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 Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the delivery of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City and the Authority have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2016A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2016A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Trust Agreement and the Installment Purchase Contract may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the CITY OF ROSEVILLE (the "City") for and on behalf of itself and the ROSEVILLE FINANCE AUTHORITY (the "Authority"), in connection with the issuance by the Authority of its Electric System Revenue Refunding Bonds, $_________ Series 2016A (the "Series 2016A Bonds") and its $_________ Electric System Revenue Refunding Bonds, Taxable Series 2016B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "2016 Bonds"). The 2016 Bonds are being issued pursuant to a Trust Agreement, dated as of _________ 1, 2016 (the "Trust Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2016 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Dissemination Agent*" means [[The Bank of New York Mellon Trust Company, N.A.]], or any successor Dissemination Agent designated in writing by the City and which has filed with the City and the Trustee a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*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 Official Statement relating to the 2016 Bonds.

"*Participating Underwriter*" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, the original underwriter of the 2016 Bonds required to comply with the Rule in connection with offering of the 2016 Bonds.

"*Report Date*" means seven months after the end of the City’s fiscal year (currently January 31 of each year based on the City’s June 30 fiscal year end).

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Report Date, beginning on January 31, 2017, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days before the Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. The audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Report Date, if not available by the Report 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 under this Disclosure Certificate.

(b) If the City is unable to provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall, by written direction, cause the Dissemination Agent to provide 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 certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the City, which shall include financial statements of the City's municipal electric power utility (the "Electric System") 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 Report Date, 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) Unless otherwise provided in the audited financial statements filed on or prior to the Report Date, the following financial information and operating data with respect to the City and the Electric System for the preceding fiscal year as of June 30 of the previous fiscal year:

(1) The principal amount of the outstanding 2016 Bonds.

(2) The balance in the Reserve Fund.

(3) The Reserve Fund Requirement for the 2016 Bonds and all outstanding Parity Obligations.

(4) The balance in the Rate Stabilization Fund.

(5) An updated table substantially in the form of Table 1 in the Official Statement entitled "Customers, Sales and Peak Demand."

(6) An updated table substantially in the form of Table 2 in the Official Statement entitled "Ten Largest Customers."

(7) An updated table substantially in the form of Table 3 in the Official Statement entitled "Sources of Power Supply."

(8) An updated table substantially in the form of Table 7 in the Official Statement entitled "City Share of Outstanding Debt of Joint Powers Agencies."

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. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

(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.

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 2016 Bonds:

(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 City or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an 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, 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, 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 Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States 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 City, 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 City.

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 City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2016 Bonds. If such termination occurs prior to the final maturity of the 2016 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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 this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent is [[The Bank of New York Mellon Trust Company, N.A.]] Any Dissemination Agent may resign by providing 30 days' written notice to the City.

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 2016 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2016 Bonds, 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 2016 Bonds 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 2016 Bonds.

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(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the 2016 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bondholders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2016 Bonds.

(b) 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 shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the City: City of Roseville<br>311 Vernon Street<br>Roseville, California 95678<br>Attention: Administrative Services Director<br>Fax: (916) 774-5514

To the Dissemination Agent: ________________<br>________________<br>________________<br>Attention: ________________<br>Fax: ________________

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, and holders and beneficial owners from time to time of the 2016 Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate 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 ROSEVILLE

By ____________________________________
____________

ACCEPTED AND AGREED:

[[The Bank of New York Mellon Trust Company, N.A.]],
as Dissemination Agent

By _________________________________
Authorized Representative

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

| | |
|---|---|
| Name of Obligor: | City of Roseville, for itself and on behalf of the Roseville Finance Authority |
| Name of Issue: | Roseville Finance Authority Electric System Revenue Refunding Bonds, $_________ Series 2016A and Taxable Series 2016B |
| Date of Issuance: | _______, 2016 |

NOTICE IS HEREBY GIVEN that the City, on behalf of itself and of the Roseville Finance Authority, has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate dated as of _____________, 2016. The City anticipates that the Annual Report will be filed by ________________.

Dated:_____________

DISSEMINATION AGENT

By: ____________________________________

Title: __________________________________

# APPENDIX F

## DTC AND THE 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 2016 Bonds, payment of principal, interest and other payments on the 2016 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2016 Bonds 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 2016 Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the 2016 Bonds (the "Agent") 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 2016 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2016 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2016 Bonds (the "Securities"). The Securities 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 Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities 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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices will be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's

MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities 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 Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments 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 Agent, 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.

9. If applicable, a Beneficial Owner will give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and will effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

# ESCROW AGREEMENT

*Relating to:*

Electric System Revenue Refunding Certificates of Participation, Series 2009
and
Electric System Revenue Refunding Bonds, Series 2010

This ESCROW AGREEMENT (this "Agreement"), dated as of _________ 1, 2016, is among the CITY OF ROSEVILLE, a charter city and municipal corporation duly organized and existing under the laws of the State of California (the "City"), the ROSEVILLE FINANCE AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee for the Prior Obligations described below (the "Prior Obligations Trustee") and as escrow bank (the "Escrow Bank") herein.

## ***W I T N E S S E T H :***

**WHEREAS**, the City has previously caused the execution and delivery of Electric System Revenue Refunding Certificates of Participation, Series 2009 in the aggregate original principal amount of $27,010,000 (the "2009 Certificates") under a Trust Agreement dated as of December 1, 2009 (the "2009 Trust Agreement"), between the Authority and the Prior Obligations Trustee, evidencing installment payments payable by the City under a Master Installment Purchase Contract (the "Master Contract"), dated as of November 1, 1997, as previously supplemented and as supplemented by a 2009 Supplemental Installment Sale Agreement dated December 1, 2009 (the "2009 Supplemental Contract"), between the Authority and the City, all to finance and refinance the costs of various improvements to the City's municipal electric system (the "Electric System"); and

**WHEREAS**, the Authority has previously issued its Electric System Revenue Refunding Bonds, Series 2010 in the aggregate original principal amount of $55,845,000 (the "2010 Bonds") under a Trust Agreement dated as of October 1, 2010 (the "2010 Trust Agreement"), between the Authority and the Prior Obligations Trustee, evidencing installment payments payable by the City under the Master Contract, as previously supplemented and as supplemented by a 2010 Supplemental Installment Sale Agreement dated October 1, 2010 (the "2010 Supplemental Contract"), between the Authority and the City, all to finance and refinance the costs of various improvements to the Electric System; and

**WHEREAS**, the 2009 Certificates with a Certificate Payment Date on or after February 1, 2020 are subject to optional prepayment prior to their respective stated Certificate Payment Dates, as a whole or in part (from such Certificate Payment Dates as are designated by the Authority to the Prior Obligations Trustee at the direction of the City or, if the Authority fails to designate such Certificate Payment Dates, in inverse order of Certificate Payment Date and by lot within a Certificate Payment Date) on any date on or after February 1, 2019, at a prepayment price equal to the principal amount evidenced and represented by the 2009 Certificates called for prepayment, plus accrued and unpaid interest to the prepayment date, without premium; and

**WHEREAS**, the 2010 Bonds maturing on or after February 1, 2021 are subject to optional redemption prior to their respective stated maturity dates, from prepayments made by the City pursuant to the 2010 Supplemental Contract, as a whole or in part (from such maturity dates as are designated by the Authority to the Prior Obligations Trustee at the direction of the City or, if the Authority fails to designate such maturity dates, in inverse order of maturity date and by lot within a maturity date) on any date on or after February 1, 2020, at a redemption price equal to the principal amount of the 2010 Bonds called for redemption, plus accrued and unpaid interest to the redemption date, without premium; and

**WHEREAS**, the City wishes at this time to provide for the refinancing of [[all of the maturities]] the outstanding 2009 Certificates and the 2010 Bonds (such refinanced maturities, the "Prior Obligations"); and

**WHEREAS,** to that end, the City and the Authority have entered into a 2016 Supplemental Installment Purchase Contract (the "2016 Supplemental Contract") pursuant to the Master Contract, and the Authority has issued its (a) Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2016A in the aggregate principal amount of $_______ (the "2016A Bonds") and (b) Roseville Finance Authority Electric System Revenue Refunding Bonds, Taxable Series 2016B in the aggregate principal amount of $_______ (the "2016B Bonds," and together with the 2016A Bonds, the "Refunding Bonds") pursuant to a Trust Agreement, dated as of _________ 1, 2016 (the "2016 Trust Agreement"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "2016 Trustee"); and

**WHEREAS**, the City, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and prepayment and/or redemption of the Prior Obligations as set forth in this Agreement, and in accordance with the provisions of the 2009 Trust Agreement and the 2010 Trust Agreement;

**NOW, THEREFORE**, the parties hereto do hereby agree as follows:

SECTION 1. *Appointment of Escrow Bank*. The City and the Authority hereby appoint The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank") for all purposes of this Agreement and in accordance with the terms and provisions of this Agreement, and the Escrow Bank hereby accepts such appointment. The Bank of New York Mellon Trust Company, N.A., currently acts as the trustee for the Prior Obligations (in such capacity, the "Prior Obligations Trustee").

SECTION 2. *Establishment of Escrow Fund.* There is hereby created an escrow fund (the "Escrow Fund") to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Prior Obligations, subject to and in accordance with the provisions of this Agreement.

SECTION 3. *Deposit into Escrow Fund; Investment of Amounts.*

(a) Concurrently with the execution and delivery of the Refunding Bonds, the Authority and/or the City will cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the total amount of $___________ from the following sources, $_______ of which will be held in a subaccount of the Escrow Fund for the 2009 Certificates maturing in the years 20__ through 20__ and the 2010 Bonds, and $_______ of which will be held in a subaccount of the Escrow Fund for the 2010 Certificates maturing in the years 20__ through 20__ , all in immediately available funds to be held by the Escrow Bank hereunder:

(i) $__________ from the proceeds of the Refunding Bonds ($______ of which are proceeds of the 2016A Bonds and $_______ of which are proceeds of the 2016B Bonds); and

(ii) [[$_____________ from the Prior Obligations Trustee from the Parity Reserve Fund for the Parity Obligations. ]]

(b) With respect to the aggregate $___________ deposited into the Escrow Fund, the Escrow Bank will:

(i) invest $__________ of the moneys deposited in the federal securities described in Exhibit B hereto (the "Federal Securities"); and

(ii) hold the remaining $_________ in cash uninvested.

The Federal Securities and cash will be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein. The Escrow Bank will have no lien upon or right of set off against the Federal Securities and cash at any time on deposit in the Escrow Fund.

SECTION 4. *Instructions as to Application of Deposit; Defeasance Notice.*

(a) All amounts in the Escrow Fund will be and are hereby irrevocably pledged as special funds for the payment of the principal of, premium, if any, and interest on the Prior Obligations in accordance with the 2009 Trust Agreement and the 2010 Trust Agreement, as applicable. For such purpose, the total amount deposited in the Escrow Fund pursuant to Section 3 will be applied by the Escrow Bank for the sole purpose of paying the principal of, premium, if any, and interest on the Prior Obligations to the Prior Obligations Trustee, at the times and in the amounts set forth in the schedule shown in Exhibit A attached hereto and by this reference incorporated herein. If at any time the Escrow Bank will receive actual knowledge that the amounts in the Escrow Fund will not be sufficient to make any payment required by this Section 4, the Escrow Bank will notify the City of such fact and the City will immediately cure such deficiency from any source of legally available funds.

(b) Following payment in full of the principal of, premium if any and interest on the Prior Obligations, all amounts remaining on deposit in the Escrow Fund will be transferred by the Escrow Bank to the 2016 Trustee for deposit in the debt service fund established pursuant to the 2016 Trust Agreement.

(c) The Escrow Bank is hereby directed to give the following notices to the Municipal Securities Rulemaking Board (MSRB)'s Electronic Municipal Market Access (EMMA) system accessible at the emma.msrb.org website:

(i) on the date of the execution and delivery of the Refunding Bonds, notice of defeasance of the Prior Obligations in accordance, substantially in the forms attached hereto as Exhibit C; and

(ii) on the date(s) specified in the 2009 Trust Agreement and the 2010 Trust Agreement, as applicable, notice of prepayment and/or redemption of the Prior Obligations on the prepayment and/or redemption date specified therefor.

SECTION 5. *Application of Certain Terms of 2009 Trust Agreement and 2010 Trust Agreement.* All of the terms of the 2009 Trust Agreement and 2010 Trust Agreement relating to the making of payments of principal of and interest and prepayment (or redemption) premium on the Prior Obligations are incorporated in this Agreement as if set forth in full herein. To the extent the terms of the 2009 Trust Agreement and 2010 Trust Agreement are inconsistent herewith, the terms thereof will control.

SECTION 6. *Compensation and Indemnification to Escrow Bank*. The City will pay the Escrow Bank compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, prepayment expenses, legal fees and other costs and expenses relating hereto. The Escrow Bank will have no lien on amounts on deposit in the Escrow Fund for such compensation.

The City agrees to indemnify and hold the Escrow Bank, its officers, employees, directors and agents harmless from and against any and all losses, costs, expenses, claims and liabilities whatsoever (including, without limitation, fees and expenses of attorneys) which may be imposed on, asserted against or incurred by the Escrow Bank related to or arising from the acceptance and performance by the Escrow Bank of its duties hereunder.

The obligations of the City under this Section will survive the termination, discharge of this Agreement and the resignation or removal of the Escrow Bank.

SECTION 7. *Resignation of Escrow Bank*. The Escrow Bank may at any time resign by giving written notice to the City of such resignation. The City will promptly appoint a successor Escrow Bank by the resignation date. Resignation of the Escrow Bank will be effective only upon acceptance of appointment by a successor Escrow Bank. If the City does not appoint a successor, the Escrow Bank may at the expense of the City petition any court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Bank. After receiving a notice of resignation of Escrow Bank, the City may appoint a temporary Escrow Bank to replace the resigning Escrow Bank until the City appoints a successor Escrow Bank. Any such temporary Escrow Bank so appointed by the City, will immediately and without further act be superseded by the successor Escrow Bank so appointed.

SECTION 8. *Amendment*. This Agreement may be amended by the parties hereto, but only if there will have first been filed with the City, the Authority and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Prior Obligations, and that such amendment will not cause interest with respect to the Prior Obligations to become includable in the gross income of the owners thereof for federal income tax purposes.

SECTION 9. *Successors*. Whenever in this Agreement either the City or the Escrow Bank is named or referred to, such reference will be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Escrow Bank will bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. Any company into which the

Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, will be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

SECTION 10. *Execution in Counterparts*. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

SECTION 11. *Applicable Law.* This Agreement will be governed by and construed in accordance with the laws of the State of California.

SECTION 12. *Immunities and Liability of Escrow Bank*. The Escrow Bank undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations will be read into this Agreement against the Escrow Bank.

The Escrow Bank will not have any liability hereunder except to the extent of its gross negligence or willful misconduct. In no event will the Escrow Bank be liable for any special, indirect or consequential damages.

The Escrow Bank may consult with legal counsel of its own choice and the Escrow Bank will not be liable for any action taken or not taken by it in good faith in reliance upon the opinion or advice of such counsel.

The Escrow Bank will not be liable for the recitals or representations contained in this Agreement and will not be responsible for the validity of this Agreement, the sufficiency of the Escrow Fund or the moneys to pay the principal of or interest and prepayment premium on the Prior Obligations.

Whenever in the administration of this Agreement the Escrow Bank will deem it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter may be deemed to be conclusively proved and established by a certificate of an authorized representative of the City and will be full protection for any action taken or not taken by the Escrow Bank in good faith reliance thereon.

The Escrow Bank may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement and will be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Escrow Bank in connection with this Agreement and believed by the Escrow Bank to be signed by the proper party, and it need not investigate any fact or matter stated therein.

The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and will not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. None of the provisions of this Agreement will require the Escrow Bank to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank will have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions will be deemed controlling. The Escrow Bank will not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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

If the Escrow Bank learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Securities that is to be submitted pursuant to this Agreement, the Escrow Bank shall promptly request alternative written investment instructions from the City with respect to escrowed funds which were to be invested in securities. The Escrow Bank shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold funds uninvested and without liability for interest until receipt of further written instructions from the City. In the absence of investment instructions from the City, the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the City's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

SECTION 13. *Termination of Agreement*. Upon payment in full of the principal of, interest and prepayment premium on the Prior Obligations and all fees, expense and charges of the Escrow Bank as described above, this Agreement will terminate and the Escrow Bank will be discharged from any further obligation or responsibility hereunder.

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

**CITY OF ROSEVILLE**

By: ______________________________
Chief Financial Officer

**ROSEVILLE FINANCE AUTHORITY**

By: ______________________________
Treasurer

Approved:

______________________________
City Attorney
City of Roseville

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**
*as Escrow Bank*

By: ______________________________
Authorized Officer

# EXHIBIT A

## PAYMENT SCHEDULE OF THE PRIOR OBLIGATIONS

**2009 Certificates**

| Payment Date | Interest | Principal | Prepaid Principal | Total |
|---|---|---|---|---|
| 2/1/2017 | | | -- | |
| 8/1/2017 | | | -- | |
| 2/1/2018 | | | -- | |
| 8/1/2018 | | | -- | |
| 2/1/2019 | | | | |
| **Total** | | | | |

**2010 Bonds**

| Payment Date | Interest | Principal | Redemption Premium | Total |
|---|---|---|---|---|
| 2/1/2017 | | | -- | |
| 8/1/2017 | | | -- | |
| 2/1/2018 | | | -- | |
| 8/1/2018 | | | -- | |
| 2/1/2019 | | | | |
| 8/1/2019 | | | | |
| 2/1/2020 | | | | |
| **Total** | | | | |

# EXHIBIT B

## FEDERAL SECURITIES

### 2009 Certificates

| Type of Security | Maturity Date | Par Amount | Rate | Total Cost |
| --- | --- | --- | --- | --- |

| Purchase Date | Cost of Securities | Cash Deposit | Total Escrow Cost |
| --- | --- | --- | --- |

### 2010 Bonds

| Type of Security | Maturity Date | Par Amount | Rate | Total Cost |
| --- | --- | --- | --- | --- |

| Purchase Date | Cost of Securities | Cash Deposit | Total Escrow Cost |
| --- | --- | --- | --- |

**EXHIBIT C-1**
**NOTICE OF DEFEASANCE**

**$27,010,000**
**ELECTRIC SYSTEM REVENUE REFUNDING CERTIFICATES OF PARTICIPATION**
**SERIES 2009**

**Evidencing and Representing Proportionate Interests**
**of the Owners Thereof**
**In 2009 Payments**
**to be made by the**

**CITY OF ROSEVILLE**

Final Maturity Date: February 1, 2024

NOTICE IS HEREBY GIVEN, by the City of Roseville (the "City") with respect to the captioned certificates of participation (the "Certificates"), that it has defeased the Certificates set forth below as of ________________, 20__. ***This notice is not a notice of redemption of any of the Certificates.***

The Certificates that have been defeased consist of the following:

| Maturity Date (February 1) | Principal Amount | Interest Rate | CUSIP (     ) * |
|---|---|---|---|
| 2017 | | | |
| 2018 | | | |
| 2019 | | | |
| 2020 | | | |
| 2021 | | | |
| 2022 | | | |
| 2023 | | | |
| 2024 | | | |

* CUSIP data are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ. The City and the Trustee shall not be responsible for the selection or use of the CUSIP numbers listed above, nor is any representation made as to the accuracy of the CUSIP numbers listed above or as printed on any Certificate; the CUSIP numbers are included solely for the convenience of the owners of the Certificates.

Dated: ____________, 20__

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**
*as Trustee for the Certificates and as Escrow Bank*

**EXHIBIT C-2**
**NOTICE OF DEFEASANCE**

**$55,845,000**
**ROSEVILLE FINANCE AUTHORITY**
**ELECTRIC SYSTEM REVENUE REFUNDING BONDS**
**SERIES 2010**

Final Maturity Date: February 1, 2037

NOTICE IS HEREBY GIVEN, by the City of Roseville (the "City") with respect to the captioned bonds (the "Bonds"), that the Roseville Finance Authority has defeased the Bonds set forth below as of _________________, 20__. ***This notice is not a notice of redemption of any of the Bonds.***

The Bonds that have been defeased consist of the following:

| Maturity Date (February 1) | Principal Amount | Interest Rate | CUSIP (____) * |
|---|---|---|---|
| 2017 | | | |
| 2018 | | | |
| 2019 | | | |
| 2020 | | | |
| 2021 | | | |
| 2022 | | | |
| 2023 | | | |
| 2024 | | | |
| 2025 | | | |
| 2030 | | | |
| 2037 | | | |

* CUSIP data are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ. The City and the Trustee shall not be responsible for the selection or use of the CUSIP numbers listed above, nor is any representation made as to the accuracy of the CUSIP numbers listed above or as printed on any Bond; the CUSIP numbers are included solely for the convenience of the owners of the Bonds.

Dated: _____________, 20__

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**
*as Trustee for the Bonds and as Escrow Bank*

| | |
|---|---|
| **$[_________]** | **$[_________]** |
| **Roseville Finance Authority** | **Roseville Finance Authority** |
| **Electric System Revenue Refunding Bonds,** | **Electric System Revenue Refunding Bonds,** |
| **Series 2016A** | **Taxable Series 2016B** |

**November [__], 2016**

**CONTRACT OF PURCHASE**

Roseville Finance Authority
c/o City of Roseville
311 Vernon Street
Roseville, California 95678

Ladies and Gentlemen:

The undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"), hereby offers to enter into this Contract of Purchase (this "Contract of Purchase") with the Roseville Finance Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California, (the "Authority") for the purchase by the Underwriter of the Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2016A (the "2016A Bonds") and the Roseville Finance Authority Electric System Revenue Refunding Bonds, Taxable Series 2016B (the "2016B Bonds" and together with the 2016A Bonds, the "2016 Bonds"). This offer is made subject to acceptance by the Authority and written approval by the City of Roseville (the "City") on or before 5:00 P.M., California time, on the date hereof or such other time as the parties hereto mutually agree upon, and upon such acceptance and approval, this Contract of Purchase shall be in full force and effect in accordance with its terms and shall be binding upon the Authority, the City and the Underwriter. The Underwriter may withdraw this Contract of Purchase upon written notice delivered by the Underwriter to the Authority at any time before the Authority accepts this Contract of Purchase. The Underwriter has been duly authorized to execute this Contract of Purchase and to take any action hereunder by and on behalf of the Underwriter.

1. <u>Purchase and Sale</u>.

Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase, and the Authority agrees to sell to the Underwriter, all (but not less than all) of the $[_________] aggregate principal amount of the 2016A Bonds, such 2016A Bonds being more fully described in the Official Statement (hereinafter mentioned) at a purchase price of $[__________] (representing the aggregate principal amount of $[__________], [plus/less] a net original issue [premium/discount] of $[__________], less $[_________] of Underwriter's discount) and 2016B Bonds at a purchase price of $[__________] (representing the aggregate principal amount of

$[__________], [plus/less] a net original issue [premium/discount] of $[__________], less $[_________] of Underwriter's discount).

The Underwriter hereby agrees to purchase not less than all of the 2016 Bonds if any are purchased in accordance with this Contract of Purchase. If the Underwriter fail to accept such delivery and pay the purchase price of the 2016 Bonds by wire transfer in immediately available funds at the Closing in accordance with the terms hereof, then this Contract of Purchase shall terminate. Any failure by the Underwriter to accept delivery and pay the purchase price in accordance with this Contract of Purchase shall be governed by the terms hereof.

The Authority and the City acknowledge and agree that (i) the purchase and sale of the 2016 Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Authority, City and the Underwriter and the Underwriter has financial and other interests that differ from those of the Authority and the City, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent, municipal advisor, financial advisor or fiduciary of the Authority or City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority or City with respect to the offering of the 2016 Bonds or the process leading thereto (whether or not any Underwriter, or any affiliate of an Underwriter, has advised or is currently advising the Authority or City on other matters) or any other obligation to the Authority or City except the obligations expressly set forth in this Agreement and (iv) each of the Authority and City has consulted with its own municipal, tax, legal and financial advisors to the extent it deemed appropriate in connection with the offering of the 2016 Bonds.

The 2016 Bonds are to be issued pursuant to the provisions of a resolution adopted by the Board of Directors of the Authority approving the 2016 Bonds and related documents and official actions (the "Authority Resolution"), a resolution adopted by the City Council of the City approving the 2016 Bonds and related documents and official actions (the "City Resolution" and together with the Authority Resolution, the "Authorizing Resolution"), the Marks Roos Local Bond Pooling Act of 1985, consisting of Article 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6584) (the "Act"), and a Trust Agreement, dated as of _____ 1, 2016 (the "Trust Agreement"), by and between the Authority and The Bank of New York Mellon Trust Company, N. A., as trustee (the "Trustee"). The 2016 Bonds shall be secured by a pledge, charge and lien upon Revenues which consist primarily of certain installment payments (the "2016 Payments") to be made by the City under and pursuant to that certain Master Installment Purchase Contract executed and entered into as of November 1, 1997, as supplemented by that certain 2016 Supplemental Installment Purchase Contract, executed and entered into as of _______ 1, 2016, each by and between the City and the Authority (which Master Installment Purchase Contract as so supplemented is referred to herein as the "Installment Purchase Contract"), all of which rights to receive such Revenues have been assigned by the Authority to the Trustee. Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the Official Statement mentioned below.

The 2016 Bonds shall mature in the years, bear interest, be purchased at the prices and be subject to optional and mandatory redemption at the times and in the amounts, all as set forth in <u>Exhibit A</u> attached hereto. The Authorized Denominations, Record Dates, Interest Payment

Dates, Sinking Fund Payment Dates, and other details and particulars of the 2016 Bonds shall be as described in the Trust Agreement and the Official Statement.

The 2016 Bonds are being issued to provide funds to (i) prepay [a portion of] the City's obligations under the 2009 Supplemental Installment Purchase Contract executed and entered into as of December 1, 2009 (the "2009 Supplemental Contract"), resulting in the prepayment of [certain of] the City's Certificates of Participation, Series 2009 (the "2009 Certificates"); (ii) prepay [a portion of] the City's obligations under the 2010 Supplemental Installment Purchase Contract executed and entered into as of July 1, 2010 (the "2010 Supplemental Contract"), resulting in a prepayment of [certain of] the City's Electric System Revenue Refunding Bonds, Series 2010 (the "2010 Bonds"), and (iii) pay certain costs incurred in connection with the issuance of the 2016 Bonds.]

2. Offering. The Underwriter agrees to make a bona fide public offering of the 2016 Bonds at prices not in excess of the respective initial offering price or yields not less than the yields as set forth in the Official Statement, reserving, however, the right to change such initial offering prices or yields as they shall deem necessary in connection with the marketing of the 2016 Bonds and to offer and sell the 2016 Bonds to certain dealers (including dealers depositing the 2016 Bonds into investment trusts) and money market funds, certain of which may be sponsored or managed by the Underwriter at concessions to be determined by the Underwriter. The Underwriter shall provide to the Authority a certificate setting forth the offering prices of the 2016 Bonds in the form attached hereto as Exhibit D.

3. Use and Preparation of Documents. (a) The Authority and the City hereby approve and ratify the use and distribution by the Underwriter of the Preliminary Official Statement, dated ________, 2016 (the "Preliminary Official Statement") in connection with the prospective offering of the 2016 Bonds prior to the date hereof, and the Authority deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934 (the "Rule"). The Authority and the City hereby authorize the use and distribution by the Underwriter of the Official Statement, dated _________, 2016 (the "Official Statement") and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the 2016 Bonds. The Authority and the City hereby authorize the use by the Underwriter of the Trust Agreement and Installment Purchase Agreement in connection with the public offering and sale of the 2016 Bonds.

(b) The Authority will deliver to the Underwriter, within seven (7) business days of the date hereof, sufficient copies of the Official Statement in final form (including financial statements as included or incorporated by reference therein), and will deliver any amendment or supplement thereto, as have been approved by the Underwriter, in order to permit the Underwriter to comply with the obligations of the Underwriter including, without limitation, as necessary to accompany any confirmation requesting payment from any customers of the Underwriter, pursuant to the rules of the Municipal Securities Rulemaking Board and the Rule. The Authority shall execute the Official Statement by an authorized officer of the Authority. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by the Rule, the

Authority shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter.

(c) In order to assist the Underwriter in complying with the Rule, the City will deliver to the Underwriter on the Closing Date (as defined below) an executed copy of its Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") in the form contained in Appendix E to the Official Statement, pursuant to which the City undertakes to provide annual reports and notices of certain events as described in the Continuing Disclosure Certificate.

4. Closing. At 8:30 A.M., California time, on ________, 2016, or at such other time on such other Business Day as shall have been mutually agreed upon by the Authority and the Underwriter (the "Closing Date"), the Authority, subject to the terms and conditions hereof, will cause the sale and delivery of the 2016 Bonds to the Underwriter and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the 2016 Bonds as set forth in Section 1 hereof in immediately available funds (such delivery and payment being herein referred to as the "Closing"). Sale, delivery and payment as aforesaid shall be made at the offices of Jones Hall, A Professional Law Corporation ("Bond Counsel"), San Francisco, California 94108 or at such other place as shall have been mutually agreed upon by the Authority and the Underwriter. The 2016 Bonds shall be delivered to the Underwriter through the book-entry system of The Depository Trust Company ("DTC").

At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriter shall accept the delivery of the 2016 Bonds, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Authority and (b) the Authority shall deliver or cause to be delivered the 2016 Bonds to the Underwriter through the facilities of DTC in definitive or temporary form, duly executed by the Authority and in the authorized denominations as specified by the Underwriter at the Closing and the Authority shall deliver the other documents hereinafter mentioned. The 2016 Bonds shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection.

5. Representations, Warranties and Agreements of the City. The City hereby represents, warrants and covenants to the Underwriter that:

(a) The City is duly existing as a charter city and a municipal corporation organized under the Constitution and laws of the State of California.

(b) The City has, and at the Closing Date will have, (i) full legal right, power and authority to adopt the City Resolution and to enter into the Installment Purchase Contract, the Continuing Disclosure Certificate, the Escrow Agreement relating to the 2009 Certificates and the 2010 Bonds, dated as of ______1, 2016 (the "Escrow Agreement"), by and among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), and this Contract of Purchase (collectively, the "City Documents"), and to execute and deliver the Official Statement; (ii) duly authorized and approved the execution and delivery of the City Documents, the performance of its obligations contained herein and therein; (iii) duly authorized the consummation by it of all transactions contemplated by the City Documents and the Official Statement, all in accordance with applicable law, and the City is and will be in compliance with the provisions thereof in all material respects. The City has executed and delivered, or will execute and deliver on or before the Closing Date, each of the City Documents. Each of the City Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the City enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. To the best knowledge of the City, each of the City Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(c) The City Resolution approving and authorizing the execution and delivery by the City Documents was duly adopted at a meeting of the City Council of the City called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(d) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter that are required for the due authorization by or that would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations under the City Documents or in connection with the issuance of the 2016 Bonds under the Trust Agreement have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2016 Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter that are required for the due authorization by or that would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations under the City Documents or in connection with the 2016 Bonds have been duly obtained.

(e) Except as disclosed in the Official Statement, the City is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), 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 Material Judgment or Agreement; and the execution and delivery of the City Documents and the 2016 Bonds and the performance of its obligations contained in the City Documents do not and will not in any material respect conflict with or constitute a breach of or default under any such constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement, nor will any such execution, delivery or performance 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 City or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the City is a party or to which the City or any of its property or assets is otherwise subject (including, without limitation, the Act, the City Resolution and the City Documents).

(f) Except as disclosed in the Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the City or against any other party of which the City has notice of, to the knowledge of the City threatened against the City (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) seeking to restrain or enjoin the execution or delivery of the 2016 Bonds, or the collection of revenues pledged or to be pledged to pay the 2016 Payments, or in any way contesting or affecting the validity of the 2016 Bonds, the Trust Agreement or any of the City Documents or the collection of said revenues, or the pledge thereof, or contesting the powers of the City for the execution and delivery of the 2016 Bonds, the Trust Agreement or any of the City Documents or the performance of its obligations contained therein or with respect thereto or contesting the tax-exempt status of interest represented by the 2016A Bonds; (iii) which would be likely to result in any material adverse change in the business, properties, assets or financial condition of the City relating to the Electric System or to have a material adverse effect on the ability of the City to meet its obligations under any of the City Documents; or (iv) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) The Installment Purchase Contract, the 2016 Bonds, the Trust Agreement and the other documents described in the Official Statement conform in all material respects to the descriptions thereof contained in the Official Statement.

(h) Any certificate signed by any official or other representative of the City and delivered to the Underwriter pursuant to this Contract of Purchase shall be deemed a representation and warranty by the City to the Underwriter as to the truth of the statements therein made.

(i) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the 2016 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the 2016 Bonds for investment under the laws of such states and other jurisdictions and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the 2016 Bonds; provided, however, that the City shall not be required to qualify to do business or consent to service of process in connection with any such qualification or determination in any jurisdiction.

(j) At the time of the City's acceptance hereof the Preliminary Official Statement does not, and up until the date hereof does not, and the Official Statement, as of its date and at all times after the date of the Official Statement up to and including the Closing Date, does not and 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 the statements therein, in the light of the circumstances under which they were or are made, not misleading; except that no representation is made as to any information included in the Official Statement relating to DTC and its book-entry only system.

(k) If the Official Statement is supplemented or amended pursuant to paragraph (l) of this Section 5, at the time of each supplement or amendment thereto, the Official Statement as so supplemented or amended 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 the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If between the date of this Contract of Purchase and the date which is 25 days following the End of the Underwriting Period (as defined below) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit 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, the City shall notify the Underwriter, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will, at its expense, supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. "End of the Underwriting Period" shall mean the later of: (i) the Closing Date or (ii) the date the Underwriter do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the securities for sale to the public.

(m) The City will deliver, or cause to be delivered, to the Underwriter, within seven (7) business days after acceptance hereof, copies of the Official Statement, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes therein as have been accepted by the Underwriter, signed on behalf of the City by an authorized City official, in such quantities as the Underwriter shall request in order to comply with the rules of the Securities Exchange Commission and the Municipal Securities Rulemaking Board.

(n) After the Closing, the City will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably shall object in writing or that shall be disapproved by counsel for the Underwriter.

(o) The City has heretofore prepared and delivered to the Underwriter the Preliminary Official Statement, with respect to the 2016 Bonds, which the City confirms it has "deemed final" for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The City ratifies and consents to the distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the 2016 Bonds.

(p) The City agrees, pursuant to the Continuing Disclosure Certificate, to provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") certain annual financial information and operating data and agree to provide, or cause to be provided, to the MSRB in a timely manner notice of certain material events respecting the 2016

Bonds. These agreements have been made in order to assist the Underwriter in complying with the Rule.

(q) Between the date hereof and the time of the Closing, the City shall not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the City or except for such borrowings as may be described in or contemplated by the Official Statement.

(r) The financial statements of the City as of June 30, 2016 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the City as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City or in its operations since June 30, 2016 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(s) Except as disclosed in the Preliminary Official Statement and the Official Statement, the City has not failed to comply with any of its undertakings to provide continuing disclosure pursuant to Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934, as amended.

All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on the Underwriter's behalf, and shall survive delivery of the 2016 Bonds.

6. <u>Representations, Warranties and Agreements of the Authority</u>. The Authority hereby represents, warrants and covenants to the Underwriter that:

(a) The Authority is duly existing as a joint powers agency of the State of California organized and operating pursuant to the laws of the State of California.

(b) The Authority has, and at the Closing Date will have, (i) full legal right, power and authority to issue, sell and deliver the 2016 Bonds, to adopt the Authority Resolution, to execute, deliver and perform its obligations under the Trust Agreement, the Installment Purchase Contract, the Escrow Agreement and this Contract of Purchase (collectively, the "Authority Documents"), and to execute and deliver the Official Statement; (ii) duly authorized and approved the issuance of the 2016 Bonds, the execution and delivery of the Authority Documents, the performance of its obligations contained herein and therein; (iii) duly authorized the consummation by it of all transactions contemplated by the Authority Documents and the Official Statement, all in accordance with applicable law, and the Authority is and will be in compliance with the provisions thereof in all material respects. The Authority has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Authority Documents. Each of the Authority Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Authority enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. To the best knowledge of the Authority, each of the Authority Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect

(c) The Authority Resolution approving and authorizing the execution and delivery by the Authority Documents was duly adopted at a meeting of the Board of Directors of the Authority called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(d) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter that are required for the due authorization by or that would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations under the Authority Documents or in connection with the issuance of the 2016 Bonds under the Trust Agreement have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the 2016 Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter that are required for the due authorization by or that would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations under the Authority Documents or in connection with the 2016 Bonds have been duly obtained.

(e) Except as disclosed in the Official Statement, the Authority is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined above), 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 Material Judgment or Agreement; and the execution and delivery of the Authority Documents and the 2016 Bonds and the performance of its obligations contained in the Authority Documents do not and will not in any material respect conflict with or constitute a breach of or default under any such constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement, nor will any such execution, delivery or performance 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 Authority or under the terms of any such law, administrative regulation or Material Judgment or Agreement.

(f) Except as disclosed in the Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Authority or against any other party of which the Authority has notice or, to the knowledge of the Authority, threatened against the Authority (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) seeking to restrain or enjoin the issuance of the 2016 Bonds, or the collection of revenues pledged or to be pledged to pay the 2016 Payments, or in any way contesting or affecting the validity of the 2016

Bonds, the Trust Agreement or any of the Authority Documents or the collection of said revenues, or the pledge thereof, or contesting the powers of the Authority for the execution and delivery of the 2016 Bonds, the Authority Documents or the performance of its obligations contained therein or with respect thereto or contesting the tax-exempt status of interest represented by the 2016A Bonds; (iii) which would be likely to result in any material adverse change in the business, properties, assets or financial condition of the Authority or to have a material adverse effect on the ability of the Authority to meet its obligations under any of the Authority Documents; or (iv) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) The Installment Purchase Contract, the 2016 Bonds, the Trust Agreement and the other documents described in the Official Statement conform in all material respects to the descriptions thereof contained in the Official Statement and the 2016 Bonds, when duly issued and authenticated in accordance with the Trust Agreement and delivered to the Underwriter as provided herein, will be validly issued and outstanding obligations of the Authority, entitled to the benefits of the Trust Agreement and payable from the sources therein specified.

(h) Any certificate signed by any official or other representative of the Authority and delivered to the Authority pursuant to this Contract of Purchase shall be deemed a representation and warranty by the District to the Underwriter as to the truth of the statements therein made.

(i) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the 2016 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the 2016 Bonds for investment under the laws of such states and other jurisdictions and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the 2016 Bonds; provided, however, that the Authority shall not be required to qualify to do business or consent to service of process in connection with any such qualification or determination in any jurisdiction.

(j) At the time of the Authority's acceptance hereof the Preliminary Official Statement does not, and up until the date hereof does not, and the Official Statement, as of its date and at all times after the date of the Official Statement up to and including the Closing Date, does not and 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 the statements therein, in the light of the circumstances under which they were or are made, not misleading; except that no representation is made as to any information included in the Official Statement relating to DTC and its book-entry only system.

(k) If the Official Statement is supplemented or amended pursuant to paragraph (l) of this Section 6, at the time of each supplement or amendment thereto, the Official Statement as so supplemented or amended 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 the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If between the date of this Contract of Purchase and the date which is 25 days following the End of the Underwriting Period (as defined below) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit 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, the Authority shall notify the Underwriter, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will, at its expense, supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. “End of the Underwriting Period” shall mean the later of: (i) the Closing Date or (ii) the date the Underwriter do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the securities for sale to the public.

(m) The Authority will deliver, or cause to be delivered, to the Underwriter, within seven (7) business days after acceptance hereof, copies of the Official Statement, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes therein as have been accepted by the Underwriter, signed on behalf of the Authority by an authorized Authority official, in such quantities as the Underwriter shall request in order to comply with the rules of the Securities Exchange Commission and the Municipal Securities Rulemaking Board.

(n) After the Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably shall object in writing or that shall be disapproved by counsel for the Underwriter.

(o) The Authority has heretofore prepared and delivered to the Underwriter the Preliminary Official Statement, with respect to the 2016 Bonds, which the Authority confirms it has “deemed final” for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the “Commission”) under the Exchange Act. The Authority ratifies and consents to the distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the 2016 Bonds.

(p) Between the date hereof and the time of the Closing, the Authority shall not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Authority or except for such borrowings as may be described in or contemplated by the Official Statement

(q) The Authority has not failed to comply with any of its undertakings to provide continuing disclosure pursuant to Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934, as amended.

All representations, warranties and agreements of the Authority shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on the Underwriter's behalf, and shall survive delivery of the 2016 Bonds.

7. Closing Conditions. The Underwriter have entered into this Contract of Purchase in reliance upon the representations, warranties and covenants of the City and the Authority contained herein and the performance by the City and the City of their respective obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Contract of Purchase are and shall be subject to the following further conditions:

(a) The representations of the City and the Authority contained herein shall be true and correct at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct at the Closing; the City and the Authority shall be in compliance with each of the agreements made by each of them in this Contract of Purchase (unless such agreements are waived by the Underwriter); and there shall not have occurred any change in or particularly affecting the City or the Authority, the Act, the Authorizing Resolution, the Legal Documents or the financial position, results of operations, financial condition or prospects of the City which in the reasonable judgment of the Underwriter may result in any material adverse change in the business, properties, assets or the financial condition of the City or the Electric System or which may have a material adverse effect on the ability of the City to meet its obligations under the Installment Purchase Contract or materially impairs the investment quality of the 2016 Bonds.

(b) At the Closing Date, the Authorizing Resolution, this Contract of Purchase, the Trust Agreement, the Escrow Agreement and the Installment Purchase Contract (collectively, the "Legal Documents"), all as described in the Official Statement, shall be in full force and effect, as valid and binding agreements between the various parties thereto and the Legal Documents and the Official Statement and shall not have been amended, modified or supplemented (except as may be agreed to in writing by the Underwriter) and necessary official action of the Authority and City relating to the Legal Documents and the Official Statement shall have been taken; the ratings quoted in the Official Statement shall be in effect; the Authority shall have delivered to the Underwriter the Official Statement by the time, and in the numbers, required by Section 3 of this Contract of Purchase, and the City and the Authority, respectively shall perform or have performed their respective obligations required under or specified in the City Documents or the Authority Documents, as applicable, the Official Statement or the Trust Agreement to be performed at or prior to the Closing Date; and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(c) At the time of the Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Except as disclosed in the Official Statement or in a schedule delivered to the Underwriter at the Closing, no decision, ruling or finding shall have been entered by any court or legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation, since the date of this Contract of Purchase (and not reversed on appeal or otherwise set aside) which has any of the effects described in Sections 5(e) or 6(e) hereof.

(e) The Underwriter may terminate this Contract of Purchase by notification to the City and the Authority at any time between the date hereof and the Closing Date by reason of any of the following:

(i) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter, or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) 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 legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage 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 a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made, or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the City or upon interest received with respect to obligations of the general character of the 2016 Bonds that, in the reasonable judgment of the Underwriter, directly or indirectly may have the purpose or effect of affecting the tax status of the City or the Authority, their respective property or income, their respective securities (including the 2016 Bonds) or the interest with respect thereto, or any tax exemption granted or authorized by State of California legislation or materially and adversely affecting the market for the 2016 Bonds or the market price generally of obligations of the general character of the 2016 Bonds;

(ii) legislation enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission or by any other governmental agency having jurisdiction of the subject matter to the effect that obligations of the general character of the 2016 Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(iii) the declaration of war or escalation in major military hostilities or the occurrence of any other emergency or calamity or crisis;

(iv) the declaration of a general banking moratorium by federal, New York or California authorities or the general suspension of trading on any national securities exchange;

(v) the imposition by the New York Stock Exchange or other national securities exchange or any governmental authority of any material restrictions not now in force with respect to the 2016 Bonds or obligations of the general character of the 2016 Bonds or securities generally or the material increase of any such restrictions now in force;

(vi) an order, decree or injunction of any court of competent jurisdiction or order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter issued or made to the effect that the issuance, offering or sale of obligations of the general character of the 2016 Bonds or the execution, offering or sale of the 2016 Bonds or any of the Legal Documents, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, as amended and then in effect;

(vii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the 2016 Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Authorizing Resolution, the Legal Documents or the existence or powers of the Authority and/or City with respect to its obligations under the Legal Documents;

(viii) a material disruption in commercial banking, payment or securities settlement or clearance services in the United States or the State, or a material disruption or deterioration in the fixed income or municipal securities market, shall have occurred;

(ix) after the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the City or the Authority, the Act, the Authorizing Resolution, the Legal Documents or the Revenues as the foregoing matters are described in the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the 2016 Bonds;

(x) the withdrawal, downgrading or placement on negative watch of any rating of the 2016 Bonds or any underlying or unenhanced rating of any Parity Certificates or the Electric System by a national rating agency; or

(xi) any event or circumstance occurs or information becomes known which, in the professional judgment of the Underwriter, makes untrue any statement of a material fact set forth in the Official Statement, or results in an omission to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) At or prior to the Closing Date, the Underwriter shall receive the following documents:

(i) The Official Statement and each supplement or amendment, if any, thereto executed on behalf of the Authority and the City by a duly authorized officer of the City and the Authority, respectively;

(ii) Copies of each City Document and each Authority Document, each duly executed and delivered by the respective parties thereto;

(iii) The approving opinion of Jones Hall, A Professional Law Corporation, Bond Counsel to the Authority, dated the Closing Date, substantially in the form attached to the Official Statement, together with a reliance letter to the Underwriter;

(iv) The supplemental opinion of Bond Counsel, in form and substance satisfactory to the Underwriter and Underwriter's Counsel, addressed to the Authority and the Underwriter, substantially in the form attached hereto as Exhibit B;

(v) The opinion of the City Attorney in form and substance satisfactory to the Underwriter and Underwriter's Counsel dated the Closing Date, addressed to the Underwriter, substantially in the form attached hereto as Exhibit C;

(vi) The opinion of Nixon Peabody LLP, Underwriter's Counsel, dated the Closing Date, in form and substance satisfactory to the Underwriter;

(vii) The opinion of counsel to the Authority, dated the Closing Date, in form, and substance satisfactory to the Underwriter, addressed to the City and the Underwriter, to the effect that:

(1) the Authority is a joint exercise of powers agency duly organized, validly existing and in good standing under the laws of the State of California;

(2) the Authority Resolution approving and authorizing the execution and delivery of the documents to which it is a party was duly adopted at a meeting of the Governing Board of the Authority 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 through, and the Authority

Resolution is in full force and effect and has not been modified, amended or rescinded as of the Closing Date;

(3) the Authority has full legal power and authority to issue the 2016 Bonds, enter into the Legal Documents to which it is a party and to own its properties and to carry on its business as then conducted;

(4) the Legal Documents to which the Authority is a party have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their terms, subject to loans relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;

(5) no consent, approval, authorization or order of any court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the 2016 Bonds by the Underwriter;

(6) to the best knowledge of such counsel, there are no legal or governmental proceedings pending or threatened against the Authority: (i) to restrain or enjoin the issuance of the 2016 Bonds, (ii) in any way contesting or affecting the validity of the 2016 Bonds or the Legal Documents, (iii) contesting in any way the completeness or accuracy of the Official Statement; or (iv) which are otherwise required to be disclosed in the Official Statement, other than those disclosed therein; and

(7) the execution and delivery of the Legal Documents to which the Authority is a party by the Authority, and performance by the Authority of its obligations thereunder, will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Authority is a party or by which it is bound or constitute a default thereunder, and all consents, approvals, authorizations and orders of a governmental or regulatory authority, if any, which are required to be obtained by the Authority for the consummation of the transactions contemplated thereby or as conditions precedent to the execution and delivery of the 2016 Bonds have been obtained (provided no opinion need be expressed as to any action required under state securities or blue sky laws in connection with the purchase of distribution of the 2016 Bonds by the Underwriter);

(8) without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and based upon the information made available to such

counsel in the course of their participation in the preparation of the Official Statement as counsel to the Authority, nothing has come to the attention of such counsel which would cause such counsel to believe that the Official Statement (excluding therefrom the information concerning DTC and the book-entry system and the financial statements and the statistical data included in the Official Statement, as to which no opinion need be expressed), as of the date thereof and the Closing Date, 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; and

(9) the assignment of rights by the Authority to the Trustee pursuant to the Trust Agreement is effective to grant to the Trustee all of the rights granted thereby (including the right to receive payments paid by the City under the Installment Purchase Contract free and clear of any lien or security interest or other claim of any third party or entity claiming by or through the Authority other than as set forth in the Official Statement;

(viii) The opinion of counsel to the Trustee/Escrow Agent, dated the Closing Date, addressed to the Underwriter, to the effect that:

(1) the Trustee/Escrow Agent is and will be as of the Closing Date a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Trust Agreement and the Escrow Agreement and to execute and deliver the 2016 Bonds; and

(2) the Trust Agreement, the Escrow Agreement and the 2016 Bonds have been duly authorized, executed and delivered by the Trustee/Escrow Agent and constitute the valid and binding obligations of the Trustee/Escrow Agent enforceable in accordance with their respective terms;

(ix) A certificate, dated the Closing Date, of the City executed by its City Manager, Administrative Services Director/Treasurer or other appropriate official, to the effect that (A) on the date of the Official Statement and on the date of the certificate (i) the descriptions and statements of or pertaining to the City and the Electric System contained in the Official Statement were and are true and correct in all material respects; (ii) the Official Statement did not and does not contain an untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (iii) insofar as the descriptions and statements, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect (no representation being made as to DTC and its book-entry only system); (B) the representations of the City in this Contract of Purchase are true and correct on and as of the Closing Date as if made on and as of the Closing Date, and the City has complied with and performed all of its covenants and agreements in this Contract of Purchase to be complied with and performed at or prior to the Closing Date; and (C) each of the City Documents have been duly authorized, executed and delivered by the City and, assuming due authorization and execution thereof by the respective parties thereto, constitutes a legal, valid and binding agreement of the City enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;

(x) A certificate dated the Closing Date, by the City Manager, Administrative Services Director/Treasurer or other appropriate official of the City, and the City Attorney, to the effect that other than as described in the Official Statement, no litigation is pending (with the City having received service of process) or, to their knowledge, threatened in any court (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) seeking to restrain or enjoin the delivery of the 2016 Bonds, or the collection of revenues pledged or to be pledged to pay the 2016 Payments; (iii) in any way contesting or affecting the validity of the 2016 Bonds, the Trust Agreement or any of the City Documents; (iv) in any way contesting or affecting the collection of said revenues or the pledge thereof, or contesting the powers of the City to cause the execution and delivery of the 2016 Bonds and the performance of its obligations contained therein or the execution and delivery of the Trust Agreement or any of the City Documents and the performance of its obligations contained therein or with respect thereto; (v) which would be likely to result in any material adverse change in the business, properties, assets or the financial condition of the City or to have a material adverse effect on the ability of the City to meet its obligations under any of the City Documents or with respect to the 2016 Bonds, the Trust Agreement or the Installment Purchase Contract; or (vi) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, which certificate shall be in form and substance acceptable to the Underwriter;

(xi) A certificate of an authorized officer of the City, dated the Closing Date, confirming as of such date the representations, warranties and covenants of the City contained in this Contract of Purchase and stating that the City has complied with all of the terms and conditions of this Contract of Purchase required to be complied with by the City at or prior to the Closing Date;

(xii) A certificate dated the Closing Date, by the Authority, to the effect that (A) other than as described in the Official Statement, no litigation is pending (with the Authority having received service of process) or, to their knowledge, threatened in any court (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) seeking to restrain or enjoin the delivery of the 2016 Bonds, or the collection of revenues pledged or to be pledged to pay the 2016 Payments; (iii) in any way contesting or affecting the validity of the 2016 Bonds or any of the documents to which the Authority is a party; (iv) in any way contesting or affecting the execution and delivery of the document to which the Authority is a party and the performance of its obligations contained therein or with respect thereto; (v) which would be likely to result in any material adverse change in the business, properties, assets or the financial condition of the Authority or to have a material adverse effect on the ability of the Authority to meet its obligations under any of the documents to which it is a party or with respect to the 2016 Bonds; or (vi) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, which certificate shall be in form and substance acceptable to the Underwriter; and (B) the representations of the Authority in this Contract of Purchase are true and correct on and as of the Closing Date as if made on and as of the Closing Date, and the Authority has complied with and performed all of its covenants and agreements in this Contract of Purchase to be complied with and performed at or prior to the Closing Date;

(xiii) A Certificate of the Trustee/Escrow Agent, dated the Closing Date to the effect that:

(1) that Trustee/Escrow Agent is duly organized and existing as a national banking association, duly organized and validly existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Trust Agreement and the Escrow Agreement and to execute and deliver the 2016 Bonds pursuant to the Trust Agreement;

(2) the Trustee is duly authorized to enter into the Trust Agreement and which, when the Trust Agreement is duly executed and delivered by the Authority, will constitute the legal, valid and binding obligation of the Trustee in accordance with its terms;

(3) the Escrow Agent is duly authorized to enter into the Escrow Agreement and which, when the Escrow Agreement is duly executed and delivered by the Authority and the City, will constitute the legal, valid and binding obligation of the Escrow Agent in accordance with its terms;

(4) the Trustee is duly authorized to execute and deliver the 2016 Bonds, and the 2016 Bonds have been duly executed and delivered by the Trustee, in accordance with the terms of the Trust Agreement;

(5) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the 2016 Bonds, except as such may be required under the state

securities or blue sky laws in connection with the distribution of the 2016 Bonds by the Underwriter;

(6) the execution and delivery by the Trustee/Escrow Agent of the Trust Agreement, the Escrow Agreement and the 2016 Bonds, 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 Trustee/Escrow Agent 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 Trustee/Escrow Agent or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee/Escrow Agent 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 Trustee/Escrow Agent; and

(7) 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 that has been served on Trustee/Escrow Agent or, to the best knowledge of the Trustee/Escrow Agent, threatened against the Trustee/Escrow Agent which would affect the existence of the Trustee/Escrow Agent or seeking to prohibit, restrain or enjoin the execution and delivery of the 2016 Bonds or in an way contesting or affecting the validity or enforceability of the 2016 Bonds, the Escrow Agreement or the Trust Agreement or contesting the powers of the Trustee/Escrow Agent or its authority to enter into and perform its obligations 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 2016 Bonds, the Escrow Agreement or the Trust Agreement or any agreement or instrument to which the Trustee/Escrow Agent is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby;

(g) Two certified copies of excerpts from the By-laws of the Trustee/Escrow Agent authorizing the execution and delivery of certain documents by certain officers and employees of the Trustee/Escrow Agent, which resolution authorizes the execution and delivery of the 2016 Bonds, the Escrow Agreement and the Trust Agreement;

(h) Two certified copies of City Resolution adopted by the City and certified by the City Clerk authorizing the execution and delivery of the City Documents;

(i) Two copies of Authority Resolution adopted by the Authority and certified by the Secretary or Assistant Secretary of the Authority, authorizing the issuance of the Bonds and the execution and delivery of the Authority Documents;

(j) A signature and incumbency certificate of the Authority and a certificate, dated the Closing Date and signed by an authorized officer of the Authority;

(k) A signature and incumbency certificate of the City and a certificate, dated the Closing Date and signed by an authorized officer of the City;

(l) A non-arbitrage certification by the Authority and the City in form and substance acceptable to Bond Counsel;

(m) evidence from Standard & Poor's Rating Services and Fitch Ratings that the ratings on the 2016 Bonds of "[__]" and "[__]," respectively, are in full force and effect on the Closing Date;

(n) A copy of any Preliminary Blue Sky Survey with respect to the 2016 Bonds, prepared by Underwriter's Counsel;

(o) A verification report prepared by Grant Thornton LLP; and

(p) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or Bond Counsel may reasonably require to evidence the compliance by the Authority and the City with legal requirements, the accuracy as of the Closing Date of the representations contained herein and the due performance or satisfaction by the City and the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City and the Authority pursuant to this Contract of Purchase.

If the Authority and/or the City shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Contract of Purchase or if the Underwriter's obligations shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase may be cancelled by the Underwriter at or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Underwriter to the Authority and/or City in writing, or by telephone confirmed in writing. The performance by the Authority and the City of any and all conditions contained in this Contract of Purchase for the benefit of the Underwriter may be waived by the Underwriter.

None of the City, the Authority or the Underwriter shall have any further obligation hereunder, nor any liability to any other party with respect to such termination.

8. Expenses. No expenses and costs of the Authority or the City incident to the performance of the obligations of the Authority or City in connection with the issuance and sale of the 2016 Bonds to the Underwriter shall be borne by the Underwriter. The Authority and the City shall pay or cause to be paid the expenses incident to the performance of their respective obligations hereunder including but not limited to (a) the cost of the preparation and printing or other reproduction (for distribution on or prior to the date hereof) of the Trust Agreement and the

other documents mentioned herein; (b) the fees and disbursements of Public Financial Management, Inc., Jones Hall, A Professional Law Corporation, and any other experts or consultants retained by the City; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive 2016 Bonds; (e) the cost of immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and the Official Statement and any supplement thereto, including a reasonable number of certified or conformed copies thereof; and (g) the fee and disbursements of Nixon Peabody LLP, Counsel to the Underwriter. The Underwriter shall pay all other expenses incurred by the Underwriter in connection with the public offering and distribution of the 2016 Bonds (which may be included as an expense component of the Underwriter's discount). The Underwriter shall not be responsible for paying or causing to be paid meal, transportation, lodging, entertainment or deal memento expenses incurred by or on behalf of the employees or officials of the City or the Authority.

(a) Indemnification. To the extent permitted by law, the City agrees to indemnify and hold harmless the Underwriter, its directors, officers, employees and agents and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) the Underwriter (any such person being herein sometimes called an "Underwriter Indemnitee") against any and all judgments, losses, claims, damages, liabilities, joint or several, and expenses (i) to which any such Underwriter Indemnitee may become subject under any statute or regulation at law or in equity or otherwise, insofar as such losses claims, damages or liabilities (or actions in respect thereof) arising out of any statement or information in the Preliminary Official Statement or in the Official Statement (excluding in both cases information contained under the caption "Underwriting") that is or is alleged to be untrue or incorrect in any material respect or the omission or alleged omission therefrom of any statement or information that should be stated therein or that is necessary to make the statements therein not misleading in any material respect, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the City; and will reimburse any legal or other expenses reasonably incurred by any such Underwriter Indemnitee in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity agreement shall not be construed as a limitation on any other liability which the Issuer may otherwise have to any Underwriter Indemnitee. In case any claim shall be made or action brought against the Underwriter or any controlling person based upon the Official Statement for which indemnity may be sought against the City, as provided above, the Underwriter shall promptly notify the City in writing setting forth the particulars of such claim or action, and the City shall assume the defense thereof, including the retaining of counsel acceptable to the Underwriter and the payment of all expenses. The Underwriter or any such controlling person shall have the right to retain separate counsel in any such action and to participate in the defense thereof but shall bear the fees and expenses of such counsel unless (i) the City shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Underwriter or such controlling person or persons, and the City and the Underwriter or any such controlling person or persons have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to the City, in which case the City shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel.

9. Attorneys' fees. In the event of a dispute arising under this Contract of Purchase, the prevailing party shall have the right to collect from the other party its reasonable costs and necessary disbursements and attorneys' fees incurred in enforcing this Contract of Purchase.

10. Notices. Any notice or other communication to be given to the Authority under this Contract of Purchase shall be given by delivering the same in writing to the Roseville Finance Authority, c/o City of Roseville, 311 Vernon Street, Roseville, California 95678, attention: Treasurer; and any notice or other communication to be given to the Underwriter under this Contract of Purchase may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 555 California Street, Suite 1160, San Francisco, California 94104, Attention: Bradford Walker.

11. Governing Law. This Contract of Purchase shall be governed by and construed in accordance with the laws of the State of California, applicable to contracts made and performed within the State of California.

12. Counterpart Signatures. This Contract of Purchase may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be any original, but all such counterparts shall together constitute but one and the same instrument.

13. Parties in Interest. This Contract of Purchase, when accepted by the City in writing as heretofore specified, shall constitute the entire agreement between the Underwriter and is made solely for the benefit of the City and the Underwriter (including any successor in business). No other person shall acquire or have any right hereunder or by virtue hereof. The representations and agreements of the City in this Contract of Purchase shall remain operative and in full force and effect, regardless of (a) any investigation made by the Underwriter or on our behalf, (b) delivery of and payment for the 2016 Bonds hereunder, and (c) any termination of this Contract of Purchase.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By:______________________________
Name: Bradford Walker
Title: Director

Accepted on ___________, 2016

ROSEVILLE FINANCE AUTHORITY

By:______________________________
Treasurer

Approved on _________, 2016

CITY OF ROSEVILLE

By:__________________________________
Treasurer

Approved as to form:

By:__________________________________
City Attorney

**EXHIBIT A**

[To Come]

Roseville Finance Authority
Electric System Revenue Refunding Bonds, Series 2016A

| Maturity Date (February 1) | Principal Amount | Interest Rate |
|---|---|---|

Roseville Finance Authority
Electric System Revenue Refunding Bonds, Series 2016B

| Maturity Date (February 1) | Principal Amount | Interest Rate |
|---|---|---|

**EXHIBIT B**

[Letterhead of Jones Hall, A Professional Law Corporation]

[To be Revised by Bond Counsel]

[Closing Date]

Merrill Lynch, Pierce, Fenner & Smith Incorporated
555 California Street, Suite 1160
San Francisco, CA 94104

Re: Roseville Finance Authority,
Electric System Refunding Revenue Bonds,
Series 2016A and its Electric System Refunding Revenue Bonds, Taxable Series 2016B
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Underwriter, pursuant to Section 7(f)(4) of the Contract of Purchase, dated __________, 2016 (the "Purchase Contract"), among you, the Roseville Finance Authority (the "Authority") and the City of Roseville, California (the "City"), providing for the purchase of the Authority's $[_________] Electric System Revenue Refunding Bonds, Series 2016 A and its Electric System Revenue Refunding Bonds, Taxable Series 2016B (the "2016B Bonds," and together with the 2016A Bonds, the "2016 Bonds"). The 2016 Bonds are being issued pursuant to a Trust Agreement (the "Trust Agreement"), dated as of _______ 1, 2016, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement or, if not defined in the Trust Agreement, in the Purchase Contract.

We have delivered our final legal opinion (the "Opinion") as Bond Counsel concerning the validity of the 2016 Bonds and obligations represented thereby, and certain other matters, dated the date hereof and addressed to the City. You may rely on such opinion as though the same were addressed to you.

In connection with our role as Bond Counsel, we have reviewed the Purchase Contract, the printed version of the Preliminary Official Statement, dated ________, 2016, relating to the 2016 Bonds (the "Preliminary Official Statement"), the printed version of the Official Statement, dated ________, 2016, relating to the 2016 Bonds (the "Official Statement"), the documents, certificates, opinions and matters mentioned in the second paragraph of the Opinion, and such other documents, opinions and matters to the extent we deemed necessary to express the opinions set forth in the numbered paragraphs below.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have not reviewed any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the 2016 Bonds, the Trust Agreement, the Tax Certificate, and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any real or personal property described in or as subject to the lien of the Trust Agreement or any other document or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2016 Bonds and express no opinion relating thereto except as expressly set forth in numbered paragraph 3 below.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2016 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Official Statement has been duly authorized, executed and delivered by the Authority and the City and the Purchase Contract has been duly authorized, executed and delivered by the Authority and the City, and the Purchase Contract are valid and binding agreements of the City and the Authority, respectively.

3. The statements contained in the Official Statement under the captions "INTRODUCTION," "THE 2016 BONDS," "SECURITY FOR THE 2016 BONDS," and "TAX MATTERS," and in "APPENDIX C – DEFINITIONS AND SUMMARY OF CERTAIN DOCUMENTS, and "APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Trust Agreement and the Contract and the Opinion concerning certain federal tax matters relating to the 2016 Bonds, are accurate in all material respects; provided, however, that no opinion is expressed with respect to any statements relating to The Depository Trust Company ("DTC") or its operations.

We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in numbered paragraph 3 above), completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as Bond Counsel in connection with issuance of the 2016 Bonds, we participated in conferences with your representatives, your counsel, representatives of certain consultants to the City, the City and counsel to the City, during which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters mentioned in the Opinion and herein, subject to the limitations on our role as Bond Counsel, we advise you that no facts came to the attention of the attorneys in our firm rendering legal services in connection with such issuance which caused us to believe that the Preliminary Official Statement as of July 17, 2016 and the Official Statement as of its date (except for any CUSIP numbers, financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information about book-entry, DTC and the information contained in Appendices B and F, or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view), contained any untrue statement of a material fact or omitted to state any 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.

This letter is furnished by us as Bond Counsel. No attorney-client relationship has existed or exists between our firm and you in connection with the 2016 Bonds or by virtue of this letter. Our engagement with respect to the 2016 Bonds has concluded with their issuance. We disclaim any obligation to update this letter. This letter is delivered to you as the Underwriter of the 2016 Bonds, is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the 2016 Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

JONES HALL, A PROFESSIONAL LAW CORPORATION

**EXHIBIT C**

[Letterhead of City Attorney]

[To be Revised by City Attorney]

[Closing Date]

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
San Francisco, California

**Re: $____________ Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2016**

Ladies and Gentlemen:

I am the City Attorney for the City of Roseville (the "City") and I have been requested by the City to provide this opinion in accordance with Section 7(f)(5) of the Contract of Purchase dated _________, 2016 (the "Contract of Purchase"), for the above captioned Bonds (the "2016 Bonds"). Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the Contract of Purchase.

The City has entered into an agreement entitled "Master Installment Purchase Contract," dated as of November 1, 1997, and an agreement entitled "2016 Supplemental Installment Purchase Contract," dated as of _______ 1, 2016, with the Roseville Finance Authority (the "Authority"), both of which are collectively referred to herein as the "Installment Purchase Contract".

<u>Opinion</u>

It is my opinion that:

1. The City is a charter city and municipal corporation duly organized and existing under and by virtue of the laws of the State of California.

2. The City Resolution approving and authorizing the execution and delivery of the documents to which it is a party was duly adopted at a meeting of the City Council of the City 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 through, and the City Resolution is in full force and effect and has not been modified, amended or rescinded as of the Closing Date.

3. The City has full power, authority and legal right to execute, deliver and perform the City Agreements.

4. The execution, delivery and performance by the City of the City Agreements have been duly authorized by all appropriate action and do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the City or (ii) result in a breach of or constitute

a default under any indenture or loan or credit agreement, lease or instrument to which it is a party or by which it or its properties may be bound or affected.

5. All authorizations, consents, approvals, licenses, exemptions of or registrations with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, necessary to the valid execution, delivery or performance by the City of the City Agreements have been obtained or effected, and are and will remain in full force and effect.

6. The City Agreements constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

7. The City has duly authorized, executed and delivered the Official Statement dated _________, 2016, relating to the 2016 Bonds (the "Official Statement").

8. Except as disclosed in the Official Statement, there is to my knowledge no litigation pending (with the City having received service of process) or threatened in any court (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) seeking to restrain or enjoin the delivery of the 2016 Bonds, or the collection of revenues pledged or to be pledged to pay the 2016 Payments; (iii) in any way contesting or affecting the validity of the 2016 Bonds, the Trust Agreement or the City Agreements; (iv) in any way contesting or affecting the collection of said revenues or the pledge thereof, or contesting the powers of the City or any City for the execution and delivery of the 2016 Bonds and the performance of its obligations contained therein or the execution and delivery of the Trust Agreement or the City Agreements and the performance of its obligations contained therein; (v) which would be likely to result in any material adverse change in the business, properties, assets or the financial condition of the City or to have a material adverse effect on the ability of the City to meet its obligations under the Trust Agreement or the City Agreements or with respect to the 2016 Bonds; or (vi) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

9. The statements in the Preliminary Official Statement as of ________, 2016 and the Official Statement (except under the captions "TAX MATTERS" and "UNDERWRITING" and except for any CUSIP numbers, financial, accounting, statistical, economic or engineering or demographic data, forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or Appendices C, D and F thereto, or any information about book-entry, DTC, rating agencies, The Depository Trust Company or the Swap Agreement, the Swap Counterparty included or referred to therein, which I expressly exclude from the scope of this paragraph and as to which I express no opinion or view) accurately summarize the matters set forth therein, and nothing has come to my attention which would lead me to believe that such statements contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in the light of the circumstances under which they were made, not misleading

I have not verified and are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, other than as specifically stated above.

The enforceability of the City Documents may be limited by bankruptcy, insolvency, moratorium and similar laws or equitable principles affecting the rights of creditors generally.

This opinion is rendered only with respect to the laws of the State of California and the United States of America, and is addressed only to the Underwriter. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

This letter is solely for the information of, and assistance to, you as the Underwriter and is not to be used, circulated, quoted or otherwise referred to in connection with the offering of the 2016 Bonds except that reference may be made to this letter in any list of closing documents pertaining to the sale of the 2016 Bonds.

Very truly yours,

**EXHIBIT D**

**ISSUE PRICE CERTIFICATE OF THE UNDERWRITER**

This Certificate is furnished by Merrill Lynch, Pierce, Fenner & Smith Incorporated as the underwriter (the "Underwriter") in connection with the sale and issuance by Roseville Finance Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Issuer") of its $_________ aggregate principal amount of Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2016A (the "2016A Bonds") and the Roseville Finance Authority Electric System Revenue Refunding Bonds, Taxable Series 2016B (the "2016B Bonds" and together with the 2016A Bonds, the "Bonds") issued [________], 2016, and the Underwriter hereby certifies and represents the following, based upon information available to us:

1. Based on our assessment of the then prevailing market conditions, the Underwriter reasonably expected when it agreed to purchase the Bonds (the "Sale Date") that the first prices at which at least 10% of each maturity of the Bonds would be sold by the Underwriter to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the "Public") would be prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those listed for each maturity on Schedule A hereto (the "Initial Offering Prices").

2. All of the Bonds have actually been offered to the Public in a bona fide public offering at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, the Initial Offering Prices.

3. The first price, or yield in the case of obligations sold on a yield basis, at which ten percent (10%) of each maturity of the Bonds has been sold to the Public was at a price not higher than, or, in the case of obligations sold on a yield basis, at a yield not lower than, the Initial Offering Prices [except for the Bonds with the following maturities:].

4. The Underwriter had no reason to believe that any of the Initial Offering Prices of the Bonds exceeded the expected fair market value of the Bonds as of the Sale Date.

We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion to the Issuer that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: ______________________________________
Name:
Title:

Dated: _______________

CITY OF ROSEVILLE CALIFORNIA

# COUNCIL COMMUNICATION

**CC #: 8092**
**File #: 0704**

**Title:** City Entrance Median Enhancements
**Contact:** Tara Gee 916-774-5253 tgee@roseville.ca.us

**Meeting Date: 11/2/2016**
**Item #: 9.1.**

## RECOMMENDATION TO COUNCIL

Approve staff's recommendation for Option 2 to add bark mulch and a monument feature to enhance the medians on South Cirby Way between Old Auburn Road and Champion Oaks Drive.

## BACKGROUND

Staff was asked to review and develop options for enhancing entry ways along the City boundaries. An inventory of entry points into the City was identified and evaluated for potential entry features or enhancements. This inventory does not include the west boundary, as it is still developing. As developments approach the west boundary, staff will review and look at options to include entry feature improvements concurrently. Currently all roadways entering into the city have metal "city limits" signs that are erected and maintained by Public Works.

Two medians located on South Cirby Way between Old Auburn Road and Champion Oaks Drive in southeast Roseville were identified as ones with the greatest need for improvement. While other areas in the inventory have some improvements, this area has minimal to none. Additionally, this area has been the subject of numerous inquiries by the public regarding the desire for enhancements over the years. These medians are wide and currently contain no improvements such as landscaping, irrigation, water or electrical. Several Heritage Oaks are growing within the medians. Three options have been developed for consideration.
**Option 1** is a bark mulch only alternative. The estimated cost of adding bark to cover the bare dirt is $33,880.00 +/-. The cost of maintenance is estimated to be $2,500.00 annually.

**Option 2** includes bark mulch and a monument sign that welcomes motorists to Roseville. The concrete monument is anticipated to be similar in size to the monument located on Washington at the entrance to Historic Old Town. The estimated cost is $88,880.00 +/-. The cost of maintenance is estimated to be $2,500.00 annually.

**Option 3** is a full landscape and irrigation alternative. New water and electrical stubs will be required to support the new improvements. The estimated cost for this option is $271,585.00 +/. The cost for maintenance is estimated to be $15,000.00 annually.

Staff is recommending Option 2 for Council consideration. This will provide an enhanced look with a reduced general fund obligation for ongoing maintenance.
Staff presented the concept to the RCONA Board on Thursday October 20, 2016. The information was well received by RCONA and staff received positive, supportive feedback.

## FISCAL IMPACT

The project will be required to be put out to bid. Staff will return to Council with bid award and budget adjustment at that time.

## ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

## ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines 15061(b)(3). This request for direction does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Tara Gee, Park Planning & Development Superintendent

Dion Louthan, Parks, Recreation & Libraries Director

Rob Jensen, City Manager

**ATTACHMENTS:**

Description

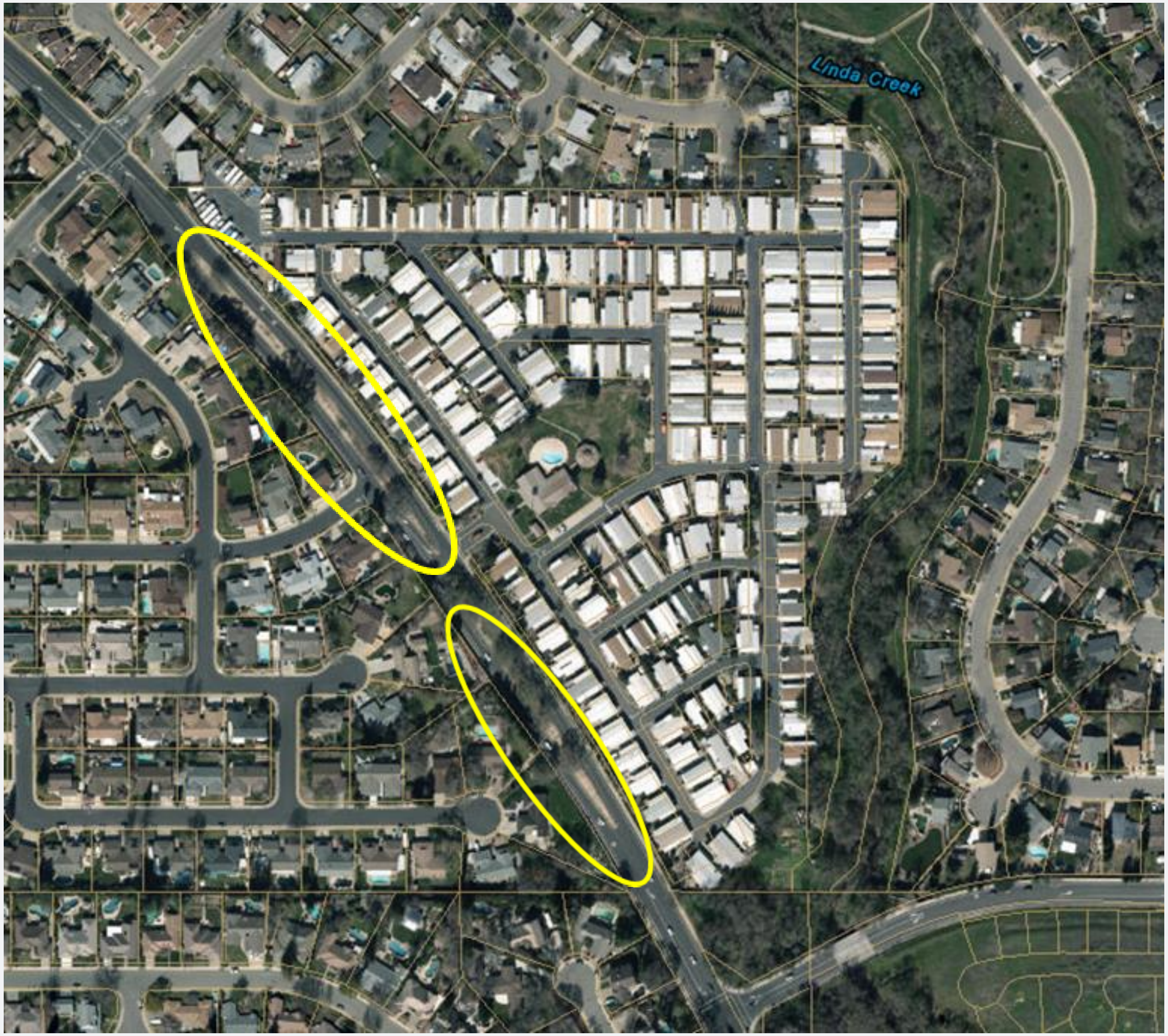
PowerPoint

# South Cirby Medians

Tara Gee, Park Planning & Development Superintendent

CITY OF ROSEVILLE CALIFORNIA

# Location



Street views – Existing conditions

CITY OF ROSEVILLE CALIFORNIA

Enhancement options – Option #1: Bark mulch

Enhancement Options – Option #2: Bark mulch and monument

CITY OF ROSEVILLE CALIFORNIA

Enhancement Options – Option #3: Full landscaping and monument


# Costs

1. Bark only: $33,800 +/-
2. Bark and entry monument: $88,880 +/-
3. Bark, entry monument, landscaping, irrigation, utilities: $271,585 +/-

CITY OF ROSEVILLE CALIFORNIA

# Recommendation


Option #2: Bark and entry monument: $88,880 +/-