

111 E. COMMERCIAL STREET
WILLITS, CALIFORNIA 95490
(707) 459-4601 TEL
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WILLITS CITY COUNCIL AGENDA

MAY 13, 2015 ♦ 6:30 P.M. ♦ COUNCIL CHAMBERS

1. **OPENING MATTERS** – a) Call to Order; b) Pledge to Flag; c) Roll Call

2. **PUBLIC COMMUNICATIONS**

Council welcomes participation in its meetings. Comments shall be limited to three (3) minutes per person so that everyone may be given an opportunity to be heard. To expedite matters and avoid repetition, whenever any group of persons wishes to address the Council on the same subject matter, the Mayor may request that a spokesperson be chosen by the group. This item is limited to matters under the jurisdiction of the City Council which are not on the posted agenda. Public criticism of the City Council, Commission, Boards and Agencies will not be prohibited. No action shall be taken.

3. **PUBLIC MATTERS**

- a. Presentation of the Willits Police Department Mission Statement
- b. Noticed Public Hearing Regarding the Issuance of Tax-Exempt Obligations by the City of Willits for the Purpose of Financing Facilities for the Benefit of Frank R. Howard Foundation and/or a Related or Successor Entity
- c. Discussion and Possible Approval of Franchise Agreement and Transfer Station Agreement with Solid Wastes of Willits (SWOW) *(Materials will be distributed no later than May 12, 2015)*
- d. Update on the City's Emergency Water Supply Project

4. **CONSENT CALENDAR**

Matters listed under the Consent Calendar are considered to be routine by the City Council and will be enacted by a single motion and roll call vote by the City Council. Items may be removed from the Consent Calendar upon request of a Councilmember and acted upon separately by the City Council.

The following items are recommended for approval, as follows:

- a. City Council Minutes:
 - March 28, 2015 – Special Meeting
 - April 8, 2015
 - April 22, 2015
- b. Service Agreement Renewal with Mendocino County Health & Human Services Agency, in an Amount Not to Exceed \$27,500, for Animal Sheltering Services
- c. Budget Amendment to the Fiscal Year 2014/15 Budget to Include Additional Legal Fees Incurred in the Brooktrails Township Community Services District vs. City of Willits Litigation
- d. Resolution Awarding a Contract to RAO Construction in an Amount Not To Exceed \$675,131 for the Construction of the Humboldt Street & Vicinity Rehabilitation Project, Phase II (Project No.2015-01) and Authorize City Manager Execute the Contract and Approve Construction Change Orders Up to a Cumulative Total of 10% of the Total Contract Amount
- e. Construction Contract with Weeks Drilling & Pump Company to Construct the Elias Replacement Well for the Emergency Water Supply Project in an Amount Not to Exceed \$94,960 and Authorize City Manager to Execute Contract

5. **INFORMATIONAL REPORTS**

Matters that do not require action by the City Council but are of public interest.

- a. Disbursements Journal(s):
 - Warrant Nos. 26352-26360, Totaling \$139,085.01
 - Warrant Nos. 26361-26422, Totaling \$86,543.27
- b. Building Inspection Activity Report – April 2015
- c. Business License Activity Report – April 2015
- d. Water Usage/Revenue Chart – April 2015

6. RIGHT TO APPEAL

Persons who are dissatisfied with the decisions of the City Council may have the right to a review of that decision by a court. The City has adopted Section 1094.6 of the Code of Civil Procedure, which generally limits to 90 days the time within which the decisions of the City boards and agencies may be judicially challenged.

7. COMMISSIONS, AGENCIES AND AUTHORITIES

The Willits City Council meets concurrently as the City of Willits Planning Commission and City of Willits Successor Agency.

8. CITY MANAGER REPORTS AND RECOMMENDATIONS

- a. Verbal Reports – No Action

9. DEPARTMENT RECOMMENDATIONS

- a. Administration (City Clerk, Finance, Human Resources, Legal)
- b. Public Safety
- c. Community Development
- d. Public Works & Engineering
- e. Water & Wastewater Systems

10. CITY COUNCIL AND COMMITTEE REPORTS

- a. Mendocino Council of Governments (MCOG)
- b. Local Agency Formation Commission (LAFCO)
- c. Mendocino Transit Authority (MTA)
- d. Mendocino Solid Waste Management Authority-Joint Powers Authority (MSWMA-JPA)
- e. Economic Development and Financing Corporation (EDFC)
- f. League of California Cities
- g. Water & Wastewater Systems Committee
- h. Revit-ED Committee
- i. Finance Committee
- j. Ad Hoc Committees
 - Caltrans Bypass Project
 - Solid Waste of Willits Franchise Agreement
 - Solar Array Project
 - Main Street Improvements
 - Willits Center for the Arts
- k. Other Committee Reports

11. COUNCIL MEMBER REPORTS AND RECOMMENDATIONS

12. ENACTMENT OF ORDINANCES

13. GOOD & WELFARE

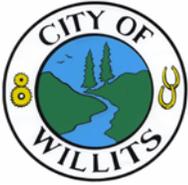
14. CLOSED SESSION NOTICE

- a. Conference with Labor Negotiators Pursuant to Government Code §54957.6 – Employee Organization(s): All
- b. Conference with Legal Counsel Pursuant to Government Code §54956.9 – Existing Litigation: People of the State of California and the City of Willits v. Remco Hydraulics, Inc., et al. (United States District Court – Northern District of California, Case No. C-96-6283 SI 12/22/2000)
- c. Conference with Legal Counsel Pursuant to Government Code §54956.9 – Initiation of Litigation: Keep the Code v. City of Willits and REACH Air Medical Services (Superior Court of the State of California – County of Mendocino, Case No. TBD)

15. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the bulletin board at the main entrance of the City of Willits City Hall, located at 111 East Commercial Street, Willits, California, not less than 72 hours prior to the meeting set forth on this agenda.

*Dated this 8th day of May, 2015.
Cathy Sanders, Deputy City Clerk*



Item No. **3a**

Meeting Date: **May 13, 2015**

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Jon Anderson, WPD Sergeant

Agenda Title: PRESENTATION OF THE WILLITS POLICE DEPARTMENT MISSION STATEMENT
“The Willits Police Department’s Mission Is To Deliver Quality Services And Resources While Providing Safety, Assistance, And Protection, Built On Trusting And Reliable Relationships.”

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 15 min.

Summary of Request: This is a presentation to the City Council introducing the new Willits Police Department Mission Statement and process used to develop and adopt it. Mission Statements define an organization and what its objectives are along with defining core values and every day goals. In this case we serve the community of Willits by providing police services. As part of the Federal Community Oriented Policing Grant one expectation was for the agency to refine or adopt a mission statement if they did not have one as part of an agency transformation process in developing its community policing strategy. A goal was set to find a facilitator who could guide the Department to work with its employees and community members to develop a Mission Statement that would be both embraced by the employees of the Police Department and the Community at large. The Department chose consultants from “**On Base Leadership**” to help with this process. The facilitators were chosen after members of the Department attended county wide leadership development training in the fall of 2013 and felt they were best suited to guide us in this endeavor. **Ed Smith**, a thirty-three veteran of Law Enforcement and retired Police Commander and **Patrick Williams**, current Chief of Police of Petaluma, graduate of the F.B.I. National Academy, former Councilmember/Mayor for the City of San Jacinto.

The process involved significant employee engagement, a community panel designed to gather community input to create an interactive process that helped organize the thoughts of those involved to develop a Mission Statement that the members of the Police Department and Community could embrace. The community of Willits, history and culture, expectations of the Police Department were taken into account in this process. Five draft mission statements were presented to the Chief of Police in November of 2014 with recommendations that these be paired down to two drafts from input from senior staff. The final two drafts were put to a vote by all the employees of the Willits Police Department resulting in the Mission Statement presented above. The Mission Statement was adopted on April 2, 2015.

Recommended Action: N/A

Alternative(s): N/A

Fiscal Impact: Minimal, Fund 651 – State Asset Forfeiture fund was used to hire consultants.

Personnel Impact: Minimal

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____



Item No. **3b**

Meeting Date: **May 13, 2015**

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Adrienne Moore, City Manager
Susie Holmes, Finance Director

Agenda Title: NOTICED PUBLIC HEARING REGARDING THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS BY THE CITY OF WILLITS FOR THE PURPOSE OF FINANCING FACILITIES FOR THE BENEFIT OF FRANK R. HOWARD FOUNDATION AND/OR A RELATED OR SUCCESSOR ENTITY

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 30-45 min.

Summary of Request: The City is requested to issue tax-exempt Certificates of Participation (Certificates) in a principal amount not to exceed \$5,500,000 for the benefit of the Frank R. Howard Foundation (Foundation). The Foundation will use the proceeds from the sale of the Certificates to fund the development, construction and equipping of a single-story, approximate 16,000 square foot medical office building located at 3 Marcela Drive, Willits, CA 95490 (APN: 007-210-23) (Project). A portion of the Project will be used by the Foundation as its administrative offices and the remainder will be occupied by a rural health clinic operated by Adventist Health.

Established in 1973, the Foundation's "mission is to establish, promote and support programs that maintain, as well as improve, health care for the community of Willits and the entire Northern Mendocino County area." The Foundation strives to ensure that quality medical services remain an integral element in the region by promoting the availability of an acute care general hospital and other medical services. The Foundation owns the Frank R. Howard Memorial Hospital in Willits that was originally constructed in 1927 and is currently operated by Adventist Health. A Medical Campus is being developed on a 33-acre parcel of land owned by the Foundation. In addition to the Project, which will include a pharmacy and physical therapy services, the Medical Campus will include a replacement hospital and other facilities to support the hospital and community wellness programs. The Commonwealth Community Garden already operates on the Medical Campus.

The Certificates will be issued pursuant to transaction documents, including, but not limited to, an Installment Purchase Agreement, Installment Sale Agreement, Trust Agreement, and Certificate Purchase Agreement. Tri Counties Bank has conditionally agreed to purchase the Certificates, which will be unrated and will not be transferable except to a qualified institutional buyer or an accredited investor accompanied by an investor letter as set forth in the Trust Agreement. The interest income received by owners of the Certificates will be excluded from gross income for federal income tax purposes and the Certificates will be classified as "qualified tax-exempt obligations." The total principal amount of qualified tax-exempt obligations that can be issued in any calendar year by a public agency is \$10 million. Accordingly, the City may issue no more than an additional \$4.5 million of tax-exempt obligations during the 2015 calendar year. The City will be represented by Jones Hall, as issuer's counsel, and by Kutak Rock LLP, as special counsel. Kutak Rock LLP will provide the tax opinion.

There is no General Fund or other fiscal impact to the City from the proposed financing. The primary source of repayment will be the operating activities and revenues of the Foundation. The City will provide no funds in this transaction and neither the City nor its taxpayers will bear any financial responsibility for repayment of the Certificates under any circumstances. The Certificates will not constitute a debt of the City for purposes of its financial statements and the City's credit rating will not be affected by the Certificates, even if the Foundation fails to repay the Certificates.

Section 147(f) of the Internal Revenue Code requires the local government agency having jurisdiction over the area in which the project facilities are located to conduct a public hearing regarding the proposed financing and the nature and location of the facilities. Following such hearing, the local elected representative (i.e., City Council) is required to approve the financing of the Project. On April 29, 2015, a Notice of Public Hearing (TEFRA Hearing) was published in the Willits News, a general circulation newspaper within the City. The TEFRA Hearing will be held at this meeting and the City Council will consider a resolution approving the financing for the Project.

Recommended Action: Adopt resolution authorizing the execution and delivery of an *Installment Sale Agreement*, an *Installment Purchase Agreement*, a *Trust Agreement*, and a *Certificate Purchase Agreement* in connection with a financing to benefit the Frank R. Howard Foundation, and certain other actions in connection therewith.

Alternative(s): None recommended.

Fiscal Impact: None.

Personnel Impact: Minimal.

Reviewed by: City Manager City Bond Counsel Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

RESOLUTION NO. 2015-_____

RESOLUTION OF THE COUNCIL OF THE CITY OF WILLITS AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT, AN INSTALLMENT PURCHASE AGREEMENT, A TRUST AGREEMENT AND A CERTIFICATE PURCHASE AGREEMENT IN CONNECTION WITH A FINANCING TO BENEFIT FRANK R. HOWARD FOUNDATION, AND CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Willits is a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City"); and

WHEREAS, the City proposes to purchase from Frank R. Howard Foundation, a nonprofit corporation duly organized and qualified to do business in the State of California (or a related entity) (the "Corporation"), certain real property and improvements of the Corporation located at 401 East Hill Road (also known as 3 Marcella Drive), Willits, California 95490 (the "Real Property"), as more fully described in and pursuant to an Installment Purchase Agreement (the "Purchase Agreement"), by and between the City and the Corporation; and

WHEREAS, pursuant to the Purchase Agreement, the City will be obligated to make certain installment payments (the "Installment Payments") to the Corporation for the purchase of the Real Property; and

WHEREAS, the City proposes simultaneously to sell the Real Property to the Corporation pursuant to a Installment Sale Agreement (the "Sale Agreement"), by and between the City and the Corporation; and

WHEREAS, pursuant to the Sale Agreement, the Corporation will be obligated to make certain payments (the "Purchase Payments") to the City for the purchase of the Real Property; and

WHEREAS, the obligation of the City to make the Installment Payments will be payable solely from the Purchase Payments and the other funds held by U.S. Bank National Association, or another national banking association selected by the Borrower, as trustee (the "Trustee") under a Trust Agreement (the "Trust Agreement"), by and among the City, the Corporation and the Trustee; and

WHEREAS, pursuant to the Trust Agreement, the City proposes to assign to the Trustee the City's right to receive the Purchase Payments made by the Corporation under the Sale Agreement, and the Corporation proposes to assign to the Trustee the Corporation's right to receive the Installment Payments made by the City pursuant to the Purchase Agreement; and

WHEREAS, pursuant to such assignments and the entering into of the Trust Agreement, the Trustee will agree to execute and deliver, from time to time in accordance with the terms and provisions of the Trust Agreement, one or more series of certificates of participation (the "Certificates") in an amount equal to the aggregate principal components of such Installment Payments, each evidencing and representing a proportionate undivided ownership interest in the Installment Payments; and

WHEREAS, pursuant to the Certificate Purchase Agreement among Tri Counties Bank or another purchaser selected by the Corporation (the "Purchaser"), the City and the Corporation (the "Certificate Purchase Agreement"), the City and the Corporation will agree to cause the Trustee to execute and deliver to or upon the order of the Purchaser, the Certificates, and the Purchaser will agree, subject to the satisfaction of the terms and conditions of the Certificate

Purchase Agreement, to purchase all of the Certificates; and

WHEREAS, if the terms and conditions of the Certificate Purchase Agreement are met, the Certificates will be privately placed with the Purchaser; and

WHEREAS, the proceeds of the sale of the Certificates will be used by the Corporation to finance, refinance or reimburse the Corporation for (1) the construction, installation, equipping and furnishing of a new one-story approximately 16,000 square foot medical office building to be located at the Real Property and related facilities (collectively, the "Facilities"), (2) architectural, engineering, legal and entitlement work related to the development of the Facilities, (3) funding the cost of any credit enhancement costs with respect to the financing, and (4) paying certain costs of issuance in connection with the financing (collectively, the "Project"); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the execution and delivery of the Purchase Agreement is required to be approved, following a public hearing, by an elected representative of the City, as the governmental party to the Purchase Agreement, and an elected representative of the governmental unit having jurisdiction over the area in which the Project is located; and

WHEREAS, the Facilities are located wholly within the territorial limits of the City; and

WHEREAS, the a portion of the persons benefiting from the medical services provided by the Facilities will be the residents of the City and the surrounding communities, and a substantial portion of the persons employed by the Corporation at the Facilities are expected to be residents of the City and the surrounding communities; and

WHEREAS, the financing of the Project by the City is necessary and proper for City purposes and for the common benefit of the residents of the City; and

WHEREAS, the City has determined to assist the Corporation in financing, refinancing or reimbursing the Corporation for the costs of the Project; and

WHEREAS, the City Council of the City (the "Council") is the elected legislative body of the City and is one of the applicable elected representatives authorized to approve the execution and delivery of the Purchase Agreement within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code and following notice duly given, a public hearing regarding the execution and delivery of the Purchase Agreement was held, and the Council now desires to approve the execution and delivery of the Purchase Agreement; and

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

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

Section 1. All of the above recitals are true and correct, and this Council so finds and determines.

Section 2. The form of Purchase Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor and the City Manager of the City are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver to the Corporation said Purchase Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of Sale Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor and the City Manager of the City are, and each of them acting alone is, hereby authorized and directed for and in the name and on behalf of the City, to execute, acknowledge and deliver to the Corporation said Sale Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of Trust Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor and the City Manager of the City are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation and the Trustee said Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of Certificate Purchase Agreement presented to this meeting and on file with the City Clerk is hereby approved. The Mayor and the City Manager of the City are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Purchaser, in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The execution and delivery, from time to time, pursuant to the Trust Agreement, of not to exceed \$5,500,000 aggregate principal amount of Certificates evidencing and representing proportionate undivided ownership interests in the Installment Payments payable by the City pursuant to the Purchase Agreement are hereby authorized and approved.

Section 7. The City Clerk is hereby authorized and directed to attest the signature of the Mayor and the City Manager of the City, as applicable, and to affix and attest the seal of the City, as may be required or appropriate in connection with the execution and delivery of said Purchase Agreement, said Sale Agreement and said Trust Agreement.

Section 8. Pursuant to Section 147(f) of the Code, the Council hereby approves the execution and delivery of the Purchase Agreement to provide financing for the Project. It is the purpose and intent of the Council that this Resolution constitute approval of the execution and delivery of the Purchase Agreement (and the execution and delivery of the Certificates) by the applicable elected representative of the issuer and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f).

Section 9. The City Council hereby approves Kutak Rock LLP as its special counsel with respect to the Certificates and Jones Hall, A Professional Law Corporation, as its issuer counsel. The City Manager, the Finance Director/City Treasurer or the designee of either is hereby authorized to execute and deliver an engagement agreement with each such law firm in the form provided by each such law firm, provided that all costs and expenses of their services must be borne by the Borrower.

Section 10. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Certificates by the Trustee and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Certificates, the Purchase Agreement, the Sale Agreement and the Trust Agreement. Such actions heretofore taken by such officers, including the holding of the hearing referred to in the recitals hereof, are hereby ratified, confirmed and approved.

Section 11. The approval of the Certificates and the related documents contained in this Resolution shall be subject to the following conditions:

(a) the Certificates shall be executed and delivered in a minimum authorized denominations of not less than \$250,000, shall bear interest at a cost not to exceed 12% per annum and shall be subject to such other terms as set forth in the Trust Agreement;

(b) the Certificates may be executed and delivered at the same time or may be executed and delivered from time to time as determined by the Corporation and the Trustee;

(c) each of the Mayor and the City Manager of the City is hereby authorized, subject to the provisions of this Resolution, to execute and deliver any and all documents, supplements, amendments and certificates in connection with the execution and delivery of one or more additional series of Certificates pursuant to the terms and provisions of the Trust Agreement without any further approvals of the Council; and

(d) all other conditions and requirements of the City to the execution and delivery of the above-referenced documents and the Certificates are hereby waived.

Section 12. This Resolution shall take effect immediately upon its approval.

The above and foregoing Resolution was introduced by Councilmember _____ seconded by Councilmember _____, and passed and adopted at a regular meeting of the City Council of the City of Willits, held on the 13th day of May, 2015, by the following vote:

AYES:
NOES:
ABSENT:

BRUCE BURTON, Mayor
City Council of the City of Willits

ATTEST:

CATHY SANDERS
Deputy City Clerk

[SEAL]

INSTALLMENT PURCHASE AGREEMENT

between

FRANK R. HOWARD FOUNDATION,
as Seller

and

CITY OF WILLITS,
as Purchaser

Relating to:

\$5,500,000
City of Willits
Variable Rate Certificates of Participation
(Frank R. Howard Foundation Project)
Series 2015

Dated as of May 1, 2015

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INSTALLMENT PURCHASE AGREEMENT

THIS INSTALLMENT PURCHASE AGREEMENT, dated as of May 1, 2015 (this “Purchase Agreement”), between the **CITY OF WILLITS**, a municipal corporation and general law city duly organized and existing under the Constitution and the laws of the State of California (the “City”), and **FRANK R. HOWARD FOUNDATION**, a California nonprofit corporation duly organized and existing under the laws of the State of California (as further defined in Section 1.01 of the Sale Agreement hereinafter mentioned) (the “Corporation”).

WITNESSETH :

WHEREAS, the Corporation proposes to provide for the construction, installation, equipping and furnishing of a new single-story approximately 16,000 square foot medical office building to be located at [legal address], Willits, California 95490 (the “Site”) and related facilities (collectively, the “Facilities” and, together with the Site, the “Property”); and

WHEREAS, the Site is owned by the Corporation; and

WHEREAS, in order to finance, or reimburse the Corporation for the costs of, the construction, installation, equipping and furnishing of the Facilities as well as architectural, engineering, legal and entitlement work costs incurred by the Corporation related to the development of the Facilities on the Site and the costs associated with this financing (the “Project”), the Corporation has requested the City’s assistance in order for the financing to be completed through a tax-exempt financing structure; and

WHEREAS, the Corporation and the City have determined that the financing of the Project requires the purchase by the City of the Property pursuant to this Purchase Agreement; and

WHEREAS, the Property is located within the territorial limits of the City and a substantial portion of the persons benefiting from the medical services provided by the Facilities will be residents of the City and the surrounding areas, and a substantial portion of the persons employed by the Corporation at the Facilities are and are expected to be residents of the City and the surrounding areas; and

WHEREAS, the acquisition, on an installment basis, of the Property by the City is necessary and proper for City purposes and for the common benefit of the residents of the City; and

WHEREAS, the City has determined to assist the Corporation in financing the Project; and

WHEREAS, the Corporation proposes to sell the Property to the City and the City desires to purchase the Property from the Corporation upon the terms and conditions set forth herein; and

WHEREAS, the City proposes to enter into that certain Installment Sale Agreement, dated as of the date hereof (as further defined in Section 1.01 of the Installment Sale Agreement, the “Sale Agreement”), between the City and the Corporation, pursuant to which the City will sell all of the City’s right, title and interest in and to the Property back to the Corporation; and

WHEREAS, the purchase price for the Property to be paid by the City in installments pursuant to this Purchase Agreement (the “Installment Payments”) will be payable solely from payments received from the Corporation pursuant to the Sale Agreement (the “Purchase Payments”); and

WHEREAS, the City, the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”), propose to enter into that certain Trust Agreement, dated as of the date hereof, pursuant to which the Trustee will agree to execute and deliver the Variable Rate Certificates of Participation (the “Certificates”), each evidencing a proportionate interest in certain installment payments (the “Installment Payments” or the “Installment Payments”) to be made by the City on the terms and conditions set forth herein with a principal component equal to the aggregate principal amount of Certificates so executed and delivered each evidencing a proportionate interest in the Installment Payments to be made by the City on the terms and conditions set forth herein with a principal component equal to the aggregate principal amount of Certificates so executed and delivered; and

WHEREAS, the Certificates evidencing proportionate interests in the Installment Payments, which are payable solely from Purchase Payments received from the Corporation pursuant to the Sale Agreement, are to be paid to the Owners of the Certificates when due (whether at stated maturity, prepayment, acceleration or otherwise) from the Installment Payments, Purchase Payments and other Revenues deposited and administered under the Trust Agreement, all in accordance with the priority in security, payment, rights and remedies set forth in the Trust Agreement (including Section 2.10 thereof); and

WHEREAS, the City and the Corporation have duly authorized the execution and delivery of this Purchase Agreement.

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context clearly otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Sale Agreement, as originally executed or as it may from time to time be supplemented, modified or amended as provided therein.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations by the City. The City makes the following representations:

(a) The City is a municipal corporation and general law city duly established and existing under the Constitution and the laws of the State.

(b) The City has full legal right, power and authority to enter into this Purchase Agreement, the Sale Agreement, the Trust Agreement, the Certificate Purchase Agreement and the Tax Agreement (collectively, the “City Documents”) and to carry out its obligations hereunder and to carry out and consummate all other transactions contemplated by the City Documents.

(c) By proper action, the City has duly authorized the execution, delivery and due performance of the City Documents.

(d) The City will not intentionally take or permit any action to be taken which results in the interest components of the Installment Payments being included in the gross income of the recipient thereof for purposes of federal or State income taxation, provided that in making such representation, the City is relying on the representations, warranties and agreements of the Corporation in the City Documents and the Corporation’s performance and compliance therewith.

Section 2.02. Findings by the City. The City hereby finds and determines that (a) the purchase and sale of the Property to be made under this Purchase Agreement and the Sale Agreement will provide for the common benefit of the inhabitants of the City by providing funds to pay the costs of acquiring, constructing, installing, equipping and furnishing of the Facilities; and (b) this Purchase Agreement and the transactions described herein are in the public interest, serve a public purpose, promote the health, welfare and safety of the citizens of the City and constitute a necessary and proper public purpose.

Section 2.03. Representations and Warranties of the Corporation. The Corporation makes the following representations and warranties to the City, all as of the date of the execution of this Purchase Agreement and as of the date of delivery of the Certificates to the initial purchaser(s) thereof (such representations and warranties to remain operative and in full force and effect regardless of delivery of the Certificates or any investigations by or on behalf of the City or such purchaser(s) or the results thereof):

(a) The Corporation is a California nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Purchase Agreement, the Sale Agreement, the Trust Agreement, the Certificate Purchase Agreement, the Deed of Trust, the Environmental Indemnity Agreement and the Tax Agreement (collectively, the “Corporation Documents”), and to carry out and consummate all transactions

contemplated by the Corporation Documents, and by proper corporate action has duly authorized the execution and delivery of the Corporation Documents.

(b) The officers of the Corporation executing the Corporation Documents are duly and properly in office and fully authorized to execute the same.

(c) This Purchase Agreement has been duly authorized, executed and delivered by the Corporation, and (i) when assigned to the Trustee pursuant to the Trust Agreement, will constitute a legal, valid and binding agreement of the Corporation with the Trustee, enforceable against the Corporation in accordance with its terms for the benefit of the Holders of the Certificates; and (ii) any rights of the City and obligations of the Corporation not so assigned to the Trustee pursuant to the Trust Agreement constitute the legal, valid, and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms; except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought. The Corporation Documents have been duly authorized, executed and delivered by the Corporation, and constitute the legal, valid and binding agreements of the Corporation enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought.

(d) The execution and delivery of the Corporation Documents, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not in any material respect conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Corporation, or its bylaws or any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, trust agreement, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Corporation Documents, or the financial condition, assets, properties or operations of the Corporation.

(e) No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Agency is necessary in connection with the execution and delivery of the Corporation Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation, before or by any court or Governmental Agency, pending, or to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, could have a material adverse effect upon the consummation of the transactions contemplated by or the validity or enforceability of the Corporation Documents, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any Governmental Agency, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Corporation Documents, or the financial condition, assets, properties or operations of the Corporation. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof.

(g) No written information, exhibit or report furnished to the City by the Corporation in connection with the negotiation of the Corporation Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(h) The Corporation is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, and is a private foundation as described in Section 509(a) of the Code.

(i) The Corporation has, or reasonably expects to acquire in due course, good and marketable title to the Facilities free and clear from all encumbrances other than Permitted Liens.

(j) The Corporation does not restrict access to the Facilities on the basis of race, creed, color, religion, sex, source of income (e.g., AFDC, SSI), physical disability, age, national origin or marital status.

(k) The Corporation shall make no changes to the Project or to the operation thereof which would impair the exclusion of the interest with respect to the Certificates and the Additional Certificates, if applicable, from the gross income of the owners thereof for federal income tax purposes.

ARTICLE III

INSTALLMENT PURCHASE AND SALE OF THE PROPERTY

Section 3.01. Installment Purchase and Sale of the Property. The Corporation agrees to sell, grant, transfer and convey and hereby sells, grants, transfers and conveys to the City, and the City agrees to purchase, and hereby purchases, from the Corporation, the Property at the Sale Price, all of which are set forth in Section 4.02 hereof and in accordance with the provisions of this Purchase Agreement. The City and the Corporation agree that legal and equitable title to the Property shall immediately be deemed conveyed to and vested in the City. During the period of time that the City shall have legal and equitable title to the Property, the City hereby irrevocably leases the Property to the Corporation at no cost.

ARTICLE IV

EFFECTIVE DATE; DURATION; PAYMENT PROVISIONS

Section 4.01. Effective Date; Duration. This Purchase Agreement shall become effective upon its execution and delivery and shall expire when all Installment Payments shall have been paid in full or payment thereof shall have been provided for in accordance with Article VII hereof.

Section 4.02. Sale Price; Installment Payments.

(a) The Sale Price of the Property shall be an amount not to exceed \$5,500,000 (the “Principal Component”) as determined pursuant to Article II of the Trust Agreement, plus the interest to accrue on the unpaid balance of the Principal Component over the term of this Purchase Agreement, all in accordance with the provisions set forth in Article II of the Trust Agreement providing for the payment of the principal with respect to the Certificates. All amounts attributable to interest (the “Interest Component”) shall be calculated and determined in accordance with the provisions set forth in Article II of the Trust Agreement and shall be paid by the City as and constitute interest.

(b) The City shall pay the Sale Price through the Installment Payments at the times and in the amounts the principal with respect to the Certificates is required to be paid pursuant to the Trust Agreement; provided, however, that the City’s obligation to make the Installment Payments is limited exclusively to Purchase Payments (attributable to payments made by the Corporation) and other moneys and assets received by the Trustee on behalf of the City pursuant to the Sale Agreement, and the City is not directly or indirectly or contingently or morally obligated to make Installment Payments from any other moneys or assets of the City. Subject to that limitation, the Interest Component shall be paid on a floating rate basis (subject to periodic adjustment as provided in Article II of the Trust Agreement) on each Interest Payment Date and the Principal Component of the Installment Payments shall be paid by the City on May 1, 2040, subject to prepayment in accordance with Section 4.01 of Trust Agreement.

The Installment Payments shall be made to the Trustee at its Corporate Trust Office. In the event the City should fail to make any of the Installment Payments required by this Section 4.02, the Installment Payments so unpaid shall continue as an obligation of the City until such amount shall have been fully paid and the City agrees to pay the same with interest thereon at a rate of interest equal to the Default Rate, subject to the limitation set forth above and in Section 4.04 hereof.

The Corporation has agreed in the Sale Agreement to make each Purchase Payment directly to the Trustee in satisfaction of the City's Installment Payment obligations hereunder.

(c) The City shall have the right from time to time to prepay all of the Installment Payments from prepayments received from the Corporation pursuant to and subject to the terms of Sections 4.04 and 6.06 of the Sale Agreement.

In the event of a Sale Agreement Default under the Sale Agreement, as defined therein, and an acceleration thereunder, the City shall prepay all Installment Payments from amounts received from the Corporation pursuant to Section 8.02 of the Sale Agreement.

Section 4.03. Obligations of the City Unconditional. The obligations of the City to make the payments required in Section 4.02 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional except as otherwise provided in Sections 4.02 and 4.04 hereof, and, until such time as all of the Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made in accordance with Article VII hereof), the City (a) will not suspend or discontinue any payments provided for in Section 4.02 hereof; (b) will perform and observe all of its other agreements contained in this Purchase Agreement; and (c) will not terminate this Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Property, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Corporation to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Purchase Agreement.

Nothing contained in this Section shall be construed to release the Corporation from the performance of any of the agreements on its part herein contained or contained in the Sale Agreement; and in the event the Corporation should fail to perform any such agreement, the City may institute such action against the Corporation as the City may deem necessary to compel performance or recover its damages for nonperformance so long as such action shall not violate the agreements of the City contained in the first paragraph of this Section.

Section 4.04. Limitation on Liability of the City. Notwithstanding anything to the contrary contained in this Purchase Agreement, the City shall not be obligated to pay any Installment Payment or any portion of the Sale Price or make any other payments or advance any moneys or be liable for any other costs or expenses arising hereunder or under the Sale Agreement or the Trust Agreement or by reason hereof or thereof or in connection herewith or therewith except from Purchase Payments and other moneys and assets received by the Trustee

on behalf of the City pursuant to the Sale Agreement. The City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for all or any portion of the Sale Price or the Installment Payments or for all or any portion of such other costs or expenses. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Installment Payments or to the payment of the principal, premium, if any, or interest with respect to the Certificates. Neither the City nor its council members, officers, attorneys, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with the City Documents or the Certificates, except only to the extent amounts are received for the payment thereof from the Corporation under the Sale Agreement.

ARTICLE V

PURCHASE AGREEMENT DEFAULTS AND REMEDIES

Section 5.01. Purchase Agreement Defaults Defined. The following shall be “Purchase Agreement Defaults” under this Purchase Agreement and the terms “Purchase Agreement Defaults” or “default” shall mean, whenever they are used in this Purchase Agreement, any one or more of the following events:

- (a) failure by the City to pay or cause to be paid any Installment Payment required to be paid under Article IV hereof at the time specified therein;
- (b) failure by the City to observe and perform any covenant, condition or agreement in this Purchase Agreement on its part to be observed or performed, other than as referred to in paragraph (a) above, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the City by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration;
- (c) any representation or warranty made by the City herein or in any document, instrument or certificate furnished to the Trustee, the Corporation or to the initial purchasers of the Certificates in connection with the execution and delivery of the Certificates shall at any time prove to have been incorrect in any material respect as of the time made; and
- (d) a Sale Agreement Default under the Sale Agreement shall occur.

Section 5.02. Remedies on Default. In the event any of the Sale Price shall at the time be outstanding and unpaid (and provision for the payment thereof shall not have been made pursuant to Article VII hereof), whenever any Purchase Agreement Default referred to in Section 5.01 hereof shall have happened and be continuing, the Trustee, with the prior written consent of or at the direction of the Holder Representative, may take any one or more of the following remedial steps:

- (a) if the Certificates have been accelerated pursuant to Section 7.02 of the Trust Agreement and upon notice in writing to the City, declare the principal component

of all Installment Payments, plus all accrued and unpaid interest thereon, payable under Article IV hereof to be immediately due and payable, whereupon the same shall become immediately due and payable; provided, however, that if acceleration of the Certificates has been rescinded and annulled pursuant to Section 7.02 of the Trust Agreement, acceleration of the Installment Payments shall be waived, but no such waiver shall extend to or affect any subsequent default or shall impair or exhaust any right or power consequent thereto;

(b) the Trustee may exercise and enforce all of the rights and remedies provided for in the Sale Agreement; and

(c) the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the payments then due and thereafter to become due hereunder (subject to the limitations set forth in Sections 4.02 and 4.04 hereof, including the limitation that the City shall be liable only to the extent of Purchase Payments and other moneys and assets received by the Trustee on behalf of the City pursuant to the Sale Agreement), or to enforce performance and observance of any obligation, condition or covenant of the City under this Purchase Agreement.

Any such action by the Trustee, however, is subject to the condition that if, at any time after such action and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall be deposited with the Trustee a sum sufficient to pay all Installment Payments the payment of which is overdue, with interest on such overdue principal component of such overdue Installment Payments at the Default Rate, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of the Installment Payments due and payable solely by reason of such action) shall have been made good or cured to the satisfaction of the Trustee (as directed by the Holder Representative) or provision deemed by the Trustee (as directed by the Holder Representative) to be adequate shall have been made therefor, then, and in every such case, the Trustee, by written notice to the City and the Corporation, may, on behalf of the Holders of all of the Certificates, rescind and annul such action and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 5.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Purchase Agreement or now or hereafter existing at law or in equity or by statute. No delay in exercising or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it by this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given to the Corporation hereunder shall also extend to the Trustee, and the Trustee may exercise any rights and will be charged with the obligations of the Corporation hereunder, and the Trustee and the Holders of the Certificates executed and delivered pursuant to

the Trust Agreement shall be deemed third party beneficiaries of all covenants and conditions herein contained.

No delay in exercising or omitting to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 5.04. Agreement to Pay Attorneys' Fees and Expenses. In the event the City should default under any of the provisions of this Purchase Agreement and the Trustee should employ attorneys or incur other expenses for the collection of the installments of the Sale Price or the enforcement of performance or observance of any obligation or agreement on the part of the City herein contained, the City agrees that it will on demand therefor pay to the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Trustee, subject to the limitations set forth in Sections 4.02 and 4.04 hereof, including the limitation that the City shall be liable only to the extent of Purchase Payments and other moneys and assets received by the Trustee on behalf of the City pursuant to the Sale Agreement.

Section 5.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Purchase Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VI

FINANCING THE FACILITIES

Section 6.01. Use of Certificate Proceeds. In consideration of the purchase of the Property by the City hereunder, the Corporation shall use its best efforts to cause the financing of the Facilities to be completed upon the initial execution and delivery of the Series 2015 Certificates or as soon thereafter as is reasonably practicable, and in accordance with Section 6.06 of the Tax Agreement.

Section 6.02. Prohibited Uses. No portion of the proceeds of the Series 2015 Certificates will be used to finance or acquire any facility, place or building used or to be used (a) primarily for sectarian instruction or study or as a place for devotional activities or religious worship; (b) by a Person not a "501(c)(3) organization" or a "governmental unit" within the meaning of Section 145 of the Code or by a "501(c)(3) organization" (including the Corporation) in an "unrelated trade or business" within the meaning of Section 513(a) of the Code, in such manner or to such extent as would result in any of the Certificates being treated as an obligation not described in Section 103(a) of the Code.

ARTICLE VII

DISCHARGE OF OBLIGATIONS

Section 7.01. Discharge of Obligations. When:

(a) all Installment Payments shall have become due and payable in accordance herewith or an Order of the City to prepay all of the Installment Payments (in accordance with a similar Order of the Corporation given under the Sale Agreement) shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the date (or dates) specified for payment or prepayment, in trust for the benefit of the Holders of the Certificates and irrevocably appropriated and set aside to the payment of the Installment Payments, sufficient moneys or Investment Securities described in paragraph (b) of the definition of Investment Securities in the Sale Agreement, the principal of and interest on which when due will provide money sufficient to pay when due all principal components, premium, if any, and interest components of the Installment Payments to the payment or prepayment date or dates so specified, as the case may be, all in accordance with the provisions set forth in Section 10.02 of the Trust Agreement; and

(c) provision shall have been made for paying all fees and expenses of the Trustee so long as any of the Certificates shall remain unpaid and the other provisions set forth in Section 10.01 of the Trust Agreement shall have been met and for paying all fees and expenses of the Holders so long as this Installment Purchase Agreement is in effect, then and in that event the right, title and interest of the Corporation and the Trustee herein and the obligations of the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the City to have such moneys and such Investment Securities applied to the payment of the Installment Payments). In such event, upon Request of the City, the Trustee shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over to the Corporation as an overpayment of Purchase Payments under the Sale Agreement, all such moneys or such Investment Securities held by it pursuant hereto (other than such moneys and such Investment Securities as are required for the payment or prepayment of the Installment Payments which moneys and Investment Securities shall continue to be held by the Trustee in trust and shall be applied by the Trustee to such payment or prepayment of the Installment Payments of the City).

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notices. All notices or communications herein required or permitted to be given shall be in writing and shall be deemed received when personally delivered or within three Business Days of the date mailed by first class, registered or certified mail, postage prepaid, addressed to the parties as follows:

to the City: City of Willits

111 E. Commercial Street
Willits, California 95490
Attention: Finance Director/City Treasurer

to the Corporation: Frank R. Howard Foundation
44 Madrone Street
Willits, California 95490
Attention: President

With a copy to:

Carle, Mackie, Power & Ross LLP
100 B Street, Suite 400
Santa Rosa, CA 95410
Attention: Simon R. Inman

to the Trustee: U.S. Bank, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services

to the Holder
Representative: Tri Counties Bank
255 South Main Street
Willits, California 95490
Attention: Arnie Mello, Vice President

A duplicate copy of each notice or communication given hereunder by either the City or the Corporation to the other shall also be given to the Trustee, and the Holder Representative. The City, the Corporation, the Trustee, and the Holder Representative may, by notice given hereunder, designate any further or different address to which subsequent notices, Certificates and other communications shall be sent.

Section 8.02. Binding Effect. This Purchase Agreement shall inure to the benefit of and shall be binding upon the City, Corporation and their respective successors and assigns and the Holders as a third-party beneficiary.

Section 8.03. Severability of Invalid Provisions. If any one or more of the provisions contained in this Purchase Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Purchase Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Purchase Agreement, and this Purchase Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City and the Corporation each hereby declares that it would have entered into this Purchase Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections,

paragraphs, sentences, clauses or phrases of this Purchase Agreement may be held illegal, invalid or unenforceable.

Section 8.04. Purchase Agreement Represents Complete Agreement; Amendments.

This Purchase Agreement represents the entire contract between the parties with respect to the subject matter hereof. This Purchase Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the parties hereto, given in accordance with the provisions of the Trust Agreement.

Section 8.05. Net Contract. This Purchase Agreement shall be deemed and construed to be a “net contract,” and the City shall pay, subject to the provisions of Sections 4.02 and 4.04, absolutely net during the term of this Purchase Agreement the Installment Payments and any other payments required hereunder, free of any deductions, without abatement, diminution or set-off.

Section 8.06. Governing Law. This Purchase Agreement shall be governed and construed in accordance with the laws of the State for contracts executed and delivered, and to be completely performed, in the State.

Section 8.07. Further Assurances and Corrective Instruments. The Corporation and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments, including deeds, bills of sale and other documents of transfer, as may reasonably be required for correcting any inadequate or incorrect description of the Property or for carrying out the intention of or facilitating the performance of this Purchase Agreement.

Section 8.08. Waiver of Personal Liability. No officer, agent or employee of the City or director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of Installment Payments or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Purchase Agreement; but nothing herein contained shall relieve any such director, officer, agent or employee from the performance of any official duty provided by law or by this Purchase Agreement.

Section 8.09. No Merger. The parties acknowledge that the Corporation constitutes the seller of the Property under this Purchase Agreement and the purchaser of the Property under the Sale Agreement. The Sale Agreement and this Purchase Agreement represent, and in all respects of any nature whatsoever shall always represent, be interpreted as and constitute, separate and distinct obligations. Under no circumstances whatsoever shall a merger of the roles or obligations of the Corporation as seller under this Purchase Agreement and purchaser under the Sale Agreement occur or be deemed to occur.

Section 8.10. Execution of Counterparts. This Purchase Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Corporation and the City have caused this Purchase Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

CITY OF WILLITS

By _____
[Name, Title]

Attest:

By _____
[Name, Title]

FRANK R. HOWARD FOUNDATION

By _____
[Name, Title]

[Signature Page to Installment Purchase Agreement]

APPENDIX A

**LEGAL DESCRIPTION OF SITE/REAL PROPERTY
SUBJECT TO GROUND LEASE**

That certain real property located in the County of Mendocino, State of California, more particularly described as follows:

[See attached]

INSTALLMENT SALE AGREEMENT

between

CITY OF WILLITS,
as Seller

and

FRANK R. HOWARD FOUNDATION,
as Purchaser

Relating to:

\$5,500,000
City of Willits
Variable Rate Certificates of Participation
(Frank R. Howard Foundation Project)
Series 2015

Dated as of May 1, 2015

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INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT, dated as of May 1, 2015 (this “Sale Agreement”), between the **CITY OF WILLITS**, a municipal corporation and general law city duly established and existing under the Constitution and the laws of the State of California (the “City”) and **FRANK R. HOWARD FOUNDATION**, a nonprofit corporation duly organized and existing under the laws of the State of California (as hereinafter in Section 1.01 further defined, the “Corporation”).

WITNESSETH :

WHEREAS, the Corporation proposes to provide for the construction, installation, equipping and furnishing of a new one-story approximately 16,000 square foot medical office building to be located at [legal address], Willits, California 95490 (the “Site”) and related facilities (collectively, the “Facilities” and, together with the Site, the “Property”); and

WHEREAS, the Site is owned by the Corporation; and

WHEREAS, in order to finance, or reimburse the Corporation for the costs of, the construction, installation, equipping and furnishing of the Facilities as well as architectural, engineering, legal and entitlement work costs incurred by the Corporation related to the development of the Facilities on the Site and the costs associated with this financing (the “Project”), the Corporation has requested the City’s assistance in order for the financing to be completed through a tax-exempt financing structure; and

WHEREAS, the Property is located within the territorial limits of the City and a substantial portion of the persons benefiting from the medical services provided by the Facilities will be residents of the City and the surrounding communities, and a substantial portion of the persons employed by the Corporation at the Facilities are and are expected to be residents of the City and the surrounding communities; and

WHEREAS, the acquisition, on an installment basis, of the Property by the City is necessary and proper for City purposes and for the common benefit of the residents of the City; and

WHEREAS, the City has determined to assist the Corporation in financing the costs of the Facilities; and

WHEREAS, the Corporation proposes to sell the Property to the City and the City desires to purchase the Property from the Corporation upon the terms and conditions set forth in that certain Installment Purchase Agreement, dated as of the date hereof (the “Purchase Agreement”), between the Corporation and the City; and

WHEREAS, the City and the Corporation will enter into this Sale Agreement pursuant to which the City will sell all of the City’s right, title and interest in and to the Property back to the Corporation upon the terms and conditions set forth herein; and

WHEREAS, the purchase price for the Property to be paid by the City in installments pursuant to the Purchase Agreement and will be payable solely from payments received from the Corporation pursuant to this Sale Agreement (the “Purchase Payments”); and

WHEREAS, the City, the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”), propose to enter into that certain Trust Agreement, dated as of the date hereof, pursuant to which the Trustee will agree to execute and deliver the Variable Rate Certificates of Participation (Frank R. Howard Foundation Project), Series 2015 (the “Series 2015 Certificates”), each evidencing a proportionate interest in certain installment payments (the “Installment Payments” or the “Installment Payments”) to be made by the City on the terms and conditions set forth in the Purchase Agreement with a principal component equal to the aggregate principal amount of Series 2015 Certificates so executed and delivered, each evidencing a proportionate interest in the Installment Payments to be made by the City on the terms and conditions set forth in the Purchase Agreement with a principal component equal to the aggregate principal amount of Series 2015 Certificates so executed and delivered; and

WHEREAS, the Series 2015 Certificates evidencing proportionate interests in the Installment Payments, which are payable solely from Purchase Payments received from the Corporation pursuant to this Sale Agreement, are to be paid to the Owners of the Series 2015 Certificates when due (whether at stated maturity, prepayment, acceleration or otherwise) from the Installment Payments, Purchase Payments and other Revenues deposited and administered under the Trust Agreement, all in accordance with the priority in security, payment, rights and remedies set forth in the Trust Agreement; and

WHEREAS, the City and the Corporation have duly authorized the execution and delivery of this Sale Agreement.

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

ARTICLE I DEFINITIONS

Section 1.01. Definitions. Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Sale Agreement, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“*Accredited Investor*” means an “accredited investor” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended.

“*Additional Certificates*” means one or more series of Certificates of Participation executed and delivered pursuant to and in accordance with Sections 2.11 and 2.12 of the Trust Agreement on a parity with the Series 2015 Certificates.

“*Additional Installment Payments*” means all of the payments so designated and required to be made by the City pursuant to a Supplemental Purchase Agreement.

“*Additional Payments*” means the payments so designated and required to be made by the Corporation pursuant to Section 4.02 hereof.

“*Additional Purchase Payments*” means all of the payments so designated and required to be made by the Corporation pursuant to a Supplemental Sale Agreement.

“*Administrative Fees and Expenses*” means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the City or the Trustee, including Additional Payments described in Sections 4.02(b), (c) and (d).

“*Affiliate*” means any bank, corporation or financial institution, at least 51% of whose common stock or other equity ownership interest is owned by the Holder Representative.

“*Authorized Denomination*” means \$250,000 and any multiple of \$5,000 in excess of \$250,000 in principal amount of the Installment Payments.

“*Authorized Representative*” means, (a) with respect to the President of the Corporation, the Secretary of the Corporation, or any other person designated as an Authorized Representative of the Corporation by a Statement of the Corporation signed by the President of the Board of Directors and filed with the Trustee; and (b) with respect to the City, its [_____] or any other person designated as an Authorized Representative of the City by a Statement of the City signed by its City Administrative Manager and filed with the Trustee.

“*Bank Qualified Adjustment Date*” means the date of (a) any determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction to the effect that the Series 2015 Certificates no longer qualify as a “qualified tax exempt obligation” under Section 265(b)(3) of the Code, or (b) the delivery to the Purchaser, any Owner or the Trustee of an opinion of independent counsel nationally recognized in tax-exempt finance matters to the effect that the Series 2015 Certificates no longer qualify as a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code.

“*Bank Qualified Adjustment Rate*” means an interest rate per annum equal to the product of the interest rate on the Series 2015 Certificates then in effect multiplied by [_____].

“*Board*” means the Board of Directors of the Corporation.

“*Business Day*” means any day which is not one of the following: (a) a Saturday, Sunday or legal holiday as set forth by the Federal Reserve Bank of San Francisco; (b) any other day on which the corporate trust office of the Trustee is authorized or required to be closed by the appropriate regulatory authorities; or (c) a day on which the New York Stock Exchange is authorized or required to be closed.

“*Certificate Payment Date*” means, with respect to the Certificates and the Additional Certificates, May 1, 2040.

“*Certificate Purchase Agreement*” means the Certificate Purchase Agreement, dated May [__], 2015, by and among the City, the Corporation and the Certificate Purchaser relating to the purchase of the Certificates.

“*Certificate Purchaser*” means Tri Counties Bank.

“*Certificate Year*” means the period of 12 consecutive months ending on April 30 in any year in which Certificates are Outstanding, except that the first Certificate Year shall commence on the Closing Date and end on the next following April 30.

“*Certificates*” means, collectively, Series 2015 Certificates and Additional Certificates executed and delivered pursuant to this Trust Agreement on a parity with the Certificates, if any.

“*City*” means the City of Willits, a municipal corporation and general law city duly organized and existing under the Constitution and laws of the State.

“*Closing Date*” means May [__], 2015.

“*Code*” means the Internal Revenue Code of 1986 and the regulations issued thereunder or any successor thereto. Reference to any particular Code section shall, in the event of such successor Code, be deemed to be reference to the successor to such Code section.

“*Continuing Covenant Agreement*” means the Continuing Covenant and Project Fund Disbursement Agreement, dated as of May 1, 2015, by and between the Corporation and Tri Counties Bank.

“*Corporate Trust Office*” means the corporate trust office of the Trustee, which as of the date hereof is located at the address set forth in Section 9.02 hereof, or such other address as indicated by the Trustee.

“*Corporation*” means Frank R. Howard Foundation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under this Sale Agreement.

“*Costs of Delivery*” means all items of expense directly or indirectly payable by or reimbursable to the City or the Corporation and related to the authorization, execution, sale and delivery of the Certificates, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, charges for insurance, initial fees and charges of the Trustee and its counsel, legal fees and charges of Special Counsel to the City and counsel to the Corporation, initial fees and charges of the Certificate Purchaser and its counsel, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Certificates, initial issuance fees of the City, and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

“*Costs of Delivery Fund*” means the fund by that name established pursuant to Section 3.03 of the Trust Agreement.

“*Deed of Trust*” means such deed or deeds of trust as may be originally executed or as from time to time supplemented or amended, respecting the real property more particularly described on Exhibit A hereto.

“*Default Rate*” means an interest rate equal to four percent (4%) above the interest rate payable with respect to the Certificates at the time of default but not in excess of the Maximum Rate.

“*Determination of Taxability*” means any final determination, decision or decree by the Commissioner of Internal Revenue, or any District Director of Internal Revenue, any court of competent jurisdiction, or a legal opinion obtained by the Trustee from independent counsel nationally recognized in tax-exempt finance matters and reasonably acceptable to the City and the Holder Representative to the effect that an Event of Taxability shall have occurred. A Determination of Taxability also shall be deemed to have occurred on the first to occur of the following:

(a) the date when the Corporation files any statement, supplemental statement, or other tax schedule, return or document, which discloses that an Event of Taxability shall have occurred;

(b) the effective date of any federal legislation enacted after the date of this Sale Agreement or promulgation of any income tax regulation or ruling by the Internal Revenue Service that causes an Event of Taxability after the date of this Sale Agreement; or

(c) upon a sale or other deliberate action within the meaning of Treas. Reg. § 1.141-2(d), the Trustee and the City fail to receive an opinion of independent counsel nationally recognized in tax-exempt finance matters and reasonably acceptable to the Trustee and the City to the effect that such change in use (and accompanying remedial action, if any) will not cause the interest component of the Installment Payments Note to become includable in the gross income of the recipient.

“*Environmental Indemnity Agreement*” means that Environmental Indemnity Agreement dated as of May 1, 2015 executed by the Corporation in favor of the City and the Trustee with respect to the Property.

“*Environmental Lien*” means a lien in favor of any Governmental Agency for (a) any liability under federal or state environmental laws or regulations; or (b) damages arising from, or costs incurred by such Governmental Agency in response to, a Release or threatened Release of a Hazardous Substances into the environment.

“*Environmental Regulation*” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“*Event of Default*” means any of the events specified in Section 7.01 of the Trust Agreement.

“*Event of Taxability*” means, with respect to any Certificate: (i) the application of the proceeds of such Certificate in such manner that such Certificate becomes an “arbitrage bond” within the meaning of Code Sections 103(b)(2) and 148, and with the result that interest with respect to such Certificate is or becomes includable in a holder’s gross income (as defined in Code Section 61); (ii) if as the result of any act, failure to act or use of the proceeds of such Certificate or any misrepresentation or inaccuracy in any of the representations, warranties or covenants contained in this Sale Agreement by the City or the Corporation or the enactment of any federal legislation or the promulgation of any federal rule or regulation after the date of this Sale Agreement, the interest with respect to such Certificate Note is or becomes includable in a holder’s gross income (as defined in Code Section 61) or (iii) any revocation of the determination letter from the Internal Revenue Service regarding status of the Corporation as a 501(c)(3) corporation.

“*Facilities*” means the approximately 16,000 square foot medical office building to be located at the Site, consisting of a single story structure, and related facilities.

“*Favorable Opinion of Special Counsel*” means, with respect to any action the occurrence of which requires such an opinion, an opinion of Special Counsel to the effect that such action is permitted under the Trust Agreement and will not, in and of itself, cause interest payable with respect to the Certificates to be included in gross income for purposes of federal income taxation or to be subject to California personal income taxation.

“*Fiscal Year*” means the period beginning on [July 1] of each year and ending on the next succeeding [June 30], or any other 12-month, or 52-two week, period hereafter selected and designated as the official fiscal year period of the Corporation.

“*Governmental Agency*” means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“*Gross-Up Rate*” means, an interest rate equal to the sum of the Initial Interest Rate stated for such Interest Period with respect to the Certificates *plus* a rate sufficient such that the total interest to be paid on any Installment Payment Date would, after such interest was reduced by the amount of any federal, state or local income tax (including any interest or penalties) actually payable thereon, equal the amount of interest due with respect to such Installment Payment.

“*Hazardous Substances*” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Property or to persons on or about the Property; or (ii) cause the Property to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the

Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter Cologne Water Quality Control Act (the “Porter Cologne Act”), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Agency or may or could pose a hazard to the health and safety of the occupants of the Property or the owners and/or occupants of property adjacent to or surrounding the Property, or any other person coming upon the Property or adjacent property; (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“*Holder*,” “*Certificateholder*” or “*Owner*” whenever used herein with respect to a Certificate, means the person in whose name such Certificate is registered.

“*Holder Representative*” means (i) so long as Tri Counties Bank is the Owner of any Certificates, Tri Counties Bank, and (ii) so long as Tri Counties Bank is not the Owner of any Certificates, the holder of a majority of the Outstanding Certificates or a Person appointed to be the Holder Representative by such Holder.

“*Initial Interest Rate*” means for the Interest Period from the Closing Date to May 1, 2026, an interest rate equal to 3.00% per annum.

“*Installment Payments*” means the payments so designated and required to be made by the City pursuant to the Purchase Agreement.

“*Interest Account*” means the account by that name in the Debt Service Fund established pursuant to Section 5.01 of the Trust Agreement.

“*Interest Payment Date*” means the first day of each of each calendar month, commencing June 1, 2015 until the Certificate Payment Date.

“*Interest Period*” means, initially, the period during which the entire outstanding principal of the Certificates bears interest at the Initial Interest Rate and thereafter, as may be determined in connection with a reoffering of the Certificates pursuant to Section 4.06 of the Trust Agreement. If any Interest Period would end on a day which is not a Business Day, then such Interest Period shall be extended to the next succeeding Business Day.

“*Investment Securities*” means any of the following which at the time are legal investments under the laws of the State for moneys held hereunder or under the Trust Agreement and then proposed to be invested:

(a) government obligations: bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which are unconditionally guaranteed by, the United States of America;

(b) direct and general obligations of any state of the United States of America or any municipality or political subdivision of such state, or obligations of any corporation, if such obligations are in one of the two highest rating categories by Standard & Poor's or Moody's;

(c) negotiable or non negotiable certificates of deposit, demand deposits, time deposits, deposit accounts, or other similar banking arrangements, issued by any nationally or state chartered bank (including the Trustee) or trust company or any savings and loan association, if either (i) the long term obligations of such bank or trust company are rated in one of the two highest Rating Categories by Standard & Poor's or Moody's; or (ii) the deposits are continuously secured as to principal, but only to the extent not insured by the Federal Deposit Insurance Corporation, or similar corporation chartered by the United States of America; (A) by lodging with a bank or trust company, as collateral security, obligations described in clause (a) or (b) above or having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (B) if the furnishing of security as provided in clause (A) of this paragraph is not permitted by applicable law, in such manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for the deposit of trust funds;

(d) repurchase agreements with respect to obligations listed in clause (a) or (b) above if entered into with a nationally or state chartered bank (including the Trustee), trust company or a broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a member of the Securities Investors Protection Corporation if (i) such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Corporation, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at current market value, calculated no less frequently than monthly, of not less than the repurchase price; (ii) a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Trustee; and (iii) such obligations are free and clear of any adverse third party claims;

(e) commercial paper rated in the highest Rating Category by Standard & Poor's or Moody's;

(f) money market mutual funds invested solely in obligations listed in paragraph (a), (b), (c) or (d) above, including funds for which the Trustee or an affiliate of the Trustee acts as an investment provider or provides other services;

(g) investment agreements continuously secured by the obligations listed in paragraph (a), (b) or (c) above, or (i) below, with any nationally or state chartered bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a member of the Securities Investors Protection Corporation if

(i) such obligations are delivered to the Trustee or supported by a safekeeping receipt issued by a depository satisfactory to the Corporation, provided that such investment agreements must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the amount deposited thereunder; (ii) a first priority perfected security interest in the obligations which are securing such agreement has been granted to the Trustee; (iii) such agreement as been granted to the Trustee; and (iv) such obligations are free and clear of any adverse third party claims;

(h) investment agreements with any nationally or state chartered bank, financial institution, insurance company or trust company, which has long term debt obligations rated in one of the two highest rating categories by Standard & Poor's or Moody's;

(i) certificates or receipts issued by any nationally or state chartered bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a member of the Securities Investors Protection Corporation, organized and existing under the laws of the United States of America or any state thereof, the outstanding unsecured long term debt of which is rated in either of the two highest Rating Categories by Standard & Poor's or Moody's, or, upon the discontinuance of either rating service or both of such rating services, any other nationally recognized rating service, in the capacity of custodian, which certificates or receipts evidence ownership of a portion of the principal of or interest on government obligations listed in paragraph (a) above and held (which may be in book entry form) by such bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended); and

(j) tax-exempt obligations (as defined in Section 150(a)(6) of the Code and which are not "investment property" as defined in Section 148(b)(2) of the Code) rated in one of the two highest Rating Categories by Standard & Poor's or Moody's,

provided that "Investment Securities" shall not include a financial instrument, commonly known as a "derivative," whose performance is derived, at least in part, from the performances of any underlying asset, including, without limitation, futures, options on securities, options on futures, forward contracts, swap agreements, structure notes and participation in pools of mortgages or other assets.

"Irrevocable Deposits" means the irrevocable deposit in trust of cash in an amount (or Investment Securities described in clauses (a) or (b) of the definition of Investment Securities above, the principal of and interest on which will be an amount), and under the terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any Indebtedness which would otherwise be considered outstanding. The trustee of such deposit may be the Trustee or any other trustee authorized to act in such capacity.

"Lease Assignment Agreement" means the Lease Assignment Agreement, dated as of May 1, 2015, by the Corporation in favor of the Trustee, assigning that certain Lease Agreement,

dated as of January 30, 2015, by and between the Corporation and Willits Hospital, Inc., d/b/a Frank R Howard Memorial Hospital.

“*Liabilities and Costs*” means all liabilities, obligations, responsibilities, losses, damages, costs and expenses (including, without limitation, attorney, expert and consulting fees and costs of investigation and feasibility studies), fines, penalties, monetary sanctions and interest.

“*Mandatory Tender Date*” shall mean May 1, 2026, unless after any request for an extension of the Mandatory Tender Date pursuant to Section 4.06 of the Trust Agreement, the Holder expressly agrees in writing that another date or dates shall be the Mandatory Tender Date or Dates in connection with such request. If the Holder does not expressly agree in writing that there will Mandatory Tender Dates after May 1, 2026, then there will be no such future Mandatory Tender Dates and Section 4.06 hereof shall be of no further effect after May 1, 2026.

“*Maximum Rate*” shall mean Twelve Percent (12%) per annum, or the maximum rate permitted by law.

“*Moody’s*” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City, and approved by the Corporation, with notice to the Trustee.

“*Opinion of Counsel*” means a written opinion of counsel (who may be counsel for the City) selected by the Corporation and acceptable to the City and the Trustee. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

“*Outstanding*,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 11.09 of the Trust Agreement) all Certificates theretofore, or thereupon being, authenticated and delivered by the Trustee under the Trust Agreement except (a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Certificates with respect to which all liability of the City shall have been discharged in accordance with Section 10.01 of the Trust Agreement, including Certificates (or portions of Certificates) referred to in Section 11.10 of the Trust Agreement; (c) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been authenticated and delivered by the Trustee pursuant to the Trust Agreement; and (d) with respect to any voting or consent rights, Certificates held by the Corporation.

“*Permitted Liens*” means:

(a) liens arising by reason of good faith deposits by the Corporation in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(b) any lien arising by reason of deposits with, or the giving of any form of security to, any Governmental Agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Corporation to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other social security benefits, or to share in the privileges or benefits required for companies participating in such arrangements so long as such lien is created after the recordation of the Deed of Trust;

(c) any judgment lien against the Corporation so long as such judgment is being contested in good faith and execution thereon is stayed so long as such lien is created after the recordation of the Deed of Trust;

(d) (i) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 90 days; (iii) easements, rights of way, servitudes, restrictions, oil, gas or other mineral reservation and other minor defects, encumbrances, and irregularities in the title to any property which do not materially impair the use of such property or materially and adversely affect the value thereof; (iv) the rights of the City and the Trustee under this Sale Agreement, the Purchase Agreement, and the Trust Agreement;

(e) any lien consented to by the Holder Representative;

(f) any lien arising out of the issuance or which serves as security for the Series 2015 Certificates or any Additional Certificates;

(g) liens on property received by the Corporation through gifts, grants or bequests, such liens being due to restrictions on such gifts, grants or bequests of property or the income thereon only to the extent that the fair market value of such property is equal to or exceeds the amount of indebtedness secured by such lien; and

(h) liens arising from indebtedness permitted by Section 5.09 hereof.

“*Person*” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“*Prepayment Fund*” means the fund by that name established pursuant to Section 5.01 of the Trust Agreement.

“*Prepayment Price*” means, with respect to any Certificate (or portion thereof), the principal amount with respect to such Certificate (or portion thereof) plus the applicable fee, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and Section 4.01(a) of the Trust Agreement.

“*Principal Account*” means the account by that name in the Debt Service Fund established pursuant to Section 5.01 of the Trust Agreement.

“*Prior Interest Payment*” means a payment of interest with respect to the Certificates made on or prior to the date of any Determination of Taxability or Bank Qualified Adjustment Date, as applicable, or prepayment date under Section 4.01 of the Trust Agreement, if later.

“*Proceeding*” means any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

“*Project*” means the financing of the Facilities.

“*Project Fund*” means the fund held by the Trustee and established pursuant to Section 3.04 of the Trust Agreement.

“*Project Costs*” means all costs incurred by or with the approval of the Corporation at any time prior to or after the effective date of this Sale Agreement for or in connection with the financing or refinancing of the Facilities and shall include, but not be limited to, (a) obligations incurred for labor, materials and other expenses and to contractors, builders and other materialmen in connection with the acquisition and construction of and improvements to the Facilities; (b) the cost of acquiring necessary land or rights in land and any costs incidental thereto, including the costs of demolition of any existing buildings and structures or land which is necessary or useful for the construction or operation of the Facilities; (c) the cost of performance bonds and of insurance of all kinds that may be required or necessary during acquisition and construction of and improvements to the Facilities which is not paid by contractors or otherwise provided for; (d) the expenses of the Corporation (including overhead charges) in connection with the preparation of plans and specifications for the acquisition and construction of and improvements to the Facilities (including any architectural or engineering fees or the cost of any preliminary investigations for the Facilities), and for supervising construction, as well as for the performance of all other duties required by or appropriate to the acquisition and construction of or improvements to the Facilities; (e) any taxes, assessments and other charges, if any, payable in connection with the construction, sale and ownership during construction of the Facilities; and (f) any sums required to reimburse the Corporation for advances and payments made by it at any time prior to or after the effective date of this Sale Agreement for any of the above items, or for any other cost incurred or work done by or with the approval of the Corporation which is properly chargeable to the Facilities.

“*Property*” shall have the meaning set forth in the recitals hereto.

“*Purchase Agreement*” means that certain Installment Purchase Agreement, dated as of May 1, 2015, between the City and the Corporation, as originally executed and as it may from

time to time be supplemented, modified or amended in accordance with the terms thereof and of the Trust Agreement.

“*Purchase Agreement Default*” means any of the events specified in Section 5.01 of the Purchase Agreement.

“*Purchase Payments*” means the payments so designated and required to be made by the Corporation pursuant to Section 4.01 hereof and Additional Purchase Payments, if any.

“*Purchase Price*” means the amount owed by the Corporation to the City for the purchase of the Property and as specified in Section 4.01 hereof.

“*Qualified Institutional Buyer*” shall have the meaning ascribed thereto in Rule 144A of the Securities Act of 1933, as amended.

“*Rating Agency*” means S&P or Moody’s.

“*Rating Category*” means one of the general rating categories of Standard & Poor’s, Fitch or Moody’s, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“*Rebate Amount*” shall have the meaning set forth in the Tax Agreement.

“*Rebate Fund*” means the Rebate Fund established in Section 5.01 of the Trust Agreement.

“*Record Date*” means, with respect to any Interest Payment Date with respect to the Certificates, the Business Day next preceding an Interest Payment Date. With respect to any payment of defaulted interest, a special record date shall be established in accordance with the provisions of the Trust Agreement.

“*Release*” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing or dispersing into the indoor or outdoor environment or into or out of the property, including, but not limited to, the movement of Hazardous Substances through or in the air, soil, surface water, groundwater or the property and the abandonment or discard of barrels, containers, and other open or closed receptacles containing any Hazardous Substances.

“*Remedial Action*” means actions related to (a) cleaning up, removing, treating or in any other way addressing Hazardous Substances in the indoor or outdoor environment; (b) preventing or minimizing the Release or threat of Release of Hazardous Substances so that Hazardous Substances do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; and (c) collecting environmental data or performing pre remedial studies and investigations and performing operations and maintenance and postmeridian monitoring and care.

“*Request of the Corporation*” means a written request signed in the name of the Corporation by an Authorized Representative of the Corporation in the form of Exhibit A to the Trust Agreement.

“*Requirement of Law*” means any federal, state or local statute, ordinance, rule or regulation, any judicial or administrative order (whether or not on consent), request or judgment, any common law doctrine or theory, and any provision or condition of any permit or other binding determination of any Governmental Agency.

“*Reset Rate*” means for the period from May 1, 2026 to and including May 1, 2040, such interest rate as may be agreed to between the Corporation and the Owners.

“*Revenues*” means all amounts received by the City or the Trustee for the account of the City and the Corporation pursuant or with respect to the Sale Agreement, the Purchase Agreement or the Trust Agreement, including, without limiting the generality of the foregoing, Purchase Payments and Installment Payments (including both timely and delinquent payments, and any late charges, paid from whatever source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Trust Agreement, but not including any moneys paid for deposit into the Rebate Fund.

“*Sale Agreement*” means this Installment Sale Agreement, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms hereof and of the Trust Agreement.

“*Sale Agreement Default*” means any of the events specified in Section 8.01 of this Sale Agreement.

“*Sale Price*” means the amount owed by the City to the Corporation for the purchase of the Property as set forth in Section 4.02 of the Purchase Agreement.

“*Series 2015 Certificates*” means the Variable Rate Certificates of Participation authorized by, and at any time Outstanding pursuant to, the Trust Agreement and designated “City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) Series 2015” issued in an aggregate principal amount not to exceed \$5,500,000.

“*Site*” shall have the meaning ascribed thereto in the recitals.

“*Special Counsel*” means Kutak Rock LLP, or any other nationally recognized bond counsel selected by the City or the Corporation and acceptable to the Holder Representative.

“*Special Record Date*” means the date established by the Trustee pursuant to the Trust Agreement as a record date for the payment of defaulted interest with respect to the Certificates.

“*Standard & Poor’s*” or “*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other

nationally recognized securities rating agency designated by the Corporation by notice to the City and the Trustee.

“*State*” means the State of California.

“*Statement,*” “*Request,*” “*Requisition*” and “*Order*” of the City or the Corporation mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City or the Corporation by an Authorized Representative of the City or the Corporation, as the case may be. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

“*Subsequent Delivery Date*” means each date (after the Closing Date) on which Series 2015 Certificates are to be executed and delivered to Certificate Holder pursuant to a Request of the Corporation.

“*Supplemental Purchase Agreement*” means any installment purchase agreement hereafter duly authorized and entered into between the City and the Corporation, supplementing, modifying or amending the Purchase Agreement; but only if and to the extent that such Supplemental Purchase Agreement is specifically authorized under the Purchase Agreement and the Trust Agreement.

“*Supplemental Trust Agreement*” means any trust agreement hereafter duly authorized and entered into among the City, the Corporation and the Trustee, supplementing, modifying or amending the Trust Agreement; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

“*Tax Agreement*” means the Tax Certificate and Agreement delivered by the Corporation and the City in connection with the execution and delivery of the Certificates.

“*Tax-Exempt*” means, with respect to interest on any obligations of a state or local government, including the Installment Payments, that such interest is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“*Tri Counties Bank*” means Tri Counties Bank, and its successors and assigns.

“*Trust Agreement*” means that certain Trust Agreement, dated as of May 1, 2015, among the City, the Corporation and the Trustee, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

“*Trustee*” means U.S. Bank, National Association, a [_____], having its Corporate Trust Office in [_____], or its successor, as trustee under the Trust Agreement.

Section 1.02. Content of Statements and Opinions. Every statement or opinion provided for in this Sale Agreement with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such statement or opinion has read such 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 statement or opinion is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such statement or opinion made or given by an officer of the City or the Corporation may be based, insofar as it relates to legal or accounting matters, upon a statement or opinion of or representation by counsel or an accountant, unless such officer knows, or in the exercise of reasonable care should have known, that the statement, opinion or representation with respect to the matters upon which such statement or statement may be based, as aforesaid, is erroneous. Any such statement or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City or the Corporation, as the case may be) upon a statement or opinion of or representation by an officer of the City or the Corporation, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the statement or opinion or representation with respect to the matters upon which such person's statement or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the City or the Corporation, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Sale Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE CORPORATION AND THE CITY; FINDINGS OF THE CITY

Section 2.01. Representations and Warranties of the Corporation. The Corporation makes the following representations and warranties to the City as of the date of the execution of this Sale Agreement and as of the date of delivery of the Series 2015 Certificates to the initial purchaser(s) thereof:

(a) The Corporation is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Sale Agreement, the Purchase Agreement, the Trust Agreement, the Certificate Purchase Agreement, the Deed of Trust, the Environmental Indemnity Agreement and the Tax Agreement (the "Corporation Documents"), and to carry out and consummate all transactions contemplated by the Corporation Documents, and by proper corporate action has duly authorized the execution and delivery of the Corporation Documents.

(b) The officers of the Corporation executing the Corporation Documents are duly and properly in office and fully authorized to execute the same.

(c) This Sale Agreement has been duly authorized, executed and delivered by the Corporation, and (i) when assigned to the Trustee pursuant to the Trust Agreement, will constitute a legal, valid and binding agreement of the Corporation with the Trustee, enforceable against the Corporation in accordance with its terms for the benefit of the Owners of the Certificates; and (ii) any rights of the City and obligations of the Corporation not so assigned to the Trustee constitute the legal, valid, and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms; except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought. The Corporation Documents have been duly authorized, executed and delivered by the Corporation, and constitute the legal valid and binding agreements of the Corporation enforceable in accordance with their terms; except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought.

(d) The execution and delivery of the Corporation Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not in any material respect conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Corporation, or its bylaws, or, to the best knowledge of the Corporation, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, trust agreement, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Corporation Documents, or the financial condition, assets, properties or operations of the Corporation.

(e) No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Agency is necessary in connection with the execution and delivery of the Corporation Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(f) The Corporation has not received notice of any action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other Governmental Agency, pending, or to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or

operations of the Corporation which, if determined adversely to the Corporation or its interests, could have a material adverse effect upon the consummation of the transactions contemplated by or the validity or enforceability of the Corporation Documents, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Agency, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Corporation Documents, or the financial condition, assets, properties or operations of the Corporation. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof.

(g) No written information, exhibit or report furnished to the City by the Corporation in connection with the negotiation of the Corporation Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(h) The Corporation is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, and is a private foundation as described in Section 509(a) of the Code.

(i) The Corporation has a fee interest in the Site and will acquire in due course good and marketable title to the Facilities, free and clear from all encumbrances other than Permitted Liens.

(j) The Corporation does not restrict admissions to the Facilities on the basis of race, creed, color, sex, religion, source of income (e.g., AFDC, SSI), physical disability, age, national origin or marital status.

(k) The minutes of the Board do not reflect any events occurring or any action taken by the Board, the officers or employees of the Corporation, or any agent or consultant retained or appointed by the Board or the Corporation, which (i) calls into question the authority of the Board or the Corporation to (A) enter into the transaction respecting the delivery of the Certificates and the execution and delivery of this Sale Agreement (the "Transaction"); or (B) construct, install, equip and furnish the Facilities; (ii) challenges the right, power or authority of the Board to approve the Transaction; or (iii) otherwise adversely affects or questions the ability of the Board and the Corporation to make Installment Payments or perform its obligations.

(l) The Corporation shall make no changes to the Facilities or to the operation thereof which would impair the exclusion of the interest with respect to the Series 2015

Certificates and the Additional Certificates, if applicable, from the gross income of the owners thereof for federal income tax purposes.

(m) The Corporation acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which the Corporation is a party or of which it is a beneficiary, including the Trust Agreement; that it understands the risks inherent in such transactions; and that it has not relied on the City for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the City Documents and the Trust Agreement or otherwise relied on the City for any advice.

Section 2.02. Representations and Warranties of the City. The City makes the following representations:

(a) The City is a municipal corporation and general law city established and existing under the Constitution and laws of the State.

(b) The City has full legal right, power and authority to enter into this Sale Agreement, the Purchase Agreement, the Trust Agreement, the Certificate Purchase Agreement and the Tax Agreement (the "City Documents") and to carry out its obligations hereunder and to carry out and consummate all other transactions contemplated by the City Documents.

(c) By proper action, the City has duly authorized the execution, delivery and due performance of the City Documents.

Section 2.03. Findings of the City. The City hereby finds and determines that (a) the medical services to be provided by the Corporation at the Facilities will serve public purposes and are necessary to meet the health needs of the population served by the City; (b) the Property will not be needed for other City purposes; and (c) this Sale Agreement and the transactions contemplated hereby are in the best interests of the City and the general public, promote the health, welfare and safety of the citizens of the City, and constitute necessary and proper governmental purposes.

ARTICLE III

PURCHASE AND SALE OF THE PROPERTY

Section 3.01. Purchase and Sale of the Property. The City agrees to sell, grant, transfer and convey and hereby sells, grants, transfers and conveys to the Corporation, and the Corporation agrees to purchase, and hereby purchases, from the City, all of the City's right, title and interest in and to all of the Property, at the Purchase Price (payable in installments) specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Sale Agreement. The Corporation and the City agree that legal and equitable title to the Property shall immediately be deemed conveyed to and vested in the Corporation. Concurrently herewith, the Corporation is executing in favor of the Trustee, and the Trustee is accepting, the Deed of Trust.

ARTICLE IV

PAYMENT PROVISIONS

Section 4.01. Purchase Price.

(a) The Corporation agrees to pay the Purchase Price for the Property by making installment payments, to be referred to herein as “Purchase Payments” which the Corporation agrees to pay to the Trustee, as assignee of the City.

The Purchase Payments will be paid to the Trustee for deposit in the Debt Service Fund held by the Trustee and which, in the aggregate, shall be in an amount sufficient for the payment in full of all obligations to the Owners of the Certificates from time to time Outstanding under the Trust Agreement, including (i) the total interest components due and payable with respect to the Installment Payments to be paid by the City under the Purchase Agreement; (ii) the total principal components of such Installment Payments, including mandatory prepayment and extraordinary prepayment as provided in Section 4.01 of the Trust Agreement; and (iii) the prepayment premiums, if any, that shall be payable on the prepayment of obligations represented by the Certificates prior to their respective stated payment dates; less the amount of other funds available for such payment as provided in the Trust Agreement. The Corporation shall receive credit for Purchase Payments due pursuant to this Section 4.01 to the extent and in the amount on deposit in the Debt Service Fund.

The Purchase Payments shall in the aggregate be in an amount equal to the principal of and the interest payable with respect to the Certificates, taking into account any other funds in the Debt Service Fund available for such deposits (including any amounts transferred to the Debt Service Fund pursuant to Sections 5.05 and 5.10 of the Trust Agreement) and any amount, including prepayment premium, if any, required to prepay the obligations represented by the Certificates pursuant to Section 4.01 of the Trust Agreement. Each Purchase Payment hereunder shall be paid in lawful money of the United States of America in immediately available funds to the Trustee at its Corporate Trust Office, and held, invested, disbursed and applied as provided in the Trust Agreement. The Corporation will make each such Purchase Payment at least three Business Days prior to the date any principal and interest is due with respect to the Certificates directly to the Trustee in satisfaction of the City’s Installment Payment obligations under the Purchase Agreement. In the event the Corporation should fail to make any of the payments required by this Section, the installment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid with interest thereon at the Default Rate from the due date thereof to the date paid.

(b) The Corporation shall pay to the City, or cause to be satisfied, at the time this Sale Agreement is executed and delivered, an amount sufficient to pay any taxes which may be imposed on the sale, resale, use, possession or ownership of the Property pursuant to this Sale Agreement and the Purchase Agreement. If any Governmental Agency later requires the payment of additional taxes on such sale, and resale, use,

possession or ownership, the Corporation will pay such amounts when and as due and payable.

Section 4.02. Additional Payments. In addition to Purchase Payments, the Corporation shall also pay to the City or to the Trustee, as the case may be, “Additional Payments,” as follows:

(a) All taxes and assessments of any type or character charged to the City or to the Trustee affecting the amount available to the City or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby or by the Purchase Agreement or the Trust Agreement (including taxes and assessments assessed or levied by any public agency or Governmental Agency of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee and taxes or activities of the City not required under this Sale Agreement, the Purchase Agreement or the Trust Agreement; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the City or the Trustee, at the Corporation’s expense, to protest and contest any such taxes or assessments levied upon the City or the Trustee, and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the City or the Trustee;

(b) All reasonable fees, charges and expenses (including legal fees and expenses) of the Trustee arising with respect to this Sale Agreement, including rebate payments pursuant to Section 5.05, the Purchase Agreement or the Trust Agreement and the reasonable fees and expenses of counsel to the Owners in connection with any Event of Default or any consent, amendment, waiver or other action to be taken by such Owners in connection with any amendment hereto or to the Trust Agreement, the Purchase Agreement or the Certificates, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants (including rebate consultants), attorneys and other experts as may be engaged by the City or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services with respect to this Sale Agreement, the Purchase Agreement, or the Trust Agreement; and

(d) The reasonable fees and expenses of the City, including, without limitation, attorneys’ fees in connection with the Certificates, the Project, the Facilities or the City Documents; the issuance fee of the City relating to the Certificates in the amount of \$[____], payable on the Closing Date; the annual fee of the City relating to the Certificates, equal to the greater of (i) 1.5 basis points (0.015%) times the principal amount of the Certificates outstanding on the issuance date (for the initial annual fee) or on the first day of the month in which the anniversary of the issuance date occurs (for each subsequent annual fee), or (ii) \$500, payable annually in advance on the Closing Date and on each May 1 thereafter; any and all reasonable expenses incurred in connection with the authorization, sale, execution and delivery of the Certificates or in

connection with any litigation, investigation or other proceeding which may at any time be instituted involving the City Documents, the Certificates or the Trust Agreement or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of the City Documents.

Additional Payments shall be billed to the Corporation by the Trustee from time to time, together with appropriate invoices evidencing the amount billed has been incurred or paid by the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within 30 days after receipt of the bill by the Corporation. Notwithstanding the foregoing, the Trustee shall not be required to bill the Corporation for any Additional Payments required by Section 4.02(d).

Section 4.03. Obligations of the Corporation Unconditional; Net Contract. The obligations of the Corporation to make the Purchase Payments and Additional Payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any Purchase Payments or Additional Payments remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Property, commercial frustration of purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any Governmental Agency, or any failure of the City or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Sale Agreement, the Purchase Agreement or the Trust Agreement. This Sale Agreement shall be deemed and construed to be a “net contract,” and the Corporation shall pay absolutely net the Purchase Payments, Additional Payments and all other payments required hereunder, regardless of any rights of set off, recoupment, abatement or counterclaim that the Corporation might otherwise have against the City or the Trustee or any other party or parties.

Section 4.04. Optional Prepayment.

(a) The Corporation shall have the right from time to time to the extent, in the manner and as permitted by Section 4.01 of the Trust Agreement to prepay all or any portion of the Purchase Payments and the City agrees to cause the Trustee to accept, pursuant to the Trust Agreement, such prepayments when the same are tendered by the Corporation. All prepayments (and the additional payment of any amount necessary to pay a fee, if any, payable upon the prepayment of Series 2015 Certificates) shall be deposited upon receipt in the Prepayment Fund, and, after payment or provision for payment in full of the Certificates, then at the order of the Corporation, credited against Purchase Payments or used for the prepayment or purchase of Outstanding Certificates in the manner and subject to the terms and conditions set forth in the Trust Agreement. Notwithstanding any such prepayment or surrender of Certificates, as long as any

Certificates remain Outstanding or any Purchase Payments or Additional Payments remain unpaid, the Corporation shall not be relieved of its obligations hereunder.

(b) At any time that there is on deposit with the Trustee moneys or Investment Securities described in clause (a) of the definition thereof in the amount necessary to pay or prepay all the obligations represented by the Outstanding Certificates (as provided in Article X of the Trust Agreement), and if adequate provision is made for the payment of any Additional Payments, the City, at the request of the Corporation, shall forthwith take or cause to be taken all steps that may be necessary to discharge and terminate the obligations represented by the Outstanding Certificates and all covenants, agreements and other obligations of the City under the Trust Agreement which relate only to the Certificates.

Section 4.05. Mandatory Prepayment. The Corporation shall prepay the Purchase Payments on the following terms:

(a) *Determination of Taxability.* The Corporation shall prepay all, but not less than all, of the Purchase Payments immediately after the occurrence of a Determination of Taxability by paying the amount necessary to redeem all the Series 2015 Certificates at the applicable redemption price as provided in the Trust Agreement, interest at the applicable Gross-Up Rate to the date of payment as required by Section 4.06(c) hereof and any outstanding and unpaid Sale Payments and Additional Payments due under this Sale Agreement plus an amount necessary to supplement the Prior Interest Payments to the applicable Gross-Up Rate.

(b) *Mandatory Tender.* The Corporation shall prepay all, but not less than all, of the Purchase Payments to permit the Trustee to pay the purchase price of the Series 2015 Certificates tendered in accordance with Section 4.06 of the Trust Agreement for purchase on the Mandatory Tender Date, unless all or a portion of the Series 2015 Certificates have been remarketed on or prior to the Mandatory Tender Date in accordance with Section 4.06(d) of the Trust Agreement, in which case such prepayment shall be required only to the extent remarketing proceeds are unavailable on the Mandatory Tender Date for use in paying the purchase price of such tendered Series 2015 Certificates. In consideration of and in payment of the Purchase Payments, the Corporation shall pay the full amount of the prepayment price to the Trustee on or before May 1, 2026, for deposit into the Debt Service Fund held by the Trustee under the Trust Agreement as provided in Section 5.02 thereof to effect purchase of the Series 2015 Certificates from the tendering owners thereof on the Mandatory Tender Date. The Corporation shall be entitled to a return of all or a portion of the full amount so paid for deposit to the extent that remarketing proceeds are on deposit and available to the Trustee on the Mandatory Tender Date for the purpose of paying the purchase price for the Series 2015 Certificates on such Mandatory Tender Date and are in fact so applied. Notwithstanding the forgoing, if the Corporation has arranged for a remarketing of the Series 2015 Certificates during the 30 days prior to the Mandatory Tender Date, then if the Holder Representative is given at least five (5) days notice of the remarketing date during such period (the "Remarketing Date"), the Series 2015 Certificates shall be deemed to have been tendered on such Remarketing Date so that they may be delivered

against payment to the purchasers of the Series 2015 Certificates in such remarketing on such Remarketing Date.

Section 4.06. Interest Component of the Purchase Payments.

(a) The interest component of the Purchase Payments shall be payable at the Initial Interest Rate applicable to the Outstanding Principal Amount of the Series 2015 Certificates as determined by the Holder Representative from the Closing Date to May 1, 2026, and following May 1, 2026, at the Reset Rate.

(b) The interest component of the Purchase Payments payable shall be on the basis of a 360 day year comprised of twelve 30 day months.

(c) Notwithstanding anything in this Sale Agreement to the contrary, upon the occurrence of a Determination of Taxability, the Outstanding Certificates shall be immediately subject to Mandatory Prepayment as provided in Section 4.01(d) of the Trust Agreement, but until such prepayment may be accomplished, the Corporation shall, with respect to any interest payments determined to be taxable and any future interest payments prior to such mandatory prepayment, begin making Purchase Payments incorporating the interest component calculated at the applicable Gross-Up Rate. In addition, upon such occurrence, the Corporation shall make immediately upon demand of the Holder Representative a payment to the Trustee for deposit into the Interest Account of the Debt Service Fund sufficient to indemnify the Certificateholders and supplement Prior Interest Payments to the applicable Gross-Up Rate, and such obligation shall survive the termination of this Sale Agreement.

ARTICLE V

PARTICULAR COVENANTS

Section 5.01. Maintenance of Corporate Existence of the Corporation: Consolidation, Merger, Sale or Transfer under Certain Conditions.

(a) The Corporation covenants and agrees that it will maintain its existence as a California nonprofit corporation and an organization described in Section 501(c)(3) of the Code and will not dissolve, sell or otherwise dispose of all or substantially all of its assets (except in compliance with Section 5.07 hereof) nor consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it; provided, that, with the prior written consent of the Holder Representative, the Corporation may, without violating the covenants contained in this Section, consolidate with or merge into another Person, or permit one or more other Persons to consolidate with or merge into it, or sell or otherwise transfer to another Person such assets, if the surviving, resulting or transferee Person, as the case may be: (i) assumes in writing, if such Person is not the Corporation, all of the obligations of the Corporation under this Sale Agreement, the Purchase Agreement, the Trust Agreement and the Tax Agreement; (ii) is not, after such transaction, otherwise in default under any provisions of this Sale

Agreement, the Purchase Agreement or the Trust Agreement; and (iii) is an organization described in Section 501(c)(3) of the Code;

The Trustee and the City shall have received a Favorable Opinion of Special Counsel to the effect that such merger, consolidation, sale or other transfer will not, in and of itself, cause the interest component of the Installment Payments to be included in gross income for purposes of federal income taxation under Section 103 of the Code; and

The surviving, resulting or transferee Person, as the case may be, shall deliver to the Trustee a Statement of an Authorized Representative to the effect that it intends to continue to operate the Facilities in a manner which will allow it to continue to meet all of the Corporation's obligations hereunder.

(b) If a merger, consolidation, sale or other transfer is effected as provided in this Section, the provisions of this Section shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this Section.

Section 5.02. Licensing and Accreditation. The Corporation covenants and agrees to use its best efforts to maintain all permits, licenses, accreditations and other governmental approvals necessary for the operation of the Facilities; provided, however, that nothing herein contained shall be construed to obligate the Corporation to retain or preserve any permits, licenses, accreditations or other governmental approvals no longer used or, in the judgment of the governing body of the Corporation, no longer useful in the conduct of its business.

Section 5.03. Limitation on Creation of Liens. The Corporation covenants and agrees that it will not create, assume or suffer to be created or permit to exist any lien (including the charge upon Property purchased under conditional sales or other title retention agreements) (a "security interest") upon any Property of the Corporation, whether now owned or hereafter acquired; provided, however, that notwithstanding the foregoing provisions, the Corporation may create, suffer or assume Permitted Liens.

Section 5.04. Accounting Records. The Corporation covenants and agrees at all times to keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the Corporation. Such books of record and account shall be available for inspection by the Trustee and City during regular business hours upon two Business Days' notice to the Corporation and under reasonable circumstances.

Section 5.05. Tax Covenants. The Corporation shall not take any action, or consent to the taking of any action by the City, or fail to take any action, if such action or failure to take action would result in the inclusion in gross income of the recipient thereof of the interest component payable with respect to the Certificates for purposes of federal or State income taxation. Without limiting the foregoing, the Corporation shall comply with the following specific requirements:

(a) The Corporation shall not use or permit the use by any Person of any of the funds provided through the financing accomplished by virtue of this Sale Agreement and the Purchase Agreement or any other of its funds, directly or indirectly, or direct the Trustee to invest any funds held by it under the Trust Agreement, the Purchase Agreement or this Sale Agreement, in such manner as would, or enter into, or allow any “related person” (as defined in Section 144(a)(3) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Certificates that would, or take or omit to take any other action that would, cause any Certificate to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

(b) The Corporation shall maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code. Further, the Corporation shall not use or permit the use of the Facilities by any Person in such manner or to such extent as would result in loss of the exclusion from gross income of the interest component payable with respect to the Certificates under Section 103 of the Code, and the Corporation shall comply with the provisions of the Tax Certificate regarding the use of any portion of the Facilities by any Person.

(c) No more than 2% of the proceeds of the Certificates will be used to pay Costs of Delivery. The Corporation shall take all action necessary to ensure that the foregoing 2% limitation is not exceeded.

(d) The Corporation acknowledges having read Section 5.08 of the Trust Agreement and agrees to perform all duties imposed upon it by such Section and by the Tax Agreement including making deposits to the Rebate Fund at the times and in the amounts determined pursuant to the Trust Agreement and the Tax Agreement. Insofar as said Section and the Tax Agreement impose duties and responsibilities on the Corporation, they are specifically incorporated herein as if fully set forth herein.

Section 5.06. Compliance with United States and California Constitutions. The Corporation covenants and agrees that it will not discriminate on the basis of race, creed, color, sex, religion, source of income (e.g., AFDC, SSI), disability, age, national origin or marital status in connection with its services.

Section 5.07. Limitations on Disposition of Facilities and Personal Property. The Corporation agrees that it will not, without the prior written consent of the Holder Representative, sell or otherwise dispose, including any disposition by lease, of the Facilities, except as permitted under the Deed of Trust and except for disposition or transfers:

(a) of the Facilities pursuant to any lease; provided that the Corporation shall first obtain a Favorable Opinion of Special Counsel to the effect that the execution of such lease will not cause the interest component of the Installment Payments to be included in gross income for federal income tax purposes; and

(b) of personal property deemed by the Corporation no longer necessary for the efficient operation of the Facilities.

Notwithstanding any lease of the Facilities, the Corporation shall remain liable for the payment of all Purchase Payments and Additional Payments and all other obligations of the Corporation under this Sale Agreement.

Section 5.08. Reserved.

Section 5.09. Reserved.

Section 5.10. Environmental Compliance.

(a) The Corporation covenants and agrees that it will comply with all material laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Facilities, the Corporation or the operations thereof, including all Environmental Regulations, and it will not commit, suffer or permit any act to be done in violation of any law, ordinance or regulation, except, in each case, where such noncompliance or act would not have a material adverse effect upon the Corporation's assets, operations or financial condition.

(b) The Corporation represents and warrants that:

(i) To the best of its knowledge, after due inquiry, no litigation, investigation or administrative or other proceeding of any kind before or by any Governmental Agency or private party relating to (A) any environmental, health, or safety Requirement of Law; (B) any Remedial Action; (C) any Liabilities and Costs arising from the Release or threatened Release of Hazardous Substances into the environment; or (D) any other Liabilities and Costs arising from or concerning environmental, health or safety issues or conditions is pending or threatened against or involving the Facilities.

(ii) The Corporation is not subject to any judgment, injunction, writ, order or agreement respecting (A) any environmental, health or safety Requirement of Law; (B) any Remedial Action; (C) any Liabilities and Costs arising from or concerning environmental, health or safety issues or conditions arising from the violation of law. In addition, the Corporation is not now aware, after due inquiry, of any grounds on which such judgment, injunction, writ, order or agreement might be based.

(iii) The Corporation has researched the history of uses of the Property and has reviewed all reports of investigations, contracting documents and other written materials in its possession concerning the existence of Hazardous Substances with respect to the Property. These reports indicated that no Hazardous Substances have been disposed at the Property in any manner as to result in material liability to the Corporation. The Corporation agrees that it will take all actions to ensure that it is in material compliance with any Requirement of Law if and when there is a Release of any Hazardous Substances at the Property.

(iv) The Corporation has not entered into any negotiations or agreements with any person, including, without limitation, any prior owner of any portion of the Property relating to any Remedial Action.

(v) The Corporation has not received any notice or claim or information to the effect that it is or may be liable to any person as a result of a Release or threatened Release of a Hazardous Substances into the environment in violation of applicable Environmental Regulations.

(vi) No Environmental Lien has attached to any of the Property.

(vii) The Property does not contain asbestos or any PCB containing material in violation of any Requirement of Law.

(viii) The operations or other activities of the Corporation shall not result in the disposal or other Release of any Hazardous Substances on or from the property other than in material compliance with applicable Environmental and the Corporation shall not engage in any activities that will result in the violation of any current or future environmental laws. The Corporation shall obtain from time to time all permits required under any current or future environmental laws so that the operations of the Corporation will be in material compliance with such laws.

(ix) The Corporation will make available for inspection from time to time all documents and information in its possession and control regarding activities and conditions relating to the Property and other assets which may result in material noncompliance with, or liability under, any Requirement of Law.

(x) The Corporation shall not knowingly store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit or dispose of any Hazardous Substance in, upon, under, over or from the Facility other than in material compliance with all applicable Environmental Regulations, shall not permit any Hazardous Substance to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of or to escape therein, thereupon, thereunder, there over or therefrom other than in material compliance with all applicable Environmental Regulations, shall not install or permit to be installed any underground storage tank therein or thereunder other than in material compliance with all applicable Environmental Regulations, and shall comply with all Environmental Regulations which are applicable to the Facility. At any time, and from time to time, if the Owner of the Certificates reasonably so requests, the Facility shall have an environmental review, audit, assessment and/or report prepared for the Owner of the Certificates, if none has previously been so provided during the immediately preceding 36 months. The Corporation shall indemnify the Trustee and the owner of the Certificates and shall hold the Trustee and such owner harmless from, and shall reimburse the Trustee and each Owner for, any and all claims, demands, judgments, penalties, liabilities, costs, damages and expenses, including court costs and attorneys' fees directly or indirectly

incurred by the Trustee and the Owner of any Certificate (prior to trial, at trial and on appeal) in any action against or involving the Trustee or the Owner of the Certificates, resulting from any breach of the foregoing covenants, any action challenging the legality of the financing, or from the discovery of any Hazardous Substance, in, upon, under or over, or emanating from, the Facility, whether or not the Corporation is responsible therefor, it being the intent of the Corporation that neither the Trustee nor the Owner of the Certificates shall have any liability or responsibility for damage or injury to human health, the environment or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to, Hazardous Substances by virtue of its interests, if any, in the Facility created by the Trust Agreement, the Deed of Trust or this Sale Agreement or otherwise, or hereafter created, or as the result of the Trustee exercising any of its rights or remedies with respect thereto hereunder or under any other instrument, including but not limited to becoming the owner hereof by foreclosure or conveyance in lieu of foreclosure. The foregoing representations, warranties and covenants shall be deemed continuing covenants, representations and warranties for the benefit of the Trustee and the Owner of the Certificates and any successors and assigns thereof, including but not limited to any transferee of the title of the Trustee by deed in lieu of foreclosure or otherwise.

(xi) Within 10 days after receipt of any report, citation, order, manifest or other written or oral communication from any local, state or federal agency or authority empowered to enforce, investigate or oversee compliance with Environmental Regulations, concerning the Property, any condition thereon, or the activities of any person on or near the Property, the Corporation shall notify the Trustee in writing of the contents of such communication, and shall provide the Trustee with a copy of all relevant documents.

(xii) Nothing contained in this Section shall obligate the Trustee to take any action with respect to the Property, any Hazardous Substances thereon, or any condition or activity that is in violation of Environmental Regulations, or to take any action against any Person with respect to such substances, condition or activity.

Section 5.11. Lease Assignment Agreement. The Corporation covenants and agrees to execute and deliver to the Trustee, the Lease Assignment Agreement on the Closing Date. The Corporation further covenants and agrees to take all actions necessary to cause the Lease Assignment Agreement to remain in full force and effect while any Certificates are Outstanding.

Section 5.12. Reserved.

Section 5.13. Reserved.

Section 5.14. Prohibited Uses. No portion of the proceeds of the Certificates shall be used to finance any facility, place or building used or to be used (a) primarily for sectarian instruction or study or as a place for devotional activities or religious worship, or (b) by a Person not a “501(c)(3) organization” or a “governmental unit” within the meaning of Section 145 of the

Code or by a “501(c)(3) organization” (including the Corporation) in an “unrelated trade or business” within the meaning of Section 513(a) of the Code, in such manner or to such extent as would result in any of the Certificates being treated as an obligation not described in Section 103(a) of the Code.

Section 5.15. Reserved.

Section 5.16. Modification of Facilities and Property. Subject to the limitations set forth in the Deed of Trust and in any Permitted Lien relating to Indebtedness that the Corporation may incur as provided in Section 5.09 hereof and to the limitations contained in Section 5.09 hereof, the Corporation shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities, provided that, no such remodeling, addition, modification or improvement shall diminish or otherwise have a material adverse effect on the fair market value of the Facilities. All additions, modifications and improvements shall thereafter comprise part of the Property and be subject to the provisions of this Sale Agreement. Such additions, modifications and improvements shall not in any way damage the Facilities, substantially alter its nature, cause the interest component of Installment Payments to be subject to federal income taxes or cause it to be used for purposes other than those authorized under the provisions of State and federal law; and the Facilities, upon completion of any additions, modifications and improvements made thereto pursuant to this Section, shall be of a value which is not less than the value of the Facilities immediately prior to the making of such additions, modifications and improvements. The Corporation will not permit any mechanic’s or other lien to be established or remain against the Facilities for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the Corporation pursuant to this Section; provided that if any such lien is established and the Corporation shall first notify or cause to be notified the City of the Corporation’s intention to do so, the Corporation may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the City with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the City. The City will cooperate fully in any such contest, upon the request and at the expense of the Corporation. The Corporation agrees that it will take no action that would affect the availability of its use and possession of the Facilities.

Section 5.17. [Reserved].

Section 5.18. Security Interest of the Owner of Certificates. On the Closing Date, title to the Facility shall be vested in the Corporation, and the Corporation shall grant a mortgage lien on and security interest in the Facility to the City, which shall be assigned to the Trustee for the benefit of the Owner of the Certificates as security for the Corporation’s obligations to make Purchase Payments pursuant to the Deed of Trust, which sets forth the terms and conditions relating to the security provided thereby including first priority (subject only to Permitted Liens) for the benefit of the Owner of the Certificates. The Corporation hereby irrevocably authorizes the Trustee on behalf of the Owner of the Certificates at any time and from time to time to file in any jurisdiction any initial financing statements, continuation statements and amendments thereto that identify the Facility at the expense of the Corporation.

Section 5.19. Financial Statements. The Corporation shall, upon request, deliver to the Trustee and the City as soon as practicable and in any event no later than May 15 of each year, commencing May 15, 2016, the audited financial statements of the Corporation for immediately preceding Fiscal Year.

Section 5.20. Reserved.

Section 5.21. Indemnification of the Owners of the Certificates. The Corporation shall indemnify and hold harmless the Owners of the Certificates and their respective officers, directors and employees against all claims, damages, liabilities and expenses which may be incurred by or asserted against any such person in connection with or arising out of the operation of the Facilities, the financing or refinancing of the Facilities, other than for claims, damages, liability and expenses resulting solely from the gross negligence or willful misconduct of the Owner of the Certificates, its officers, directors or employees seeking such indemnity.

Section 5.22. Obligations Unconditional. The obligation of the Corporation to make Purchase Payments, Additional Payments and any payments required of the Corporation under Section 6.02 hereof shall be absolute and unconditional, and the Corporation shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, setoff, recoupment or counterclaim which the Corporation may have or assert against the City, the Trustee or any other Person; provided that the Corporation may contest or dispute the amount of any such obligation in accordance with this Sale Agreement.

ARTICLE VI

MAINTENANCE, TAXES, INSURANCE AND CONDEMNATION

Section 6.01. Maintenance and Operation of the Facilities. The Corporation covenants and agrees that it will operate and maintain or cause to be operated and maintained in all material respects the Facilities in accordance with all applicable governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the Corporation. The Corporation further covenants and agrees that it will maintain and operate or cause to be operated and maintained the Facilities, and all machinery, apparatus, fixtures, fittings and equipment of any kind in or that shall be placed in any building or structure now or hereafter at any time constituting part of the Facilities in good repair, working order and condition, and that it will from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements so that the efficiency and value of the Facilities shall not be materially impaired.

Section 6.02. Taxes; Assessments; Other Governmental Charges and Utility Charges. The Corporation covenants and agrees that it will pay and discharge or cause to be paid and discharged all taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may

have become liens upon the Facilities and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Facilities or any part thereof, and, upon request, will furnish to the Trustee receipts for all such payments, or other evidences satisfactory to the Trustee; provided, however, that the Corporation shall not be required to pay any tax, assessment, rate or charge as herein provided as long as it shall in good faith contest the validity thereof, provided that the Corporation shall have set aside reserves with respect thereto that, in the opinion of the Board of the Corporation, are adequate.

Section 6.03. Insurance Required. The Corporation will during the term of this Agreement and at all times while any Certificates are outstanding continuously maintain casualty and liability insurance on the Facilities in amounts and covering such risks as are customarily insured against by businesses of similar like size and type paying as the same become due all premiums in respect thereof. In addition the Corporation shall comply, or cause compliance, with all applicable worker's compensation laws of the State.

Section 6.04. Reserved.

Section 6.05. Reserved.

Section 6.06. Disposition of Insurance and Condemnation Proceeds. In case of a taking or proposed taking of all or any part of the Facilities or any right therein by Eminent Domain, the party hereto upon which notice of such taking is served shall give prompt written notice to the other party and to the Trustee and the Owner Representative. Each such notice shall describe generally the nature and extent of the taking or proposed taking and any proceedings or negotiations related thereto. If at any time while any of the Certificates are Outstanding, the Facilities, or any portion thereof, shall be damaged or destroyed by fire, flood, windstorm or other casualty, or title to, or the temporary use of, the Facilities, or any portion thereof, shall have been taken by the power of eminent domain, the Corporation (unless it shall have exercised its option to prepay all of the Certificates) shall cause the proceeds of such insurance or eminent domain settlement or an amount equal thereto to be used for the repair, reconstruction, restoration or improvement of the Facilities or the redemption of the Certificates, or any combination thereof. In case of any damage to or destruction of all or any part of the Facilities exceeding \$50,000, the Corporation shall give prompt written notice thereof to the Issuer, the Owner Representative and the Trustee. Notwithstanding the above, the Corporation shall comply with the terms of the Continuing Covenant Agreement relating to the use of proceeds of an insurance or eminent domain settlement.

ARTICLE VII

NON LIABILITY OF THE CITY; EXPENSES, INDEMNIFICATION

Section 7.01. Non-Liability of the City. The City shall not be obligated to pay Installment Payments or the principal component, prepayment premium, if any, or interest component with respect to the Certificates, except from Purchase Payments (attributable to payments made by the Corporation) and other moneys and assets received by the Trustee on behalf of the City pursuant to this Sale Agreement. The City shall not be directly or indirectly or

continently or morally obligated to use any other moneys or assets for all or any portion of the Sale Price or Installment Payments or for all or any portion of such other costs or expenses. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof or the City is pledged to the payment of the principal component or prepayment premium or interest component with respect to the Certificates.

The Corporation hereby acknowledges that the City's sole source of moneys to make Installment Payments will be provided by the payments made by the Corporation pursuant to this Sale Agreement, together with investment income on certain funds and accounts held by the Trustee under the Trust Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay any Installment Payment or all principal components, prepayment premium, if any, and interest components with respect to the Certificates as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from the Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal components, premium or interest components, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation or any third party.

Section 7.02. Expenses. The Corporation covenants and agrees to pay and to indemnify the City and the Trustee against all costs and charges, including reasonable fees of attorneys, accountants, consultants and other experts, incurred in good faith or arising out of or in connection with this Sale Agreement, the Purchase Agreement, the Certificates or the Trust Agreement, including, but not limited to, any challenges, inquiries, audits or investigations relating to the legality of the tax-exemption of the interest component of Certificate payments.

Section 7.03. Indemnification. Except for the willful misconduct of the City, the Corporation undertakes and agrees to defend, indemnify and hold harmless the City and its boards, officers, agents, employees, assigns and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including but not limited to, attorney's fees and costs of litigation, damage or liability of any nature whatsoever, related to the Certificates, the City Documents, the Project or the Facilities.

The Corporation agrees, to the extent permitted by law, to indemnify and hold harmless the Trustee and the Owners of the Certificates and their directors, officers, employees and agents from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind or character arising out of, resulting from or in any way connected with any challenge to the legality of the financing or the presence or release of any hazardous or legally prohibited substance on, about or within the Property or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Facilities or any part thereof or as a result of 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 light of the circumstances under which they were made, not misleading. The Corporation further agrees, to the extent permitted by law, to pay or reimburse the Trustee and the Owners and their directors, officers, employees and agents for any and all costs, reasonable attorney fees, liabilities or reasonable expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, expenses or actions.

Section 7.04. Reserved.

Section 7.05. Survival Beyond Termination. The provisions of this Article shall survive payment in full of the Certificates, the termination of the Purchase Agreement, the termination of the Trust Agreement and the termination or expiration of this Sale Agreement.

ARTICLE VIII

SALE AGREEMENT DEFAULTS AND REMEDIES

Section 8.01. Sale Agreement Defaults. The following events shall be “Sale Agreement Defaults”:

(a) if the Corporation shall fail to pay any Purchase Payments when due and payable;

(b) if the Corporation shall fail to comply with the provisions of Section 4.02, 5.01, 5.02, 5.03, 5.05, 5.07, 5.19 and 5.20 hereof;

(c) if any representation or warranty made by the Corporation herein or in any document, instrument or certificate furnished to the Trustee or the City in connection with the execution and delivery of the Certificates shall at any time prove to have been incorrect in any material respect as of the time made;

(d) if the Corporation shall breach in any material manner any warranty by the Corporation herein contained for a period of 30 days after written notice, specifying such breach and requesting that the same be remedied, has been given to the Corporation by the City or the Trustee; except that, if such breach can be remedied but not within such 30 day period and if the Corporation has taken all action reasonably possible to remedy such breach within such 30 day period, such breach shall not become a Sale Agreement Default for so long as the Corporation shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee as directed in writing by the Holder Representative;

(e) if the Corporation shall fail to observe or perform any material covenant, condition, agreement or provision in this Sale Agreement or the Trust Agreement on its part to be observed or performed, other than as referred to in subsections (a) through (d) of this Section, for a period of 30 days after written notice, specifying such failure and requesting that the same be remedied, has been given to the Corporation by the Holder Representative or the Trustee; except that, if such failure can be remedied but not within such 30 day period and if the Corporation has taken all action reasonably possible to remedy such failure within such 30 day period, such failure shall not become a Sale Agreement Default for so long as the Corporation shall diligently proceed to remedy same in accordance with and subject to any directions or limitations of time established by the Trustee as directed in writing by the Holder Representative;

(f) if the Corporation files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal

bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Property;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the Corporation insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Corporation or of the whole or any substantial part of the Property, or approving a petition filed against the Corporation seeking reorganization of the Corporation under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof;

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Corporation or of the whole or any substantial part of the Property, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control;

(i) if any Event of Default under the Trust Agreement or a Purchase Agreement Default under the Purchase Agreement shall occur;

(j) if the Trustee receives written notice from the Holder Representative of the occurrence of any event of default under the Continuing Covenant Agreement; or

(k) if a final judgment or order for the payment of money in excess of \$100,000 (exclusive of amounts covered by insurance) shall be rendered against the Corporation and the same shall remain undischarged for a period of 60 days during which execution shall not be effectively stayed, or if any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the Property and such judgment, writ, or similar process shall not be released, stayed, vacated or otherwise dismissed within 60 days after issue or levy.

Section 8.02. Remedies on Default. If a Sale Agreement Default shall occur, then, and in each and every such case during the continuance of such Sale Agreement Default, the Trustee with the prior written consent or at the direction of the Holder Representative may take any one or more of the following remedial steps:

(a) If the Certificates have been accelerated pursuant to Section 7.02 of the Trust Agreement, and upon notice in writing to the Corporation and the City, declare all installments of Purchase Payments and Additional Payments payable for the remainder of the term of this Sale Agreement to be immediately due and payable, whereupon the same shall be immediately due and payable, anything in this Sale Agreement to the contrary notwithstanding; “all installments” as used in this subsection shall mean an amount equal to the entire principal components of the Installment Payments represented by the then Outstanding Certificates, together with any applicable prepayment premiums and all interest components of the Installment Payments accrued or to accrue on and prior to the next succeeding prepayment date or dates on which the Certificates can be prepaid after

giving notice to the Owners thereof as required by the Trust Agreement (less moneys available for such purpose then held by the Trustee) plus any other payments due or to become due hereunder, including, without limitation, any unpaid fees and expenses of the Trustee and the City which are then due or will become due prior to the time that the Certificates are paid in full and the trust established by the Trust Agreement is terminated; provided, however, that if acceleration of the Certificates has been rescinded and annulled pursuant to Section 7.02 of the Trust Agreement, acceleration of the Purchase Payments and Additional Payments shall be waived, but no such waiver shall extend to or affect any subsequent default or shall impair or exhaust any right or power consequent thereto;

(b) The City or the Trustee may exercise the rights and remedies provided in the Deed of Trust and the Trustee may take whatever action, at law or in equity, as may appear necessary or desirable to collect the Purchase Payments, Additional Payments and any other payments then due and thereafter to become due under this Sale Agreement or to enforce the performance and observance of any obligation, covenant, agreement or provision contained in this Sale Agreement to be observed or performed by the Corporation; and

(c) the Trustee may take whatever other action at law or in equity may appear necessary or desirable to enforce the City's and the Trustee's rights and the rights of the Owners of the Certificates; and

Any such action by the Trustee, however, is further subject to the condition that if, at any time after such action and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, there shall be deposited with the Trustee a sum sufficient to pay all Installment Payments the payment of which is overdue, with interest on such overdue principal component of such overdue Installment Payments at the Default Rate, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of the Installment Payments due and payable solely by reason of such action) shall have been made good or cured to the satisfaction of the Trustee (as directed by the Holder Representative) or provision deemed by the Trustee (as directed by the Holder Representative) to be adequate shall have been made therefor, then, and in every such case, the Trustee, by written notice to the City and the Corporation may, on behalf of the Owners of all of the Certificates, rescind and annul such action and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 8.03. Remedies Not Exclusive; No Waiver of Rights. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy, to the extent permitted by law, shall be cumulative and shall be in addition to every other remedy given under this Sale Agreement or now or hereafter existing at law or in equity or otherwise. In order to entitle the Trustee to exercise any remedy reserved to it contained in this Sale Agreement, to the extent permitted by law, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given to the City hereunder shall also extend to the Trustee, and the Trustee may exercise any rights and will be charged with the obligations

of the City under this Sale Agreement, and the Trustee and the Owners of the Certificates issued under the Trust Agreement shall be deemed third party beneficiaries of all covenants and conditions herein contained.

No delay in exercising or omitting to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.04. Expenses on Default. In the event the Corporation should default under any of the provisions of this Sale Agreement and the City or the Trustee should employ attorneys or incur other expenses for the collection of the payments due hereunder or the enforcement of performance or observance of any obligation or agreement of the Corporation hereunder, the Corporation agrees that it will on demand therefor pay to the City or the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the City or the Trustee.

Section 8.05. Notice of Default. The Corporation agrees that, as soon as is practicable, and in any event within 10 days, the Corporation will furnish the Trustee, the Holder Representative and the City notice of any event which is a Sale Agreement Default pursuant to Section 8.01 hereof which has occurred and is continuing on the date of such notice, which notice shall set forth the nature of such event and the action which the Corporation proposes to take with respect thereto.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Further Assurances. The Corporation agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the City, the Holder Representative or the Trustee to carry out the intention or to facilitate the performance of this Sale Agreement.

Section 9.02. Notices. Except as otherwise expressly specified in this Sale Agreement, all notices, requests and other communications hereunder shall be in written form (including bank wire, telegram, facsimile or similar writing) and shall be given to the party to whom addressed, at its address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties below. Each such notice, request or communication shall be effective (a) if given by telecopy, upon receipt thereof; (b) if given by mail, five days after such communication is deposited in the United States Mail with first-class postage prepaid, addressed as aforesaid; or (c) if given by any other means, when delivered at the address specified below:

to the City: City of Willits
111 E. Commercial Street
Willits, California 95490
Attention: Finance Director/City Treasurer

to the Corporation: Frank R. Howard Foundation
44 Madrone Street
Willits, California 95490
Attention: President

With a copy to:

Carle, Mackie, Power & Ross LLP
100 B Street, Suite 400
Santa Rosa, CA 95410
Attention: Simon R. Inman

to the Trustee: U.S. Bank, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services

to the Holder
Representative: Tri Counties Bank
255 South Main Street
Willits, California 95490
Attention: Arnie Mello, Vice President

A duplicate copy of each notice or communication given hereunder by either the City or the Corporation to the other shall also be given to the Trustee and the Holder Representative. The City, the Corporation, the Holder Representative and the Trustee may, by notice given hereunder, designate any further or different address to which subsequent notices, Certificates and other communications shall be sent.

Section 9.03. Amendment of Trust Agreement. The City covenants that, except as may be necessary to protect the tax-exempt status of the interest component of the Installment Payments, it will take no action to amend or supplement the Trust Agreement in any manner that would materially adversely affect the interests of the Corporation without obtaining the prior written consent of the Corporation to such amendment or supplement.

Section 9.04. Governing Law. This Sale Agreement shall be construed in accordance with and governed by the Constitution and laws of the State for contracts executed and delivered, and to be completely performed, in the State.

Section 9.05. Binding Effect. This Sale Agreement shall inure to the benefit of and shall be binding upon the City, the Corporation and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 9.06. Severability of Invalid Provision. If any one or more of the provisions contained in this Sale Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Sale Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Sale Agreement, and this Sale Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The City and the Corporation each hereby declares that it would have entered into this Sale Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Sale Agreement may be held illegal, invalid or unenforceable.

Section 9.07. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Sale Agreement. All references herein to “Articles,” “Sections” and other subsections are to the corresponding Articles, Sections or subsections of this Sale Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Sale Agreement as a whole and not to any particular Article, Section or subsection hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 9.08. Agreement Represents Complete Agreement; Amendments. This Sale Agreement represents the entire contract between the parties with respect to the subject matter hereof. This Sale Agreement may not be effectively amended, changed, modified, altered or terminated except by the written agreement of the Corporation and the City, with the concurring written consent of the Trustee and the Holder Representative, given in accordance with the provisions of the Trust Agreement.

Section 9.09. Disclaimer of Warranties. The City makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the Corporation of the Property, or any portion thereof, or any other representation or warranty with respect to the Property or any portion thereof. In no event shall the City be liable for incidental, indirect, special or consequential damages, in connection with this Sale Agreement or the existence, furnishing or functioning of the Property, or the Corporation’s or any other Person’s use of the Property.

Section 9.10. No Merger. The parties acknowledge that the Corporation constitutes the purchaser of the Property under this Sale Agreement and the seller of the Property under the Purchase Agreement. The Purchase Agreement and this Sale Agreement represent, and in all respects of any nature whatsoever shall always represent, be interpreted and constitute, separate and distinct obligations. Under no circumstances whatsoever shall a merger of the roles or the obligations of the Corporation as purchaser under this Sale Agreement and seller under the Purchase Agreement occur or be deemed to occur.

Section 9.11. Waiver of Personal Liability. No officer, agent or employee of the City or any director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of Purchase Payments or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Sale Agreement; but nothing herein contained shall relieve any such director, officer, agent or employee from the performance of any official duty provided by law or by this Sale Agreement.

Section 9.12. Effective Date of this Sale Agreement; Duration. This Sale Agreement shall become effective upon its execution and delivery, and shall expire upon the expiration of the Purchase Agreement.

Section 9.13. Execution of Counterparts. This Sale Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be original and all of which shall together constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City and the Corporation have caused this Sale Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

CITY OF WILLITS

By _____
[Name, Title]

Attest:

By _____
[Name, Title]

FRANK R. HOWARD FOUNDATION

By _____
[Name, Title]

[Signature Page to Installment Sale Agreement]

EXHIBIT A

LEGAL DESCRIPTION OF SITE

That certain real property located in the County of Mendocino, State of California, more particularly described as follows:

[See attached]

TRUST AGREEMENT

among

CITY OF WILLITS,

FRANK R. HOWARD FOUNDATION

and

U.S. BANK, NATIONAL ASSOCIATION,

as Trustee

Relating to:

\$5,500,000
City of Willits
Variable Rate Certificates of Participation
(Frank R. Howard Foundation Project)
Series 2015

Dated as of May 1, 2015

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SECHEDULE I PAYMENT SCHEDULE

TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into as of May 1, 2015 (this “Trust Agreement”), among the **CITY OF WILLITS**, a municipal corporation and general law city duly established and existing under the Constitution and the laws of the State of California (as further defined in Section 1.01 of the Sale Agreement, the “City”), **FRANK R. HOWARD FOUNDATION**, a California nonprofit public benefit corporation duly organized and existing under the laws of the State of California (as further defined in Section 1.01 of the Sale Agreement, the “Corporation”), and **U.S. BANK, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (as further defined in Section 1.01 of the Sale Agreement, the “Trustee”);

WITNESSETH:

WHEREAS, the Corporation proposes to provide for the construction, installation, equipping and furnishing of a new one-story approximately 16,000 square foot medical office building to be located at [legal address], Willits, California 95490 (the “Site”) and related facilities (collectively, the “Facilities” and, together with the Site, the “Property”); and

WHEREAS, in order to finance, or reimburse the Corporation for the costs of, the construction, installation, equipping and furnishing of the Facilities as well as architectural, engineering, legal and entitlement work costs incurred by the Corporation related to the development of the Facilities on the Site and the costs associated with this financing (the “Project”), the Corporation has requested the City’s assistance in order for the financing to be completed through a tax-exempt financing structure; and

WHEREAS, the Property is located within the territorial limits of the City and a substantial portion of the persons benefiting from the medical services provided by the Facilities will be residents of the City, and a substantial portion of the persons employed by the Corporation at the Facilities are and are expected to be residents of the City; and

WHEREAS, the acquisition, on an installment basis, of the Property by the City is necessary and proper for City purposes and for the common benefit of the residents of the City; and

WHEREAS, the City has determined to assist the Corporation in financing the costs of the Facilities; and

WHEREAS, the Corporation proposes to sell the Property to the City and the City desires to purchase the Property from the Corporation upon the terms and conditions set forth in that certain Installment Purchase Agreement, dated as of the date hereof (the “Purchase Agreement”), between the Corporation and the City; and

WHEREAS, the City and the Corporation will enter into a Sale Agreement dated as of the date hereof (the “Installment Sale Agreement”) pursuant to which the City will sell all of the City’s right, title and interest in and to the Property back to the Corporation upon the terms and conditions set forth herein; and

WHEREAS, the purchase price for the Property to be paid by the City in installments pursuant to the Purchase Agreement will be payable solely from payments received from the Corporation pursuant to this Sale Agreement (the “Purchase Payments”); and

WHEREAS, the City, the Corporation and the Trustee propose to enter into this Trust Agreement, dated as of the date hereof, pursuant to which the Trustee will agree to execute and deliver the City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) Series 2015 (the “Series 2015 Certificates”), each evidencing a proportionate interest in certain installment payments (the “Installment Payments”) to be made by the City on the terms and conditions set forth in the Purchase Agreement with a principal component equal to the aggregate principal amount of Certificates so executed and delivered; and

WHEREAS, the Owners of the Series 2015 Certificates evidencing proportionate interests in the Installment Payments, which are payable solely from Purchase Payments received by the Trustee from the Corporation pursuant to the Sale Agreement, are to be paid from the Installment Payments, Purchase Payments and other Revenues deposited and administered under this Trust Agreement all in accordance with the priority in security, payment, rights and remedies set forth set forth in this Trust Agreement; and

WHEREAS, the City and the Corporation have determined that all acts and proceedings required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Trust Agreement have existed, 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 empowered to execute and enter into this Trust Agreement;

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context clearly otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Sale Agreement, as originally executed or as it may from time to time be supplemented, modified or amended as provided therein and herein.

ARTICLE II

THE SERIES 2015 CERTIFICATES

Section 2.01. Preparation of the Series 2015 Certificates. The Trustee is hereby authorized to prepare, from time to time, the Series 2015 Certificates in the aggregate principal amount not to exceed \$5,500,000 evidencing undivided proportionate ownership interests in the Installment Payments to be paid by the City under and pursuant to the Purchase Agreement. The

Trustee shall not at any time, except as provided for in this Article II, execute Additional Certificates evidencing undivided proportionate ownership interests in the Installment Payments. Upon receipt of an Order of the City and the Corporation pursuant to Section 3.01 and the Request of the Corporation in the form of Exhibit A attached hereto, the Trustee shall prepare, execute and deliver the initial Series 2015 Certificates on the Closing Date. On and after the Closing Date, the Trustee shall prepare, execute and deliver additional Series 2015 Certificates as directed in each subsequent Request of the Corporation until the aggregate principal amount of Series 2015 Certificates executed and delivered by the Trustee is equal to \$5,500,000; provided, however, the Trustee shall not execute and deliver Series 2015 Certificates after May 1, 2016 unless the Trustee shall have received a Favorable Opinion of Special Counsel.

Section 2.02. Denominations; Medium and Place of Payment; Interest. The Series 2015 Certificates shall be executed and delivered in form of fully registered Certificates in Authorized Denominations in the aggregate principal amount not to exceed \$5,500,000. The Series 2015 Certificates shall be in substantially the form set forth in Exhibit B hereto with, in the case of Additional Certificates, any omissions, insertions and variations which may be authorized or permitted by the authorizing resolution of the City or the Supplemental Trust Agreement entered into in connection with those Additional Certificates, all consistent with this Trust Agreement. The Series 2015 Certificates shall be dated their date of delivery and shall initially be registered in the name of the purchaser of such Series 2015 Certificates as set forth in the Request of the Corporation in the form set forth in Exhibit A attached hereto. Registered ownership of the Series 2015 Certificates may not thereafter be transferred except as set forth in Section 2.05 hereof.

Interest with respect to the Series 2015 Certificates shall be payable on each applicable Interest Payment Date. Interest with respect to each Series 2015 Certificate shall be payable from the Interest Payment Date next preceding the date of execution and delivery of the Series 2015 Certificate, unless (a) the Series 2015 Certificate is executed and delivered after the Record Date and on or before the next succeeding Interest Payment Date, in which event interest shall be payable from and including such Interest Payment Date; or (b) the Series 2015 Certificate is executed and delivered prior to the Record Date with respect to the first Interest Payment Date with respect to such Series 2015 Certificates, in which event interest shall be payable from the dated date thereof; provided that, if interest is in default or overdue, interest shall be payable from the last Interest Payment Date to which interest has been paid, or if no interest has been paid, from the date on which the Series 2015 Certificate was initially executed and delivered.

Subject to the provisions of the immediately succeeding paragraph, interest with respect to any Series 2015 Certificate shall be paid to the Owner of such Series 2015 Certificate as shown in the registration books of the Trustee on the Record Date for such Interest Payment Date. The amount of interest so payable on any Interest Payment Date shall be computed from the last Interest Payment Date to which interest has been paid which shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

If available funds under this Trust Agreement are insufficient on any Interest Payment Date to pay the interest then due, the Record Date with respect to such Interest Payment Date shall no longer be applicable with respect to the Series 2015 Certificates. If sufficient funds for the payment of such overdue interest thereafter become available, the Trustee shall immediately

establish a special interest payment date for the payment of the overdue interest and a Special Record Date, which shall be a Business Day, for determining the Owners entitled to such payments. Notice of each date so established shall be mailed to each Owner at least 10 days prior to the Special Record Date, but not more than 30 days prior to the special interest payment date. The overdue interest shall be paid on the special interest payment date to the Owners, as shown in the registration books of the Trustee as of close of business on the Special Record Date.

Interest with respect to any Series 2015 Certificate shall cease to accrue (i) on the applicable Certificate Payment Date therefor, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount with respect thereto, plus interest accrued with respect thereto to such date; or (ii) on the prepayment date thereof, provided that the prepayment notice procedures set forth herein have been followed with respect to such Series 2015 Certificate and that there has been irrevocably deposited with the Trustee an amount sufficient to pay the Prepayment Price thereof, plus interest accrued with respect thereto to such date. The Owner of such Series 2015 Certificate shall not be entitled to any other payment, and such Series 2015 Certificate shall no longer be Outstanding and entitled to the benefits of this Trust Agreement, except for the payment of the principal amount or Prepayment Price of such Series 2015 Certificate, as appropriate, and accrued interest to such respective date with respect thereto, from moneys held by the Trustee for such payment.

As long as Tri Counties Bank is the Owner of any Series 2015 Certificate, said interest and principal payments shall be made by wire transfer in immediately available funds. Otherwise all payments of interest with respect to the Series 2015 Certificates shall be paid to each Owner entitled thereto by check mailed by first class mail by the Trustee on the Interest Payment Date to such Owners at their addresses set forth in the Series 2015 Certificate registration books on the Record Date or Special Record Date, as appropriate; provided that if the Owner of the Series 2015 Certificates has submitted to the Trustee a written request satisfactory to the Trustee at least 10 days prior to the applicable Record Date or Special Record Date (such request to remain in effect until revoked or revised, in each case, by a writing executed by such Owner and delivered to the Trustee by such Owner), interest accrued with respect thereto shall be paid by wire transfer to an account within the United States to or at the direction of such Owner.

The principal components or Prepayment Price with respect to the Series 2015 Certificates shall be payable on the stated payment date or upon prepayment in lawful money of the United States of America in the same manner as interest is paid as described above, except that payment of the final principal component at the stated maturity date or prepayment in full of the Prepayment Price shall be payable at the stated maturity date or upon prepayment in lawful money of the United States of America and upon surrender at the Corporate Trust Office.

Notwithstanding anything herein to the contrary, for so long as all of the 2015 Certificates are held by the Holder Representative, the City and the Trustee agree that all amounts payable to the Owners with respect to any 2015 Certificate may be made by the Corporation to the Holder Representative, upon the Holder Representative's written notice to the Trustee and the Corporation (without any presentment thereof, except upon the payment of the final installment of principal, and without any notation of such payment being made thereon), in such manner or at such address in the United States of America as may be designated by the

Holder Representative in writing to the Trustee and the Corporation (the “Direct Payment Period”), by the Holder Representative debiting an account of the Corporation, as may be provided in any Continuing Covenant Agreement. The Holder Representative shall record each such payment of principal on the 2015 Certificate on the Table of Partial Redemptions attached to the 2015 Certificate and shall use its best efforts to provide written notice to the Trustee of such payment of principal; provided, however, that the Payment Date shall not have any liability for failure to provide such notice. The Payment Date agrees that it will certify to the Trustee in writing the outstanding principal amount of the 2015 Certificates (a) as of December 31 of each year, no later than two (2) Business Days after such date, and (b) within two (2) Business Days of receipt of a written request from the Trustee for such outstanding principal amount from time to time. During any Direct Payment Period, (A) any payment made shall be accompanied by sufficient information to identify the source and proper application of such payment, (B) the Payment Date shall notify the Trustee in writing of any failure of the Corporation to make any payment of the principal of or interest on the 2015 Certificates when due, and the Trustee shall not be deemed to have any notice of such failure unless it has received such notice in writing, and (C) if any 2015 Certificates are sold or transferred, the Purchaser shall notify the Trustee and the Corporation in writing of the name and address of the transferee, the effective date of the transfer, the principal amount of the 2015 Certificates transferred and the payment information notated on the 2015 Certificates as hereinafter described, and it will, prior to delivery of such 2015 Certificates, make a notation on such 2015 Certificates of the date to which interest has been paid thereon and of the amount of any prepayments made on account of the principal thereof. Furthermore, to the extent that the Corporation has made the required payments to the Holder Representative during any Direct Payment Period, the Trustee shall have no obligations to make payments of the principal of or interest on the 2015 Certificates, nor shall the Trustee be obligated to act as registrar or to take any other action in respect thereof, except at the express written direction of the Holder Representative or the City.

Section 2.03. Maturity; Interest Rate; Default Rate.

(a) The Series 2015 Certificates shall mature on May 1, 2040, subject to optional and mandatory prepayment as provided in Article IV. Interest with respect to the Series 2015 Certificates shall be payable at the Initial Interest Rate, commencing on the Closing Date to but not including May 1, 2026 and at the Reset Rate thereafter. In the event that any principal or interest component payable with respect to the Series 2015 Certificates is not paid when due (including pursuant to mandatory sinking fund prepayment as provided in Section 4.01), the amount so in default shall continue to be payable pursuant to this Trust Agreement until the amount in default shall have been fully paid with interest thereon at the Default Rate.

(b) Upon the occurrence of a Determination of Taxability, interest with respect to the Series 2015 Certificates bearing interest at the Initial Interest Rate shall be calculated at the Gross-Up Rate. In addition, immediately upon demand of Holder Representative, the Corporation shall make a payment to the Trustee sufficient to supplement prior Purchase Payments to the Gross-Up Rate, if and to the extent the interest component of prior Installment Payments with respect to the Series 2015 Certificates has been determined to be includable in the gross income of the Holders of the Series 2015 Certificates.

(c) Upon the occurrence of a Bank Qualified Adjustment Date, interest with respect to the Series 2015 Certificates bearing interest at the Initial Interest Rate shall be calculated at the Bank Qualified Adjustment Rate. In addition, immediately upon demand of Holder Representative, the Corporation shall make a payment to the Trustee sufficient to supplement prior Purchase Payments to the Bank Qualified Adjustment Rate, if and to the extent the interest component of prior Installment Payments with respect to the Series 2015 Certificates has been determined to not be qualified as a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code.

(d) The Series 2015 Certificates bearing interest at the Initial Interest Rate shall bear interest calculated at the Substitute Interest Rate if the maximum tax rate established by Section 11 of the Code (or any successor section of any successor tax code), applicable to corporations incorporated under the laws of the United States of America or any state thereof shall at any time be increased or decreased. If such event occurs, the Holder Representative shall give written notice of such change to the City, the Corporation and the Trustee, including the calculation of the adjusted interest rate with respect to the Series 2015 Certificates, and such calculation shall be conclusive in the absence of manifest error.

(e) (A) If the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Holder Representative with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall subject the Holder Representative to any tax (including without limitation any United States interest equalization or similar tax, however named), duty or other charge with respect to the computation of interest with respect to the Series 2015 Certificates at a rate based upon the Inter-Bank Offered Rate, or shall change the basis of taxation of payments to the Holder Representative of the principal of or interest with respect to the outstanding Series 2015 Certificates at a rate based upon the Inter-Bank Offered Rate (except for changes in the rate of the tax on the overall net income of the imposed by the jurisdiction in which the Holder Representative’s principal executive office is located); or

(B) If any governmental authority, central bank or other comparable authority shall at any time impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System but excluding any reserve requirement included in the LIBOR Reserve Percentage), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Holder Representative, or shall impose on the Holder Representative (or its Eurodollar lending office) or the interbank Eurodollar market any other condition affecting the computation of the interest with respect to the Series 2015 Certificates at a rate based upon the Inter-Bank Offered Rate; and the result of any of the foregoing is to increase the cost to the Holder Representative of maintaining LIBOR based interest rates, or to reduce the amount of any sum received or receivable by the Holder Representative with respect to the Series 2015 Certificates by an amount deemed by the Holder Representative to be material,

then upon written demand by the Holder Representative, the Corporation shall pay to Holders such additional amount or amounts as will compensate Holders for such increased cost or reduction. The Holder Representative will promptly notify the City, the Trustee and the Corporation in writing of any event of which it has knowledge, occurring after the date hereof, which will entitle the Holders to compensation pursuant to this paragraph. A certificate of the Holder Representative claiming compensation under this paragraph and setting forth the additional amount or amounts to be paid to the Holders hereunder shall be conclusive in the absence of manifest error.

(f) If at any time the Initial Interest Rate is the Maximum Rate, the following provisions shall apply notwithstanding subsection (a) of this Section 2.03, but subject to subsections (b), (c) or (d). For any Interest Period when the Interest Rate is greater than the Maximum Rate, the difference in the amount of interest which would be payable to the Holders by applying the Initial Interest Rate (the "Accumulated Interest Amount") shall be calculated and applied to a special account (the "Accumulated Interest Account") to be kept in the records of the Trustee. Whenever, in the future, the interest rate with respect to the Series 2015 Certificates at the Initial Interest Rate is less than the Maximum Rate, the rate to be borne by the Series 2015 Certificates shall nevertheless be the Maximum Rate until the Holders shall have earned, as the difference between the Maximum Rate and the Initial Interest Rate, the amount credited to the Accumulated Interest Account; provided, that the amount in the Accumulated Interest Account shall become immediately due and payable in whole upon prepayment in whole or maturity of the Series 2015 Certificates and on a pro rata basis upon the prepayment of the Series 2015 Certificates in part. The calculations described in this subsection shall be performed by the Holder Representative and given in writing to the City, the Trustee and the Corporation.

Section 2.04. Execution of Series 2015 Certificates. The Series 2015 Certificates shall be executed by and in the name of the Trustee, as trustee hereunder, by the manual signature of an authorized signatory of the Trustee.

Section 2.05. Transfer of Series 2015 Certificates. Subject to the conditions contained herein, each Series 2015 Certificate may be transferred, assigned and reassigned in whole or in part, but only in Authorized Denominations, by the Owner thereof without the consent of the City or the Corporation to an Affiliate of the Owner or a Qualified Institutional Buyer or Accredited Investor. In the event of a sale or transfer to an Affiliate, the Owner shall certify to the Trustee, the City and the Corporation that such transferee is an Affiliate. In the event of a sale or transfer to a Qualified Institutional Buyer or an Accredited Investor, the transferor shall provide to the Trustee, the City and the Corporation a written statement representing that such prospective transferee is a Qualified Institutional Buyer or Accredited Investor and such prospective transferee shall deliver to the City and the Corporation a letter of representations in the form of Exhibit C hereto which shall contain a certification that the prospective transferee is a Qualified Institutional Buyer or Accredited Investor as provided in this Trust Agreement. No assignment or reassignment shall be made to a bank or trust company as trustee for holders of certificates representing interests in the Series 2015 Certificates unless (i) all such holders of certificates shall be Qualified Institutional Buyers or Accredited Investors, (ii) each such holder shall deliver to the City and the Corporation a letter of representations in the form of Exhibit C

hereto which shall contain a certification that such holder is a Qualified Institutional Buyer or Accredited Investor as provided in this Trust Agreement and (iii) such bank or trust company agrees to maintain, or cause to be maintained, a book-entry system by which a record of the names and addresses of such holders as of any particular time is kept and agrees to furnish such information to the Trustee, the City or the Corporation. Upon assignment, the Trustee will reflect in a book-entry the assignee designated in the written request of assignment and shall make all payments to the assignee designated in such written request, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of this Trust Agreement or otherwise) that the City and the Corporation may from time to time have against the Owner or the assignee. The City and the Corporation agree to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Owner or its assignee to protect their interest in the Project and in the Trust Agreement. The Owner or assignee shall pay all reasonable expenses of the City and the Trustee, including reasonable fees and expenses of counsel, in connection with such transfer and assignment.

Section 2.06. Exchange of Series 2015 Certificates. Series 2015 Certificates may be exchanged at the Corporate Trust Office for a like aggregate principal amount of Series 2015 Certificates of other authorized denominations of the same stated Certificate Payment Date. The Trustee shall also 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. So long as Tri Counties Bank is the Owner of all of the Series 2015 Certificates, the Trustee shall exchange the Series 2015 Certificates outstanding as of May 1, 2016 for a like aggregate principal amount of the Series 2015 Certificates.

The Trustee shall not be required to make any exchange of Series 2015 Certificates with respect to any Series 2015 Certificate called for prepayment, or during the 15 days next preceding the date of selection of Series 2015 Certificates for prepayment by the Trustee.

Section 2.07. Registration Books; Notice. The Trustee will keep or cause to be kept, at the Corporate Trust Office, sufficient books for the registration and transfer of the Series 2015 Certificates, which shall be open to inspection by the Corporation and the City, upon reasonable notice and at reasonable times, and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series 2015 Certificates as hereinbefore provided.

The person in whose name any Series 2015 Certificate shall be registered shall be deemed the owner thereof for all purposes hereof, and payment of or on account of the interest and principal or Prepayment Price represented by such Series 2015 Certificate shall be made only to or upon the order in writing of such Owner, which payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2015 Certificate to the extent of the sum or sums so paid.

Section 2.08. Temporary Series 2015 Certificates. The Series 2015 Certificates may be initially delivered in temporary form exchangeable for definitive Series 2015 Certificates when ready for delivery. The temporary Series 2015 Certificates may be printed, lithographed or typewritten, shall be in registered form without coupons and may contain such reference to any

of the provisions of this Trust Agreement as may be appropriate. Every temporary Series 2015 Certificate shall be executed by the Trustee upon the same conditions and in substantially the same manner as the definitive fully registered Series 2015 Certificates. If the Trustee executes and delivers temporary Series 2015 Certificates, it will execute and furnish definitive Series 2015 Certificates without delay, and thereupon the temporary Series 2015 Certificates shall be surrendered for cancellation, in exchange therefor, at the Corporate Trust Office, and the Trustee shall deliver in exchange for such temporary Series 2015 Certificates an equal aggregate principal amount of definitive Series 2015 Certificates of the same stated Series 2015 Certificate Payment Date or maturities. Until so exchanged, the temporary Series 2015 Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Series 2015 Certificates executed and delivered hereunder.

Section 2.09. Series 2015 Certificates Mutilated, Lost, Destroyed or Stolen. If any Series 2015 Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Series 2015 Certificate, shall execute and deliver a new Series 2015 Certificate of like tenor and stated payment date in exchange and substitution for the Series 2015 Certificate so mutilated but only upon surrender to the Trustee of the Series 2015 Certificate so mutilated. Every mutilated Series 2015 Certificate so surrendered to the Trustee shall be canceled by it and destroyed. If any Series 2015 Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee and the Corporation shall be given, the Trustee, at the expense of the Owner, shall execute and deliver a new Series 2015 Certificate of like tenor and stated Certificate Payment Date, and numbered as the Trustee shall determine in lieu of and in substitution for the Series 2015 Certificate so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Series 2015 Certificate executed and delivered under this Section and of the expenses which may be incurred by the Trustee under this Section. Any Series 2015 Certificate executed and delivered under the provisions of this Section in lieu of any Series 2015 Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Series 2015 Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Series 2015 Certificate and any replacement Series 2015 Certificate as being Outstanding for the purpose of determining the principal amount of Series 2015 Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Series 2015 Certificates Outstanding hereunder, but both the original and replacement Series 2015 Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Series 2015 Certificate in exchange for a Series 2015 Certificate which has been mutilated, lost, destroyed or stolen and which has matured, the Trustee may make payment of the interest and principal or Prepayment Price represented by such Series 2015 Certificate as the same shall become due and payable.

Section 2.10. [Reserved].

Section 2.11. Execution and Delivery of Additional Certificates. To finance or refinance the completion of construction, installation and equipping of additions, renovations, betterments, extensions or improvements to the Property or other property of the Corporation, the City, the Corporation and the Trustee may from time to time, with the prior written consent

of the Holder Representative, upon the conditions stated in this Section and Section 2.12 hereof, provide for the execution and delivery of Additional Certificates; provided, however, the consent of the Holder Representative shall not be required if following the execution and delivery of such Additional Certificates, the Series 2015 Certificates will no longer be Outstanding. The Trustee may execute and deliver to or upon the request of the City, such Additional Certificates, secured under this Trust Agreement and equally and ratably payable with the Series 2015 Certificates from the Revenues and property pledged hereunder, but bearing such date or dates and interest rate or rates and with such redemption dates and premiums as may be agreed upon, but only upon satisfaction of all of the following conditions:

(a) The Corporation and the City shall have entered into amendments to the Purchase Agreement and the Sale Agreement to reflect such changes to the Project and the revised Installment Payments and the Purchase Payments.

(b) There shall be deposited to a reserve fund amounts, if any, to secure payment of any Additional Certificates.

(c) All deposits or obligations with respect to funds and accounts created pursuant to this Trust Agreement must be current.

(d) No Event of Default under this Trust Agreement, and no event or condition which, with the giving of notice or passage of time or both, would become such an Event of Default, shall have occurred and be continuing, or if such event or condition has occurred and is continuing, the Event of Default will be cured by the execution and delivery of the Additional Certificates or upon the completion of the improvements financed with the Additional Certificates.

(e) Any Additional Certificates shall mature on or before October 1, 2037.

Section 2.12. Requirements for Additional Certificates. Additional Certificates may be executed and delivered on a parity with the Series 2015 Certificates. Whenever requesting the execution and delivery under this Article of any Additional Certificates, the Trustee shall be furnished with the following:

(a) ***Corporation's Statement.*** A written statement by an Authorized Representative of the Corporation approving the execution and delivery of such Additional Certificates.

(b) ***Certified Resolution.*** A resolution duly adopted by the City, certified by the City Clerk or other City Officer, authorizing the execution and delivery of the Supplemental Trust Agreement, the Supplemental Sale Agreement and the Supplemental Purchase Agreement.

(c) ***Supplemental Sale Agreement and Supplemental Purchase Agreement.*** Originally executed counterparts of the Supplemental Sale Agreement and the Supplemental Purchase Agreement.

(d) **Supplemental Trust Agreement.** Originally executed counterparts of a Supplemental Trust Agreement, designating the new series to be created and prescribing expressly or by reference to the certificates of such series:

- (i) the aggregate principal amount with respect to the certificates of such series;
- (ii) the text of the certificates of such series;
- (iii) the maturity date thereof in compliance with Section 2.11(e);
- (iv) the rate or rates of interest (including the method to adjust such rates) and the date from which, and the date or dates (which shall be the same as the Interest Payment Dates) on which, interest is payable;
- (v) provisions as to prepayment, including mandatory sinking fund prepayment on the same dates as provided for the Series 2015 Certificates;
- (vi) any additional security to be provided for the certificates of such series;
- (vii) any other provisions necessary to describe and define such series within the provisions and limitations of this Trust Agreement, including (without limitation) any intercreditor provisions as may be acceptable to the Holders of the Series 2015 Certificates and the Holders of the series of Additional Certificates in the event that the series of Additional Certificates is not purchased by the same entity as the original purchaser of the Series 2015 Certificates; and
- (viii) any other provisions and agreements in respect thereof provided, or not prohibited, by this Trust Agreement.

(e) **No Default Certificate.** A Certificate of the Authorized Representative of the Corporation that no Event of Default then exists under the Sale Agreement or the Purchase Agreement or that upon execution and delivery of the Additional Certificates then applied for, no Event of Default will exist under the Sale Agreement or the Purchase Agreement, and no event or condition exists which, with the passage of time or the giving of notice or both, would become such an Event of Default.

(f) **Opinion of Counsel.** An opinion or opinions of Special Counsel reasonably acceptable to the Trustee that:

- (i) all instruments furnished to the Trustee conform to the requirements of this Trust Agreement and constitute sufficient authority hereunder for the Trustee to execute and deliver the Additional Certificates then applied for;

(ii) the Supplemental Trust Agreement and the amendments to the Sale Agreement and the Purchase Agreement, when duly executed by the City and the Corporation, will be valid and binding obligations of the City;

(iii) the execution and delivery of the Additional Certificates have been sufficiently and duly authorized by the City;

(iv) the Additional Certificates then applied for, when executed and delivered, will be secured under this Trust Agreement equally and ratably with all Series 2015 Certificates and Additional Certificates theretofore executed and delivered and then outstanding hereunder except as otherwise expressly provided herein;

(v) interest payable with respect to the Additional Certificates is excludible from gross income of the owners thereof for federal income tax purposes and from State of California personal income taxes, subject to compliance with applicable covenants;

(vi) any exclusion from gross income for federal income tax purposes of the interest with respect to the Outstanding Series 2015 Certificates will not be impaired by the execution and delivery of the Additional Certificates then applied for.

(g) *Opinion of Corporation Counsel.* An opinion of counsel to the Corporation in form and substance reasonably satisfactory to the City, the Trustee and the purchasers of the Additional Certificates.

(h) *Opinion of Counsel to the Trustee.* An opinion of counsel to the Trustee in form and substance reasonably satisfactory to the City and the purchasers of the Additional Certificates.

ARTICLE III

DELIVERY OF SERIES 2015 CERTIFICATES; APPLICATION OF FUNDS

Section 3.01. Delivery of the Series 2015 Certificates. The Trustee is hereby authorized to execute and deliver the Series 2015 Certificates, upon an initial Order of the Corporation and the City, in the aggregate principal amount stated in each such Request of the Corporation, provided that the aggregate principal amount under all such Orders shall not exceed \$5,500,000.

(a) The initial Order shall call for the delivery of not to exceed \$5,500,000 in aggregate principal amount of the Series 2015 Certificates to Tri Counties Bank. Concurrently with the execution and delivery of this Trust Agreement and a written Request of the Corporation, the Trustee shall execute and deliver \$[_____] aggregate principal amount of Series 2015 Certificates and deliver such Series 2015 Certificates to Tri Counties Bank.

(b) The remaining \$[_____] in aggregate principal amount of the Series 2015 Certificates (the “Remaining 2015 Certificates”) authorized pursuant to this Trust Agreement shall be executed and delivered by the Trustee on or prior to May 1, 2016 as one or more Series 2015 Certificates pursuant to a Request of the Corporation to the Trustee in the form of Exhibit A hereto.

(c) To the extent less than all of the Remaining 2015 Certificates are to be executed and delivered after the Closing Date, the Corporation shall notify the City, the Trustee and Tri Counties Bank.

Section 3.02. Application of Funds Received by Trustee.

(a) The proceeds received from the sale of the Series 2015 Certificates executed and delivered on the Closing Date in an amount equal to \$[_____] shall be deposited by the Trustee as follows:

(i) The Trustee shall deposit in the Project Fund from the proceeds of the sale of the Series 2015 Certificates executed and delivered on the Closing Date the sum of \$[_____] for the financing of the Project; and

(ii) The Trustee shall deposit in the Costs of Delivery Fund the sum of \$[_____] to pay Costs of Delivery from the proceeds of the Series 2015 Certificates. The Trustee shall also deposit the amount of \$[_____] received from the Corporation into the Costs of Delivery Fund to pay the Costs of Delivery with respect to the Series 2015 Certificates.

(b) The proceeds received from the sale and delivery of additional Series 2015 Certificates to Tri Counties Bank pursuant to Section 3.01(b) shall be deposited by the Trustee when received into the Project Fund.

Section 3.03. Establishment and Application of Costs of Delivery Fund. The Trustee shall establish and maintain in trust a separate fund designated as the “Costs of Delivery Fund.” Moneys deposited in said fund shall be used to pay Costs of Delivery with respect to the Series 2015 Certificates upon receipt by the Trustee of a Requisition of the Corporation, 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. At the end of 180 days from the Closing Date or upon earlier receipt of a Statement of the Corporation that amounts in said fund are no longer required for the payment of Costs of Delivery, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Project Fund and the Costs of Delivery Fund shall be closed.

Section 3.04. Use of Moneys in the Project Fund. The Trustee shall establish and maintain in trust a separate fund designated as the “Project Fund.” All moneys in the Project Fund and the accounts therein shall be applied to the payment of the Project Costs or to reimburse the Corporation for such payments and the expenses incidental thereto.

Before any payment is made from the Project Fund and the accounts therein by the Trustee, the Corporation shall file with the Trustee a Request of the Corporation in substantially

the form attached hereto as Exhibit D (each of which shall be sequentially numbered from one upward), approved by the Holder Representative, showing with respect to each payment to be made: (i) the name and address of the person to whom payment is due; (ii) the amount to be paid; and (iii) the purpose for which the obligation to be paid was incurred.

Each such Request of the Corporation shall state and shall be sufficient evidence to the Trustee:

(a) that obligations in the stated amounts have been incurred under and pursuant to the Sale Agreement and that each such obligation is a proper charge against the Project Fund for the completion of the Project and has not been previously paid;

(b) that there does not then exist or is not then continuing any Event of Default and that there has not been filed with or served upon the Corporation notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in such Request of the Corporation which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law; and

(c) that the Corporation certifies that the conditions of the Continuing Covenant Agreement with respect to such Request have been satisfied.

Upon receipt of each such Request of the Corporation approved by the Holder Representative, the Trustee shall pay the amount set forth therein as directed by the terms thereof, except that no such payment shall be made by the Trustee in the event it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid which has not been released or will not be released simultaneously with such payment.

Notwithstanding any other provision hereof, no withdrawal from the Project Fund or the accounts therein shall occur so long as any Event of Default has occurred and is continuing. The Trustee may conclusively rely on such Requisition of the Corporation received as complete authorization to disburse funds in accordance with this Section.

When the Project has been completed, the Corporation shall deliver a certificate to the Trustee stating the fact and date of the completion of the Project and that the expenses incidental thereto have been determined and paid (or that all of such costs have been paid less specified claims which are subject to dispute and for which a retention in the Project Fund is to be maintained in the full amount until such dispute is resolved, or that all of such costs have been paid less amounts retained for the payment of fees of the Trustee through the estimated date of completion of the Project). Upon the receipt of such certificate and the approval of the Holder Representative, the Trustee shall transfer any remaining balance in the Project Fund (but less the amount of any such retention) to the Debt Service Fund and the Project Fund shall be closed.

Section 3.05. Validity of Certificates. The validity of the authorization, execution and delivery of the obligations which the Certificates represent is not dependent on and shall not be affected in any way by any proceedings taken by the City or the Trustee with respect to or in

connection with the Purchase Agreement. The recital contained in the Certificates that all acts, conditions and things required by the Constitution and statutes of the State of California to exist, to have happened and to have been performed precedent to and in the delivery thereof shall be conclusive evidence of their validity and the validity of the obligations which they represent and of compliance with the provisions of law in their execution and delivery.

Section 3.06. Final Balances. The Trustee is hereby directed that, following the payment or prepayment in full of all Certificates executed and delivered hereunder, and the payment of any fees due and owing to the Trustee and the City, the Trustee shall remit to the Corporation all remaining balances in all funds and accounts established hereunder (excepting only the Rebate Fund).

ARTICLE IV

PREPAYMENT OF SERIES 2015 CERTIFICATES

Section 4.01. Terms of Prepayment. All prepayments of the Series 2015 Certificates shall be made in accordance with this Article IV.

(a) ***Optional Prepayment.*** The Series 2015 Certificates are subject to prepayment on each Interest Payment date, in whole or in part, at the option of the City (which shall be exercised as directed in writing by the Corporation, and which direction must be received by the Trustee at least forty-five (45) days prior to the prepayment date) from any source derived from optional prepayments of Installment Payments by the City and deposited in the Prepayment Fund or from any other source of available funds, at the principal amount of Series 2015 Certificates called for prepayment, plus accrued interest with respect thereto to the date fixed for prepayment, plus any applicable prepayment premiums as set forth in the Continuing Covenant Agreement. The Installment Payments shall be derived solely from Purchase Payments made by the Corporation pursuant to the Sale Agreement.

(b) ***Mandatory Sinking Fund Prepayment of Certificates.*** (i) The Certificates are subject to mandatory prepayment of principal prior to their stated Certificate Payment Date by the City on the dates and in the amounts set forth in Schedule I of this Trust Agreement by the application of Minimum Sinking Fund Account Payments at a prepayment price equal to 100% of the principal amount shown in Schedule I of this Trust Agreement plus accrued interest to the prepayment date. Minimum Sinking Fund Account Payments are hereby established for the mandatory prepayment and payment of the principal amount of the Certificates which payments shall become due on the dates and in the amounts as set forth in Schedule I of this Trust Agreement.

All such Minimum Sinking Fund Account Payments with respect to the Certificates shall be deposited in a separate account in the Principal Fund, which account is hereby established and shall be known as the Minimum Sinking Fund Account and which account the Trustee hereby agrees and covenants to cause to be maintained so long as any Certificates are Outstanding. All money in the

Minimum Sinking Fund Account shall be used and withdrawn by the Trustee at any time for the prepayment of the Certificates at the written direction of the Corporation, but not to exceed the principal amount of such Certificates. All money in the Minimum Sinking Fund Account on the first day of each calendar month, beginning on June 1, 2016, shall be used and withdrawn by the Trustee on the first of each calendar month for the mandatory prepayment or payment of the principal amount of the Certificates; and the Trustee hereby agrees and covenants with the Holders of Certificates to call and prepay in accordance with this Section pursuant to this paragraph whenever, on the first day of each calendar month, beginning on June 1, 2016, there is money in the Minimum Sinking Fund Account available for such purpose.

(c) ***Extraordinary Prepayment.*** The Series 2015 Certificates are subject to prepayment prior to their respective stated Certificate Payment Date, in whole or in part, on any date, from prepaid Installment Payments made by the City from funds received due to a casualty loss, loss of title or governmental taking of the Facilities or portions thereof by eminent domain proceedings, at a prepayment price equal to the sum of the principal amount thereof evidenced and represented by the Series 2015 Certificates to be prepaid, without premium, plus accrued interest evidenced and represented thereby to the date fixed for prepayment, upon receipt by the Trustee of written notice from the Corporation that one of the following events has occurred:

(i) all or a portion of the Facilities has been damaged, destroyed, condemned or taken by eminent domain to such an extent that, in the opinion of the Corporation (A) it is not practicable or desirable to rebuild, repair, restore or replace the Facilities or such portion thereof within a period of one year following such damage or condemnation, and the Corporation will be prevented from carrying out normal operations for a period of at least six consecutive months; or (B) the cost of restoration of the Facilities or such portion thereof would substantially exceed the net proceeds of insurance carried thereon or the condemnation proceeds to be received, when combined with other funds available to the Corporation for such restoration; or

(ii) the continued operation of the Facilities is enjoined or prevented or is otherwise prohibited by or conflicts with, any order, rule, decree or regulation of any court or federal, state or local regulatory body, administrative agency or governmental body.

(d) ***Mandatory Prepayment of Series 2015 Certificates Upon Determination of Taxability.*** In the event of a Determination of Taxability, the Series 2015 Certificates Outstanding on the date of the occurrence of such Determination of Taxability shall be prepaid in whole on an Interest Payment Date, but in no event later than sixty (60) days after such occurrence, at a redemption price of 100% of the principal amount thereof, plus interest accrued thereon to the prepayment date at the Gross-Up Rate from amounts to be paid for such Gross-Up Rate by the Corporation pursuant to Section 4.08(f) of the Sale Agreement *plus* an amount necessary to supplement any Prior Interest Payments which have been determined to be taxable to the Gross-Up Rate. No prepayment of the

Series 2015 Certificates shall be made pursuant to any of the other provisions of this Section following a Determination of Taxability.

Section 4.02. Selection of Series 2015 Certificates for Prepayment. Whenever provision is made in this Trust Agreement for the prepayment of less than all of the Series 2015 Certificates or any given portion thereof, subject to Section 4.01 hereof, the Trustee shall select the Series 2015 Certificates to be prepaid or any given portion thereof, from all Series 2015 Certificates subject to prepayment or such given portion thereof proportionately. The Corporation also shall have the right to surrender Series 2015 Certificates acquired by it in any manner whatsoever to the Trustee for cancellation, and such Series 2015 Certificates, upon such surrender and cancellation, shall be deemed to be paid and retired and shall be applied as set forth in the Trust Agreement.

Section 4.03. Notice of Prepayment. Notice of prepayment shall be given by the Trustee not less than thirty (30) days before such prepayment date, to (a) the respective Owners of any Series 2015 Certificates designated for prepayment at their addresses appearing on the registration books of the Trustee, (b) the City and (c) the Corporation; provided that no notice shall be required with respect to Mandatory Sinking Fund Prepayment pursuant to Section 4.01(b) hereof. Each notice of prepayment shall state the prepayment date, the place or places of prepayment and the Certificate Payment Dates of the affected Series 2015 Certificates. Each such notice shall also state that on said date, there will become due and payable with respect to each of said Series 2015 Certificates the Prepayment Price thereof, together with interest accrued with respect thereto to the prepayment date, and that from and after such prepayment date, interest with respect thereto shall cease to accrue, and shall require that such Series 2015 Certificates be then surrendered.

Any notice of prepayment to Owners shall be mailed by first class mail. Failure of the Trustee to give notice of prepayment to an Owner or any defect in such notice shall not affect the validity of the prepayment of any other Series 2015 Certificates.

Section 4.04. Partial Prepayment of Series 2015 Certificates. Upon surrender of any Series 2015 Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Corporation, a new Series 2015 Certificate or Series 2015 Certificates of Authorized Denominations, and of the same Certificate Payment Date, equal in aggregate principal amount to the unprepaid portion of the Series 2015 Certificate surrendered.

Section 4.05. Effect of Prepayment. Notice of prepayment having been duly given to the Owners as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Series 2015 Certificates being held by the Trustee, on the prepayment date designated in such notice, the Series 2015 Certificates, shall become due and payable at the Prepayment Price specified in such notice and interest accrued thereon to the prepayment date, interest with respect to the Series 2015 Certificates so called for prepayment shall cease to accrue on the prepayment date, said Series 2015 Certificates, shall cease to be entitled to any benefit or security under this Trust Agreement, and the Owners of said Series 2015 Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price, premium, if any, and accrued interest.

All Series 2015 Certificates prepaid pursuant to the provisions of this Article shall be canceled upon surrender thereof and destroyed by the Trustee.

Section 4.06. Mandatory Tender of Series 2015 Certificates. The Series 2015 Certificates are subject to mandatory tender by their Holders for purchase on each Mandatory Tender Date as follows. On the Mandatory Tender Date, the Holders of Series 2015 Certificates shall tender their Series 2015 Certificates to the Trustee for purchase. Any Series 2015 Certificates which are not tendered on a Mandatory Tender Date shall be deemed to have been tendered. The Trustee shall purchase on the Mandatory Tender Date (solely from amounts paid by the Corporation pursuant to Section 6.03(c) of the Sale Agreement) the entire unpaid principal amount of the Series 2015 Certificates, together with all unpaid and accrued interest on the Series 2015 Certificates to the Mandatory Tender Date. The Corporation shall at the same time pay any Additional Payments then due in accordance with the Sale Agreement and this trust Agreement.

(a) Not later than 180 days prior to a Mandatory Tender Date, the Corporation may deliver written notice to each Holder requesting that (i) the Series 2015 Certificates held by such Holder not be tendered on their current Mandatory Tender Date, and (ii) either (A) the Mandatory Tender Date be extended to a new stated date certain, or (B) that the Series 2015 Certificates be held (subject to the transfer rights set forth in this Trust Agreement) until their Certificate Payment Date (such notice, a “Request for Extension”).

(b) The Holder may, but shall not be required to, not later than 60 days following receipt of a Request for Extension, provide a written response to the Corporation, indicating the terms and conditions on which such extension would be approved, including the interest rates, redemption dates and redemption prices and any new Mandatory Tender Date to be in effect in place of the current Mandatory Tender Date. If (i) the Corporation makes no such request, (ii) the Corporation makes such request, but the Holder does not respond or responds negatively within such 60-day period, or (iii) the Corporation makes such request and the Holder responds affirmatively with terms and conditions for such extension that are unacceptable to the Corporation, the Corporation shall prepay the Installment Payments pursuant to Section 6.03(c) of the Sale Agreement in an amount sufficient to purchase the Series 2015 Certificates in whole on the Mandatory Tender Date and make all Additional Payments then due as herein provided.

(c) If the Corporation makes such request and the Holder responds affirmatively with terms and conditions for such extension that are acceptable to the Corporation, the Trustee shall not be obligated to purchase such Series 2015 Certificates until any future Mandatory Tender Date agreed to by the Corporation and the Holder, but the Series 2015 Certificates shall continue to remain Outstanding on the terms and conditions provided in this Trust Agreement, including such terms and conditions to which the Holder and the Corporation have agreed as herein provided. The Corporation and the Holder shall provide the City and the Trustee with the terms and provisions pursuant to which such Series 2015 Certificates will remain Outstanding.

(d) For Series 2015 Certificates tendered on the Mandatory Tender Date, the Corporation can choose to have the tendered Series 2015 Certificates, delivered to the Trustee for cancellation or,

(i) reoffered for sale at the principal amount thereof in Authorized Denominations at the Initial Interest Rate to an Accredited Investor or a Qualified Institutional Buyer upon compliance with the provisions of Section 2.05 hereof;

(ii) reoffered for sale at the principal amount thereof in Authorized Denominations at the Reset Rate to an Accredited Investor or a Qualified Institutional Buyer upon compliance with the provisions of Section 2.05 hereof and the delivery to the City and the Trustee of a Favorable Opinion of Special Counsel; or

(iii) reoffered for sale at an amount other than the principal amount thereof in Authorized Denominations and upon such terms as may be acceptable to the Corporation and the purchaser of the Series 2015 Certificates who shall be an Accredited Investor or a Qualified Institutional Buyer upon (A) compliance with the provisions of Section 2.05 hereof, (B) the written approval of the City to such reoffering, and (C) the delivery to the City and the Trustee of a Favorable Opinion of Special Counsel;

provided, however, that nothing in this subsection (d) shall change or affect in any manner whatsoever the Corporation's obligation to pay the purchase price of the Series 2015 Certificates tendered or deemed tendered for purchase to their tendering owners on such Mandatory Tender Date.

(e) The amount paid by the Corporation pursuant to Section 4.05(c) of the Sale Agreement for the purpose of paying the purchase price for the Series 2015 Certificates on or prior to the Mandatory Tender Date shall be deposited in the Principal Account of the Debt Service Fund. All money so deposited in the Principal Account of the Debt Service Fund shall be (i) treated as having the same priority for payment as amounts held in the Principal Account of the Debt Service Fund for payment of principal of Series 2015 Certificates when due; and (ii) used and withdrawn by the Trustee on or prior to the Mandatory Tender Date to pay the purchase price for the Series 2015 Certificates tendered (or deemed tendered) on such Mandatory Tender Date to the tendering owners thereof.

(f) Notwithstanding the forgoing, if the Corporation has arranged for a remarketing of the Series 2015 Certificates during the 30 days prior to the Mandatory Tender Date, then if the Holder is given at least five (5) days notice of the remarketing date during such period (the "Remarketing Date"), the Series 2015 Certificates shall be deemed to have been tendered on such Remarketing Date so that they may be delivered against payment of principal plus accrued interest to the purchasers of the Series 2015 Certificates in such remarketing on such Remarketing Date.

ARTICLE V

FUNDS AND ACCOUNTS

Section 5.01. Pledge and Assignments; Debt Service Fund.

(a) 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, there are hereby pledged to secure the payment of the principal, prepayment premium, if any, and interest with respect to the Certificates in accordance with their terms and the provisions of this Trust Agreement, all of the interests of the Corporation and the City in Revenues (including proceeds of the sale of Certificates and earnings on any fund or account hereunder, except the Rebate Fund) held in any fund or account established pursuant to this Trust Agreement except any amounts held in the Rebate Fund.

(b) The City hereby unconditionally and absolutely grants, transfers, conveys and assigns to the Trustee without recourse, for the benefit of the Owners from time to time of the Certificates its interests in the Revenues and all of its right, title and interest in the Sale Agreement (except for the City's right to indemnification by the Corporation the right to receive any Administrative Fees and Expenses payable to the City, any rights to receive notice and any rights to give consents or approvals), including, without limitation, the Purchase Payments and in the Purchase Agreement. The Corporation hereby transfers in trust, grants a security interest in and assigns without recourse to the Trustee, for the benefit of the Owners from time to time of the Certificates, all of its interests in the Installment Payments and in the Purchase Payments securing the payment of the Installment Payments and its interests in Revenues and all its right, title and interest in the Purchase Agreement and in the Sale Agreement. The Trustee shall be solely entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the City or the Corporation or separately, all of the rights and all of the obligations of the City and the Corporation under the Sale Agreement and the Purchase Agreement.

(c) The Trustee shall be entitled to and shall collect and receive all of the Installment Payments, Purchase Payments and Additional Payments (except for Additional Payments described in Sections 4.02(a), (c) and (d) of the Sale Agreement, to the extent payable to the City), and any such amounts collected or received by the City or the Corporation shall be deemed to be held, and to have been collected or received, by the City or the Corporation as the agent of the Trustee and shall forthwith be paid by the City or the Corporation to the Trustee. All Installment Payments shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Debt Service Fund" which the Trustee shall establish, maintain and hold in trust, except that all moneys received by the Trustee and required by the Sale Agreement to be deposited in the Prepayment Fund shall be promptly deposited in the Prepayment Fund, which the Trustee shall establish, maintain and hold in trust. All Installment Payments and Additional Payments, except for Additional Payments described in Sections 4.02(a), (c) and (d) of the Sale Agreement to the extent payable to the City, deposited with the

Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Trust Agreement including Sections 5.02 and 7.03 hereof and Article XII.

(d) The following Funds and Accounts shall be established and maintained by the Trustee hereunder:

- (i) Costs of Delivery Fund;
- (ii) Project Fund;
- (iii) Debt Service Fund;
- (iv) Interest Account of the Debt Service Fund;
- (v) Principal Account of the Debt Service Fund;
- (vi) Rebate Fund; and
- (vii) Prepayment Fund.

Section 5.02. Allocation of Installment Payments, Purchase Payments and Additional Payments.

(a) The Trustee will make all payments on account of principal and interest with respect to the Certificates. Subject to Section 2.13 hereof, the Trustee will make all payments on account of principal and interest with respect to the Certificates directly to the Owners thereof.

(b) Amounts on hand in the Debt Service Fund shall be applied to payments of principal of and interest on the Outstanding Certificates.

(c) Subject to the provisions of Section 5.05 of this Trust Agreement, if on any Interest Payment Date amounts on deposit in the Debt Service Fund are insufficient to pay the full amount of principal of and interest then due and payable with respect to the Certificates, the Trustee shall apply such amounts to the payment of Installment Payments first to the payment of interest past due on the Certificates and any Additional Certificates, proportionately; and second to the principal past due of the Certificates and any Additional Certificates, proportionately.

Any moneys remaining in the Debt Service Fund on any Interest Payment Date after the foregoing transfers and payment of any amounts then owed to the Trustee or the City shall be applied as a credit against the next Installment Payment due.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest component of the Installment Payments of the City as the same become due and payable pursuant to the Purchase Agreement, which interest is payable to the Owners on each Interest Payment Date and as their respective Certificates become due and payable, including accrued

interest with respect to any Certificates purchased or prepaid prior to their Certificate Payment Date pursuant to this Trust Agreement.

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal component of the Installment Payments of the City as the same become due and payable pursuant to the Purchase Agreement, which principal is payable to the Owners as their respective Certificates become due and payable.

Section 5.05. Reserved.

Section 5.06. Application of Prepayment Fund. All amounts deposited in the Prepayment Fund shall be used and withdrawn by the Trustee solely for the purpose of prepaying the principal components of the Installment Payments of the City and thereby prepaying Certificates, together with any premium due, in the manner and upon the terms and conditions specified in Article IV, at the next succeeding date of prepayment for which notice has been given and at the Prepayment Prices then applicable to prepayments from the Prepayment Fund; provided that, at any time prior to the selection of Certificates for prepayment, the Trustee, at the direction of the Corporation, may apply such amounts to the purchase of Certificates at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Corporation may in its discretion determine, except that the purchase price, exclusive of accrued interest, may not exceed said applicable Prepayment Price; and provided further that, in lieu of prepayment at such next succeeding date of prepayment, or in combination therewith, amounts in such fund may be transferred to the Debt Service Fund and credited against the principal components of Installment Payments in order of their due dates as set forth in a Request of the Corporation. All Certificates purchased or prepaid from the Prepayment Fund shall be allocated to such payments as may be specified in a Certificate of the Corporation. Nothing in this Section 5.06 shall authorize, or be construed to authorize, the Corporation to direct the purchase of Certificates from amounts in the Prepayment Fund or otherwise except in accordance with the order of priority that applies to the prepayment of Certificates in accordance with Section 4.01.

Section 5.07. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Trust Agreement (other than the Rebate Fund) shall be invested by the Trustee solely in Investment Securities as directed in writing by the Corporation. If no directions are received from the Corporation on a timely basis, the Trustee shall invest all such moneys in Investment Securities described in paragraph (f) of the definition thereof. All Investment Securities shall be acquired subject to the limitations set forth in Section 6.05, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Corporation and are consistent with the fiduciary duties of the Trustee.

Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing not later than the date on which it is estimated that such moneys will be required by the Trustee. Investment Securities acquired pursuant to this Section under an investment agreement may be deemed to mature on the dates for payment under such investment agreement.

Investment Securities that are registerable securities shall be registered in the name of the Trustee for the benefit of the Owners.

Except as otherwise provided in Section 5.08, all interests, profits and other income received from the investment of moneys in any fund or account established pursuant to this Trust Agreement, shall be retained in the respective fund or account from which such investment was made until the Trustee shall have received the certificate from the Corporation required by Section 3.04 hereof relating to the completion of the Project. On and after the receipt by the Trustee of the certificate from the Corporation required by Section 3.04 hereof relating to the completion of the Project, all interests, profits and other income received from the investment of moneys in any fund or account established pursuant to this Trust Agreement, shall be deposited in the Debt Service Fund. Notwithstanding anything to the contrary contained in this paragraph, (a) any amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid; and (b) any interest, profits or other income received from any fund or account shall be transferred to the Rebate Fund to the extent required by the Tax Agreement upon receipt by the Trustee of written direction from the Corporation.

Investment Securities acquired as an investment of moneys in any fund or account established under this Trust Agreement shall be credited to such fund or account. For the purpose of determining the amount in any such fund or account other than the Rebate Fund, all Investment Securities credited to such fund or account shall be valued at the lower of cost, exclusive of accrued interest after the first payment of interest following purchase, or market value.

The Trustee or its affiliates may commingle any of the funds or accounts established pursuant to this Trust Agreement, other than the Rebate Fund, in a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Trust Agreement. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell at the best price obtainable, or present for prepayment, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and, subject to the provisions of Section 8.03, the Trustee shall not be liable or responsible for any loss resulting from such investment or early liquidation thereof.

Notwithstanding any other provision hereof, if an Event of Default shall have occurred and be continuing, the Holder Representative shall have the right to direct the Trustee as to the investment in Investment Securities of any amounts held by the Trustee hereunder (except amounts in the Rebate Fund).

Section 5.08. Rebate Fund.

(a) The Corporation shall cause to be transferred from the Debt Service Fund to the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Agreement. Subject to the transfer provisions provided in paragraph (e) below, all

money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount, as defined in the Tax Agreement, for payment to the federal government of the United States of America. The City, the Corporation or the Owner of any Certificates shall have no rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Agreement, which is incorporated herein by reference. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Corporation including supplying all necessary information in the manner provided in the Tax Agreement, and shall have no liability or responsibility to enforce compliance by the Corporation or the City with the terms of the Tax Agreement.

(b) Upon the Corporation's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Corporation or from available investment earnings on amounts held in the Debt Service Fund, if and to the extent required, so that the balance of the Rebate Fund after such deposit shall equal the Rebate Amount for the Certificate Year calculated as of the most recent Calculation Date, as defined in the Tax Agreement. Computations of the Rebate Amount shall be furnished by or on behalf of the Corporation in accordance with the Tax Agreement.

(c) The Trustee shall have no obligations to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds and accounts created under this Trust Agreement or from other moneys provided to it by the Corporation.

(d) The Trustee shall invest all amounts held in the Rebate Fund in Investment Securities, subject to written instructions of the Corporation. The Trustee shall deposit all earnings, calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively, on investments held in the Rebate Fund into the Rebate Fund. Money shall not be transferred from the Rebate Fund except as provided in paragraph (e) below.

(e) Upon receipt of and in accordance with the Corporation's written direction, the Trustee shall remit part or all of the balance in the Rebate Fund to the United States. In addition, if the Corporation so directs in writing, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such other accounts or funds as shall be specified in the Corporation's written directions. Any funds remaining in the Rebate Fund after prepayment and payment of all of the Certificates and payment and satisfaction of any Rebate Amount shall be withdrawn and remitted to the Corporation.

(f) Notwithstanding any other provision of this Trust Agreement, including in particular Article X hereof, the obligation to remit the Rebate Amounts to the United States and to comply with all other requirements of this Section and the Tax Agreement shall survive the defeasance or payment in full of the Certificates and the Installment Payments.

(g) Without limiting the generality of the foregoing, the Corporation agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Purchase Agreement and the Certificates from time to time. This covenant shall survive payment in full or defeasance of the Certificates and the Installment Payments. The Corporation specifically covenants to pay or cause to be paid to the United States at the times and in the amount determined above the Rebate Amounts, as described in the Tax Agreement. The Trustee shall comply with all written instructions of the Corporation given in accordance with the Corporation's responsibilities under the Tax Agreement. Neither the City nor the Trustee shall have any responsibility to research, calculate, or verify any instructions received from the Corporation pursuant to the Tax Agreement.

(h) Notwithstanding any provision of this Section, if the Corporation shall provide to the City and the Trustee a Favorable Opinion of Special Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest with respect to the Certificates pursuant to Section 103 of the Code, the City and the Trustee may rely conclusively on such opinion in complying with the provisions hereof and such opinion.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Compliance with Trust Agreement. The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions hereof, and the Corporation and the City will not suffer or permit any default by them to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by them.

Section 6.02. Against Encumbrances. Neither the Corporation nor the City shall create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the assets pledged or assigned under this Trust Agreement while any of the Certificates are Outstanding, except as provided in this Trust Agreement and the Sale Agreement.

Section 6.03. Power to Make the Agreement and Make Pledge and Assignment. The City and the Corporation are each duly authorized pursuant to law to enter into the Purchase Agreement, the Sale Agreement and this Trust Agreement and to pledge and assign the assets purported to be pledged and assigned, respectively, under this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The obligation of the City to make the Installment Payments pursuant to the Purchase Agreement and the obligation of the Corporation to make Purchase Payments pursuant to the Sale Agreement and the provisions of this Trust Agreement are and will be the legal, valid and binding limited obligations of the City and the Corporation, respectively, in accordance with their terms, and the City, the Corporation and

Trustee shall at all times, to the extent permitted by law, defend, preserve and protect all the rights of the Owners under this Trust Agreement against all claims and demands of all persons whomsoever.

Section 6.04. Accounting Records and Financial Statements of Trustee; Access to Project.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Installment Payments, Additional Payments, the Purchase Agreement, the Sale Agreement, the proceeds of the Certificates and all funds and accounts established pursuant to this Trust Agreement. Such books of record and account and other information shall be available for inspection by the City, the Corporation and any Owner, or its agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the Corporation each month, a complete account statement (which need not be audited) covering receipts, disbursements, allocation and application of Installment Payments and Additional Payments and any other moneys (including proceeds of Certificates) in any of the funds and accounts established pursuant to this Trust Agreement for the preceding month; provided, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of \$0.00; and (ii) has not had any activity since the last reporting date.

(c) The Trustee and any Owner of at least 10% in aggregate principal amount of the Certificates then Outstanding may, upon reasonable notice and at reasonable times during regular business hours, have access to the Facilities for the purpose of inspecting the same; provided, that no such inspection or related activity which would cause disruption of or interference with any program being conducted by the Corporation at the Facilities shall be permitted.

Section 6.05. Tax Covenants. The City and the Corporation each covenant that they shall 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 payable with respect to the Certificates under Section 103 of the Code. Without limiting the generality of the foregoing, the City and the Corporation each covenant that they will comply with the requirements of the Tax Agreement, which are incorporated herein as if fully set forth herein.

In the event that at any time the City or the Corporation is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Trust Agreement, the City or the Corporation shall so instruct the Trustee under this Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provisions of this Section, if the Corporation shall provide to the Trustee a Favorable Opinion of Special Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest payable with respect to the Certificates, the Trustee, the City and the Corporation may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

The City's obligations under this Section 6.05 to take any actions shall be conditioned on receiving indemnity from the ~~Borrower Corporation~~ satisfactory to the City for such actions and the costs, expenses and liabilities relating thereto.

Section 6.06. Other Covenants.

(a) The Trustee shall promptly collect all amounts due from the Corporation pursuant to the Sale Agreement and from the City pursuant to the Purchase Agreement and shall diligently enforce, and take all steps, actions and proceedings, subject to Section 8.03(e) and Article XII hereof, reasonably necessary for the enforcement of all of the rights of the City and all of the obligations of the Corporation in, under and with respect to this Trust Agreement, subject to the relative rights and interests of the Holders of the Certificates and the Holder Representative, respectively, to act on their behalf as provided in Article XII hereof.

(b) The Trustee shall receive and apply the Debt Service Fund under the circumstances and subject to the terms and conditions set forth in the Sale Agreement and this Trust Agreement, and shall take such other actions and perform such other duties on its part set forth in this Trust Agreement, in accordance with the terms thereof and hereof, subject to the relative rights and interests of the Holders of the Certificates and the Holder Representative, respectively, to act on their behalf as provided in Article XII hereof.

Section 6.07. Further Assurances. The City and the Corporation will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and for the better assuring and confirming unto the Owners of the Certificates of the rights and benefits provided in this Trust Agreement including those provided for the benefit and security of the Owners of the Certificates.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) if default shall be made in the due and punctual payment of Installment Payments or Additional Installment Payments on the due date thereof; or

(b) if default shall be made in the performance or observance of any other of the covenants, agreements or conditions on the part of the City contained in this Trust Agreement or in the Purchase Agreement and such default shall have continued for a period of sixty (60) days after written notice thereof given by the Trustee to the City, or to the City and the Trustee by the Holder Representative or by the Holders of not less than 25% in aggregate principal amount of the Certificates then Outstanding, or such longer period (up to an additional thirty (30) days) as may be necessary to remedy such default; provided that (i) the City has commenced action during the sixty (60) days after receipt of such notice necessary to remedy such default and (ii) the City is proceeding with reasonable diligence to remedy such default; or

(c) a Sale Agreement Default (other than a payment default specified in (a) above); or

(d) a Purchase Agreement Default (other than a payment default specified in (a) above).

Within three Business Days of obtaining actual knowledge of any Event of Default hereunder, the Trustee shall send Owners notice of the occurrence of such Event of Default by first class mail and by facsimile transmission, if a facsimile number has been provided to the Trustee in writing.

Section 7.02. Acceleration. Upon the occurrence of an Event of Default, the Trustee shall, at the written direction of the Holder Representative, and may, subject to the prior written consent of the Holder Representative, by notice to the City and the Corporation, declare the principal of all of the Certificates, and the interest accrued thereon immediately due and payable. The Trustee shall give notice of acceleration to Holders of the Certificates in the manner provided for in Section 11.07, stating the accelerated date (which date shall not be less than ten (10) Business Days after the effective date of such acceleration) upon which such Certificates are due and payable, provided that the Trustee shall not be required to delay the effective date of acceleration until such notice is given.

Section 7.03. Remedies After Default. If an Event of Default shall occur and be continuing, all funds then held or thereafter received by the Trustee under any of the provisions of this Trust Agreement (subject to Section 11.10 and except for moneys on deposit in the Rebate Fund) and the Deed of Trust shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Certificates and payment of reasonable fees, charges and expenses of the Trustee, including reasonable fees and disbursements of its counsel, incurred in and about the performance of its powers and duties under this Trust Agreement;

(b) to the payment of the principal or Prepayment Price and interest then due with respect to the Certificates, upon presentation of the Certificates to be paid, and

noting thereon the payment if only partially paid, or surrender thereof if fully paid, and the principal and premium, if any, as follows:

(A) Unless the principal component of the Installment Payments shall have become or have been declared due and payable;

First: to the payment to the persons entitled thereto of all installments of interest then due with respect to the Certificates in the order of the payment dates of such installments, and, if the amount available shall 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; and

Second: to the payment to the persons entitled thereto of the unpaid principal or Prepayment Price with respect to any Certificates which shall have become due, whether at a payment date or by call for prepayment, in the order of their due dates, with interest on the overdue principal with respect to the Certificates at the Default Rate and, if the amount available shall not be sufficient to pay or prepay in full all the Certificates due on any date, together with such interest, then to the payment or prepayment thereof ratably, according to the amounts of principal or Prepayment Price due on such date to the persons entitled thereto, without any discrimination or preference; and

(B) If the principal component of the Installment Payments shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid with respect to the Certificates, with interest on the overdue principal with respect to the Certificates at the Default Rate, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest according to the amounts due respectively for principal and interest, to the persons entitled thereto without any other discrimination or preference.

Section 7.04. Trustee to Represent Owners. Subject to Section 7.05, the Trustee is hereby irrevocably appointed (and the successive respective Owners of the Certificates by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Certificates 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 Certificates, this Trust Agreement, the Purchase Agreement, the Sale Agreement, and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, or upon the written request of the Holder Representative, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or

in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee, or in such Owners under this Trust Agreement, the Purchase Agreement, the Sale Agreement, or any applicable law. All rights of action under this Trust Agreement or the Certificates or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Certificates or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Certificates, subject to the provisions of this Trust Agreement (including Article XII and Section 7.03 hereof).

Section 7.05. Direction of Proceedings by Holder Representative. Anything in this Trust Agreement to the contrary notwithstanding, the Holder Representative shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee and subject to receipt by the Trustee of indemnity acceptable to it pursuant to Section 8.03, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Trust Agreement, the Purchase Agreement or the Sale Agreement or for the appointment of a receiver or any other proceedings hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Trust Agreement, the Purchase Agreement or the Sale Agreement. The Holder Representative may, in its sole discretion, waive in writing to the Trustee any Event of Default under this Trust Agreement that relates to the rights and interests of the Holders of the Certificates; provided, however, that nothing herein shall be construed to limit the rights or interests of the Holder Representative as provided in Article XII.

Section 7.06. Limitation on Owners' Right to Sue. Subject to Section 7.03, no Owner of any Certificate shall have 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 Purchase Agreement, the Sale Agreement, or any applicable law with respect to such Certificate unless: (i) such Owner, or the Holder Representative on its behalf, shall have given to the Trustee written notice of the occurrence of an Event of Default; (ii) the Holder Representative shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (iii) such Holder Representative shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (iv) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Conditions (i) through (iv) listed in the immediately preceding paragraph are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder or under law; it being understood and intended that not one or more Owners of Certificates shall 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 Certificates or to enforce any right under this Trust Agreement, the Purchase Agreement, the Sale Agreement or applicable law with respect to the Certificates, except in the manner herein provided in this Article VII and Article XII, and that all proceedings at law or in equity to

enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Certificates, subject to the provisions of this Trust Agreement.

Section 7.07. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the City, the Corporation, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the City, the Corporation, the Trustee and the Owners shall continue as though no such proceedings had been taken.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Certificates is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Certificates to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Trust Agreement to the Trustee or the Owners of the Certificates may be exercised from time to time and as often as may be deemed expedient.

Section 7.10. Waivers of Events of Default. Except as otherwise provided herein, the Trustee in its discretion, but only with the written consent of the Holder Representative as provided in Section 7.05, may waive any Event of Default hereunder and rescind its consequences. In the case of any such waiver and rescission, the City, the Corporation, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver and rescission shall extend to any subsequent or other default, or impair any right consequent thereon. All waivers under this Trust Agreement shall be in writing and a copy thereof shall be delivered to the City, the Corporation and the Owners.

Section 7.11. Inconsistencies Between Article VII and Article XII. In the event of any inconsistency between the terms and provisions of Article VII and Article XII, the terms and provisions of Article XII shall control.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Appointment, Duties, Immunities and Liabilities of Trustee.

(a) The City and the Corporation hereby appoint U.S. Bank, National Association, as Trustee and designate the corporate trust office of the Trustee set forth in Section 9.02 of the Sale Agreement, such appointment and designation to remain in effect

until notice of change is filed with the Trustee. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement. The Trustee shall, during the existence of any Event of Default, which has not been cured, exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Either the City or the Corporation may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holder Representative, or if at any time the Trustee shall cease to be eligible in accordance with paragraph (e) below, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation; in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint, with the written consent of the other party, a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the City and the Corporation, and by giving the Owners notice of such resignation by mail at their addresses appearing on the Certificate registration books maintained by the Trustee. Upon receiving such notice of resignation, any one of the City or the Corporation shall promptly, with the approval of the Holder Representative, appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment and assumption of duties by the successor Trustee. If no successor Trustee shall have been appointed, have accepted appointment and have assumed the duties of the Trustee within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the City and the Corporation and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the Request of the City or the Corporation or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Trust Agreement and shall pay over, transfer, assign and deliver to the successor

Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City and the Corporation shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City shall cause such Trustee to mail to the registered Owners of all Outstanding Certificates at their addresses appearing on the Certificate registration books maintained by the Trustee notice of the succession of such Trustee to the trusts hereunder. The Trustee shall transfer all funds and property then held by the Trustee under the Trust Agreement to the successor Trustee.

(e) Any Trustee shall be a trust company or commercial bank having the powers of a trust company and authorized to act as a trustee under California law, having a combined capital and surplus (including for such purpose the capital and surplus of any parent or holding company of such entity) of at least \$50,000,000, and subject to supervision or examination by federal or state authority. If such commercial bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection, the combined capital and surplus of such commercial bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case any successor Trustee shall cease at any time to be eligible in accordance with the provisions of this subsection, such successor Trustee shall resign immediately in the manner and with the effect specified in this Section 8.01.

Section 8.02. Merger or Consolidation. 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 shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 8.01(e), shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee.

(a) The Trustee assumes no responsibility for the correctness of the recitals of facts herein, and makes no representations as to the validity or sufficiency of this Trust Agreement or of the Certificates, and shall incur no responsibility in respect thereof other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct as finally adjudicated by a court of competent jurisdiction; provided that this shall not be construed to limit the effect of paragraphs (g) or (h) hereof. The Trustee may become the Owner of Certificates with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to

protect the rights of Owners, whether or not such committee shall represent the Owners of at least a majority in principal amount of Certificates then Outstanding.

(b) The Trustee shall not be liable with respect to any action reasonably taken or omitted to be taken by it in accordance with the direction of the Holder Representative relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of the Owners or the Holder Representative pursuant to the provisions of this Trust Agreement unless such Owners or Holder Representative shall have offered to the Trustee reasonable security or indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities which may be incurred therein or thereby; provided, however, that the Trustee shall not be entitled to any security or indemnity in connection with its obligations to remit principal and interest with respect to the Certificates to the Owners thereof and accelerate the maturity of the Certificates in accordance with Section 7.02 hereof.

(d) The Corporation shall:

(i) pay to the Trustee from time to time compensation for all services rendered by it hereunder in accordance with an agreement entered into by the Corporation, the City and the Trustee;

(ii) except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or willful misconduct as finally adjudicated by a court of competent jurisdiction; and

(iii) indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred, without negligence or willful misconduct on the Trustee's part as finally adjudicated by a court of competent jurisdiction, arising out of or in connection with the acceptance or administration of this trust or the performance of its duties hereunder, including the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The provisions of this subsection shall survive (A) the resignation or removal of the Trustee; (B) the discharge of this Trust Agreement; and (C) the payment in full of the Certificates.

(e) No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have

reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The foregoing limitation on financial liability and entitlement to indemnity shall not apply or be a condition to the Trustee's obligation and duty to make payments to the Owners with respect to the Certificates; provided, however, that the Trustee shall have no obligation to advance moneys other than money held under the Trust Agreement for payment of the Certificates.

(f) 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 shall be subject to the provisions of this Section.

(g) Subject to the other provisions of this Section and to the provisions of Sections 8.01 and 8.04 hereof, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, Certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee shall be entitled to examine the books, records and premises of the Corporation, personally or by agent or attorney.

(h) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, co-trustees or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent (except any employees of the Trustee), co-trustees or attorney appointed with due care by the Trustee hereunder and with the consent of the City and the Corporation.

(i) The Trustee shall not be liable for any action taken by it in good faith, and without negligence as finally adjudicated by a court of competent jurisdiction, and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement.

(j) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Corporate Trust Office. Except as otherwise expressly provided herein, the Trustee shall 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 Certificates, or as to the existence of a default or Event of Default thereunder.

(k) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee.

Section 8.04. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, 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 City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter, unless other evidence in respect thereof be herein specifically prescribed, may be deemed to be conclusively proved and established by a certificate or statement of the City or the Corporation, and such certificate or statement of the City or the Corporation shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Trust Agreement in reliance upon such certificate or statement of the City or the Corporation, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City and the Corporation, and their agents and representatives duly authorized in writing, and of the Holder Representative or any Owner and such Owner's agents and representatives duly authorized, in writing (if such Owner provides to the Trustee 30 days prior written notice and such notice specifies a date upon which such inspection shall occur), during normal business hours and under reasonable conditions.

Section 8.06. [Reserved].

Section 8.07. [Reserved].

Section 8.08. [Reserved].

Section 8.09. Remedies Vested in Trustee. All rights of action, including the right to file proof of claim, under this Trust Agreement or under any of the Certificates may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Certificates, and any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Certificates as among themselves and the relative rights and interests of the Holders of the Outstanding Certificates, and the Holder Representative, to act on their behalf as provided in Article XII. The Corporation and the Trustee hereby agree, without in any way limiting the effect and scope thereof, that the pledge and assignment under Section 5.01 hereof shall constitute an agency appointment coupled with an interest on the part of the Trustee which, for all purposes of this Trust Agreement, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the Corporation or its default hereunder or under the Sale Agreement or on the Certificates.

ARTICLE IX

MODIFICATION OR AMENDMENT OF DOCUMENTS

Section 9.01. Amendments Permitted.

(a) Subject to the terms of the next paragraph, this Trust Agreement, the Purchase Agreement and the Sale Agreement, and the rights and obligations of the City, the Corporation, the Owners of the Certificates and the Trustee may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, Supplemental Purchase Agreement and/or Supplemental Sale Agreement, as applicable, which shall have been filed with the Trustee and which the City, the Corporation and the Trustee, as applicable, may enter into with the prior written consent of the Holder Representative.

No such modification or amendment shall: (i) extend the stated payment date of any Certificate or Additional Certificate, or reduce the amount of principal represented thereby, or extend the time of payment provided in the Trust Agreement for the payment of any Certificate or Additional Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto, or reduce any premium payable upon the prepayment thereof, without the consent of the Owner of each Certificate or Additional Certificate so affected; or (ii) limit or remove the requirement for the prior written consent of the Holder Representative which is required to effect any such modification or amendment, or permit the creation of any lien on Revenues and other assets pledged under this Trust Agreement prior to or on a parity with the lien created by this Trust Agreement, or deprive the Owners of the Certificates of the lien created by this Trust Agreement on such Revenues and other assets (except as expressly provided in this Trust Agreement), without the consent of the Owners of all of the Certificates then Outstanding. It shall not be necessary for the consent of the Holder Representative to approve the particular form of any Supplemental Trust Agreement, Supplemental Purchase Agreement or Supplemental Sale Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the City, the Corporation and the Trustee of any Supplemental Trust Agreement, Supplemental Purchase Agreement or Supplemental Sale Agreement pursuant to this subsection, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Trust Agreement, Supplemental Purchase Agreement or Supplemental Sale Agreement to the Owners of the Certificates at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement, Supplemental Purchase Agreement or Supplemental Sale Agreement.

(b) This Trust Agreement, the Purchase Agreement and the Sale Agreement and the rights and obligations of the City, the Corporation, the Trustee and the Owners of the Certificates may also be modified or amended from time to time and at any time by a Supplemental Trust Agreement, Supplemental Purchase Agreement or Supplemental Sale Agreement, respectively, which the City, the Corporation, and the Trustee, as applicable,

may enter into, without the written consent of any Owners, and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City or the Corporation contained in this Trust Agreement, the Purchase Agreement or the Sale Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates, or any portion thereof, or to surrender any right or power herein reserved to or conferred upon the City or the Corporation, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Owners of the Certificates or revoke any right granted the Owners hereunder;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Trust Agreement, the Purchase Agreement or the Sale Agreement, or in regard to matters or questions arising under this Trust Agreement, the Purchase Agreement or the Sale Agreement, as the City or the Corporation, with the consent of the other, may deem necessary or desirable and not inconsistent with said agreements, and which shall not materially adversely affect the interests of the Owners of the Certificates or revoke any right granted the Owners hereunder;

(iii) to modify, amend or supplement this Trust Agreement, the Purchase Agreement, and/or the Sale Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which modification, amendment or supplement shall not materially adversely affect the interests of the Owners of the Certificates or revoke any right granted the Owners hereunder;

(iv) to modify, amend or supplement this Trust Agreement, the Purchase Agreement, and/or the Sale Agreement in such a manner as to maintain the exclusion from gross income of interest payable with respect to the Certificates for federal income tax purposes; and

(v) to make any other changes which will not materially adversely affect the interests of the Owners of the Certificates or revoke any right granted the Owners hereunder.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Trust Agreement, authorized by paragraphs (a) or (b) above which materially adversely affects the Trustee's own rights, duties or immunities under this Trust Agreement or otherwise.

(d) Notwithstanding any other provision of this Section 9.01, this Trust Agreement may only be amended if, concurrently with such amendment, the Trustee shall have received a Favorable Opinion of Special Counsel.

Section 9.02. Effect of Supplemental Trust Agreement, Supplemental Purchase Agreement and Supplemental Sale Agreement. Upon the execution of any Supplemental Trust Agreement, Supplemental Purchase Agreement or Supplemental Sale Agreement pursuant to this Article, said agreements shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under said agreements of the City, the Trustee and all Owners of Certificates Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Trust Agreement, Supplemental Purchase Agreement or Supplemental Sale Agreement shall be deemed to be part of the terms and conditions of the Trust Agreement, the Purchase Agreement and the Sale Agreement, respectively, for any and all purposes.

Section 9.03. Endorsement of Certificates; Preparation of New Certificates and Additional Certificates. Certificates and Additional Certificates delivered after the execution of any Supplemental Trust Agreement pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to any modification or amendment provided for in such Supplemental Trust Agreement, and, in that case, upon demand of the Owner of any Certificate or Additional Certificate Outstanding at the time of such execution and presentation of its Certificate or Additional Certificates for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Certificate or Additional Certificate. If the Supplemental Trust Agreement shall so provide, new Certificates or Additional Certificates so modified as to conform, in the opinion of the City and the Trustee, to any modification or amendment contained in such Supplemental Trust Agreement, shall be furnished and executed by the Trustee, and upon demand of the Owners of any Certificates or Additional Certificates then Outstanding shall be exchanged at the Corporate Trust Office, without cost to any Owner, for Certificates and Additional Certificates then Outstanding, upon surrender for cancellation of such Certificates and Additional Certificates in equal aggregate principal amounts of the same Certificate Payment Date.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Trust Agreement. When the obligations of the City under the Purchase Agreement shall cease by virtue of the delivery to the Trustee, for cancellation by the Trustee, of the final Certificates and any Additional Certificates then Outstanding, or pursuant to Article VII of the Purchase Agreement (except for the right of the Trustee and the obligation of the City to have the money and Investment Securities mentioned therein applied to the payment of Installment Payments as therein set forth), and any amounts owed to the City and the Trustee has been paid in full, then and in that case the obligations created by this Trust Agreement shall thereupon cease, terminate and become void except for the right of the Owners and the obligation of the Trustee to apply such moneys and Investment Securities to the payment

of the Certificates and any Additional Certificates as herein set forth and the Trustee shall turn over to the Corporation and except as otherwise provided herein subject to the application of moneys on deposit in the Rebate Fund as provided in Section 5.10 hereof), as an overpayment of Purchase Payments and any Additional Purchase Payments, any surplus in the Debt Service Fund and all balances remaining in any other funds or accounts other than as set forth above and other than moneys and Investment Securities held for the payment of the Certificates and any Additional Certificates at the stated payment date thereof or on prepayment, which moneys and Investment Securities shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal and any prepayment premium and interest represented by the Certificates and any Additional Certificates, and after such payment, this Trust Agreement shall be discharged in full.

If moneys or Investment Securities are deposited with and held by the Trustee as provided in this Section 10.01, such moneys or Investment Securities shall be accompanied by (i) an opinion of bankruptcy counsel in form and substance acceptable to the Trustee and Holder Representative with respect to the moneys and Investment Securities then held by the Trustee as provided in this Section 10.01 not being voidable as a preferential transfer in the event of the bankruptcy or other Proceeding by or against the Corporation and such other matters regarding bankruptcy as the Holder Representative may request; and (ii) a report of an accountant or other financial services firm acceptable to the Holder Representative verifying that the amount of such moneys or Investment Securities deposited will be sufficient, together with interest to accrue thereon, to pay all the Certificates and any Additional Certificates at or before their stated payment date, and the Trustee shall within 30 days after such Investment Securities shall have been deposited with it cause a notice to be mailed by first class mail to the Owners: (a) setting forth the stated payment date or date fixed for prepayment, as the case may be, of the Certificates, if any; (b) setting forth a description of the Investment Securities, if any, so held by it; and (c) stating that the Trust Agreement has been released in accordance with the provisions of this Section.

Section 10.02. Deposit of Money or Securities with Trustee. Whenever in this Trust Agreement or the Purchase Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee moneys or Investment Securities in the necessary amount to pay or prepay any Certificates, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Trust Agreement, exclusive of the Rebate Fund, and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Certificates and all unpaid interest thereon to the payment date, except that, in the case of Certificates which are to be prepaid prior to the stated payment date and in respect of which notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Prepayment Price with respect to such Certificates and all unpaid interest thereon to the stated payment or prepayment date; or

(b) Investment Securities (which are noncallable and nonprepayable by the issuer thereof prior to maturity) described in paragraph (a) of the definition thereof, the

principal of and interest on which when due will provide money sufficient to pay the principal or Prepayment Price of and all unpaid interest to the stated payment date, or to the prepayment date, as the case may be, represented by the Certificates to be paid or prepaid, as such principal or Prepayment Price and interest become due, provided that, in the case of Certificates which are to be prepaid prior to the payment date thereof, notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed, by the terms of this Trust Agreement and the Sale Agreement or by Request of the City, to apply such money to the payment of such principal or Prepayment Price and interest with respect to such Certificates.

Section 10.03. Payment of Certificates After Discharge of Trust Agreement.

Notwithstanding any provisions of this Trust Agreement, any moneys held by the Trustee (other than moneys in the Rebate Fund) in trust for the payment of the principal or Prepayment Price, or interest with respect to any Certificates and remaining unclaimed for two years after the principal with respect to all of the Certificates has become due and payable (whether at the stated payment date or upon call for prepayment or by acceleration as provided in this Trust Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall, upon Request of the Corporation and consent of the City, be repaid to the Corporation free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Corporation as aforesaid, the City or the Trustee at the direction of the City, as the case may be, may (at the cost of the Corporation) first publish at least once in a financial newspaper or journal a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the Corporation of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Corporation as aforesaid, the Owners of the Certificates with respect to which such moneys were deposited shall thereafter be deemed to be general unsecured creditors of the Corporation for amounts equivalent to the respective amounts deposited for the payment of such Certificates and so repaid to the Corporation, without interest thereon, subject to any applicable statute of limitations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of City Limited to Purchase Payments. Notwithstanding anything in this Trust Agreement or in the Certificates contained, the City shall not be required to advance any moneys derived from any source other than Purchase Payments, attributable to payments made by the Corporation, 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 or Prepayment Price or interest with respect to the Certificates or for any other purpose of this Trust Agreement.

Section 11.02. Successor Is Deemed Included in All References to Predecessor.

Whenever in this Trust Agreement the City, the Corporation or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the City, the Corporation or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give to any Person other than the City, the Corporation, the Trustee and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Corporation, the Trustee and the Owners of the Certificates, and the Additional Certificates.

Section 11.04. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.05. Destruction of Certificates. Whenever in this Trust Agreement provision is made for the cancellation by the Trustee and the delivery to the City of any Certificates, the Trustee shall, in lieu of such cancellation and delivery, destroy such Certificates and deliver a written certificate evidencing such destruction to the City.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Trust Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 11.07. Notices. Any notice, request, complaint, demand, communication or other paper shall be in writing and shall be sufficiently given and shall be deemed given when delivered or mailed by first class, registered or certified mail, postage prepaid, or sent by telegram, addressed to the parties as follows:

City:	City of Willits 111 E. Commercial Street Willits, California 95490 Attention: Finance Director/City Treasurer
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Corporation: Frank R. Howard Foundation
44 Madrone Street
Willits, California 95490
Attention: President

With a copy to:

Carle, Mackie, Power & Ross LLP
100 B Street, Suite 400
Santa Rosa, CA 95410
Attention: Simon R. Inman

Trustee: U.S. Bank, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services

Holder
Representative: Tri Counties Bank
255 South Main Street
Willits, California 95490
Attention: Arnie Mello, Vice President

The parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 11.08. Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Certificates transferable by delivery, shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee and of the City if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the Certificate or Additional Certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument 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 Certificates shall be proved by the Certificate registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Owner of any Certificate or Additional Certificate shall bind every future Owner of the same Certificate and Additional Certificate and the Owner of every Certificate and Additional Certificate executed and delivered in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the City, the Trustee or the Corporation in accordance therewith or reliance thereon.

Section 11.09. Disqualified Certificates. In determining whether the Owners of the requisite aggregate principal amount of Certificates have concurred in any demand, request, direction, consent or waiver under this Trust Agreement, Certificates which are owned or held by or for the account of the City or the Corporation, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or the Corporation, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Certificates so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Certificates and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or the Corporation. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.10. Money Held for Particular Certificates. The money held by the Trustee for the payment of the interest, principal, or Prepayment Price due on any date with respect to particular Certificates (or portions of Certificates in the case of registered Certificates purchased or prepaid in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Certificates entitled thereto, but without any liability for interest thereon, subject, however, to the provisions of Section 10.03 hereof.

Section 11.11. Funds and Accounts. The Trustee may establish any additional funds or accounts or subaccounts it deems necessary or appropriate to perform its obligations hereunder. Any fund required by this Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with standard corporate trust accounting procedures, to the extent practicable, and with due regard for the requirements of Section 6.04 and for the protection of the security of the Certificates and the rights of every Owner thereof.

Section 11.12. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Trust Agreement

as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 11.13. Waiver of Personal Liability. No council member, officer, official, agent or employee of the City or director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of the principal or Prepayment Price or interest with respect to the Certificates or the Additional Certificates or be subject to any personal liability or accountability by reason of the execution and delivery thereof or the execution or issuance of the Purchase Agreement; but nothing herein contained shall relieve any such council member, director, officer, official, agent or employee from the performance of any official duty provided by law or by this Trust Agreement.

Section 11.14. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City, the Corporation and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.15. Governing Law. This Trust Agreement shall be governed by, and the provisions hereof construed in accordance with, the laws of the State of California applicable to contracts made and performed in the State.

Section 11.16. Business Days; Payments Due on Saturdays, Sundays and Holidays.

(a) Except as otherwise specifically provided herein, when any action provided for herein is to be done on a day named or within a specified time period, and the day or the last day of the period falls on a Saturday, a Sunday, a legal holiday in the city or cities from which payment originates or a day on which banking institutions are authorized by law to close in the city or cities from which payment originates, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

(b) In any case where the date of payment of principal of or interest on the Certificates or the Additional Certificates or the date fixed for prepayment of any Certificates shall be a Saturday or Sunday or a legal holiday in the city of payment or a day or on which banking institutions are authorized by law to close in the city or cities of payment, then payment of interest or principal shall be made on the succeeding Business Day with the same force and effect as if made on the interest payment date or the date on maturity or the date fixed for prepayment.

Section 11.17. Conflicting and Other Provisions. To the extent that any provisions in this Trust Agreement concerning payment of moneys from funds and accounts established hereunder conflict with any provisions of the Purchase Agreement or the Sale Agreement, the provisions of this Trust Agreement shall be controlling.

In addition, this Trust Agreement shall comply with the Child Support Assignment Order provisions set forth in Section 7.04 of the Sale Agreement.

ARTICLE XII

THE HOLDER REPRESENTATIVE

Section 12.01. Preservation of the Rights of the Holder Representative. Without limiting the provisions of this Article XII or the rights or interests of the Holders as otherwise set forth in this Trust Agreement, the Trustee shall cooperate in all respects with any request by the Holder Representative in accordance with the terms of this Trust Agreement for action to preserve or enforce the Holder Representative's rights or interests under this Trust Agreement.

Section 12.02. Access to Records; Delivery of Information to the Holder Representative. The registration records and other books and records of the Trustee relating to the Certificates shall be made available to the City, the Holder Representative, the Corporation or their agents designated in writing to the Trustee during regular business hours upon written request, for purposes of inspection and copying.

The Trustee shall distribute to the Holder Representative upon request a listing of the names and addresses of the Holders of the Certificates. The Trustee shall also supply, at the sole expense of the Corporation, such additional reports and information regarding the cash flows in the accounts created hereunder and a breakdown of cash flows received by the Trustee as is reasonably requested by the Holder Representative or the City.

The Trustee shall provide to the Holder Representative upon the written request of such parties copies of the Trustee's most recent trust statements with respect to the Certificates.

Section 12.03. Consent Requirements of Holder Representative. Any provision of this Trust Agreement expressly recognizing or granting rights in or to the Holder Representative may not be amended in any manner which affects the rights of the Holder Representative hereunder without the prior written consent of the Holder Representative.

Section 12.04. Notice Requirements of Holder Representative.

(a) The Trustee shall furnish to the Holder Representative: (i) a copy of any notice to be given to the registered owners of the Certificates, including, without limitation, notice of any prepayment (other than mandatory sinking fund prepayment) or defeasance of Certificates, and any certificate rendered pursuant to this Trust Agreement relating to the security for the Certificates, and (ii) such additional information as the Holder Representative may reasonably request.

(b) The Trustee shall notify the Holder Representative upon the occurrence of the following: (i) any failure of the City or the Corporation to provide notices, certificates or other information in accordance with this Trust Agreement, (ii) immediately if at any time there are insufficient moneys to make any payments of principal and/or interest on the Certificates as required and (iii) immediately upon the occurrence of any Event of Default hereunder.

(c) If, following the transfer from the Debt Service Fund required on such date, immediately preceding an Interest Payment Date, Certificate Payment Date,

prepayment date, or other such payment date, there are not, following the transfer from the Debt Service Fund required on such date, on deposit in the Interest Account and the Principal Account of the Debt Service Fund sufficient moneys to make all payments of principal or interest due in respect to the Certificates, the Trustee shall notify the Holder Representative and the Corporation on such fund transfer date of the amount of such insufficiency.

(d) Upon the occurrence of an Event of Default under this Trust Agreement and the declaration that all principal of and interest on Certificates are immediately due and payable, the Trustee shall immediately notify the Holder Representative of such occurrence and declaration. Such notice shall set forth the amount necessary to pay the principal of and interest due on the accelerated Certificates and amounts on deposit in the funds and accounts which are available for such purpose.

(e) If a payment of principal of, or interest on, the Certificates is avoided as a preference payment under applicable bankruptcy, insolvency, receivership or similar law, the Trustee shall, upon obtaining knowledge of such avoidance, immediately notify the Holder Representative of such avoidance. Such notice shall set forth the amount necessary to pay such avoided amount and amounts on deposit in the Funds and accounts which are available for such purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be signed in their respective names by their duly authorized officers all as of the day and year first above written.

CITY OF WILLITS

By _____
[Name, Title]

Attest:

By _____
[Name, Title]

U.S. BANK, NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

FRANK R. HOWARD FOUNDATION

By _____
[Name, Title]

[Signature Page to Trust Agreement]

EXHIBIT A

FORM OF REQUEST OF THE CORPORATION

[Date]

U.S. Bank, National Association
[Address]
[Address]
Attention: [Department]

Re: City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) Series 2015

Dear _____:

Pursuant to Section 3.01(b) of the Trust Agreement, dated as of May 1, 2015 (the "Trust Agreement"), by and among the City of Willits (the "City"), Frank R. Howard Foundation (the "Corporation") and U.S. Bank, National Association, as trustee (the "Trustee"), you are hereby directed to execute and deliver \$_____ aggregate principal amount of City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) Series 2015 (the "Series 2015 Certificates") and deliver the Series 2015 Certificates to Tri Counties Bank (the "Purchaser") at the address appearing below the Purchaser's approval of this Request of the Corporation upon receipt of the purchase price of the Series 2015 Certificates in the amount of \$_____. The Trustee shall deposit the proceeds from the sale of the Series 2015 Certificates received from the Purchaser in the Project Fund established pursuant to the Trust Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Installment Sale Agreement, dated as of May 1, 2015 (the "Installment Sale Agreement"), by and between the Corporation and the City. The Corporation hereby represents and warrants as follows with respect to the delivery of the Series 2015 Certificates:

(i) the Subsequent Delivery Date of the Series 2015 Certificates is _____;

(ii) the aggregate principal amount of Series 2015 Certificates to be executed and delivered to the Purchaser on the Subsequent Delivery Date is \$_____;

(iii) the aggregate amount of Series 2015 Certificates executed and delivered as of the date of this Request of the Corporation (including the amount set forth in this Request of the Corporation) is \$_____.

(iv) the Series 2015 Certificates requested to be executed and delivered pursuant to this Request of the Corporation is in an Authorized Denomination and does not exceed the Remaining 2015 Certificates on such Subsequent Delivery Date, as adjusted for Series 2015 Certificates executed and delivered by the Trustee after the Closing Date;

(v) [this is the last of the Series 2015 Certificate to be executed and delivered pursuant to the Trust Agreement and is less than an Authorized Denomination;]

(vi) all conditions precedent to the execution of the Series 2015 Certificates and the delivery of the Series 2015 Certificates to the Purchaser contained in the Trust Agreement and the Continuing Covenant and Project Fund Disbursement Agreement, dated as of May 1, 2015, by and between the Corporation and the Purchaser (the “Disbursement Agreement”) have been satisfied as of the date of delivery of this Request of the Corporation;

(vii) the Corporation has not taken and will not take, cause to be taken or fail to take any action which will cause the interest with respect to the Series 2015 Certificates to be or become subject to federal income taxation under the Code;

(viii) all of the Corporation’s representations and warranties contained in the Installment Sale Agreement, the Trust Agreement, the Disbursement Agreement and the Tax Agreement were true and accurate as of the date made, remain true and accurate as of the date of this Request of the Corporation with the same effect as if made on the date of this Request of the Corporation and are hereby reaffirmed;

(ix) the Corporation has fully and timely performed, and will continue to fully and timely perform, all of its obligations under the Installment Sale Agreement, the Trust Agreement, the Disbursement Agreement and the Tax Agreement;

(x) the Corporation has fully and timely performed, and will continue to fully and timely perform, all of its obligations under the Installment Sale Agreement, the Trust Agreement, the Disbursement Agreement and the Tax agreement;

(xi) no event has occurred and is continuing or would result from the execution and delivery of the Series 2015 Certificates which constitutes an Event of Default under the Installment Sale Agreement or a Default under the Disbursement Agreement; and

(xii) the proceeds deposited into the Project Fund will be used solely for Project Costs and in accordance with the terms and provisions of the Tax Agreement.

IN WITNESS WHEREOF, I have hereunto set my hands this []th day _____, 201_.

FRANK R. HOWARD FOUNDATION

By _____
[Name, Title]

ACCEPTED AND APPROVED

TRI COUNTIES BANK

By _____
Authorized Officer

Address for Delivery of Series 2015 Certificates:

Tri Counties Bank
[Address]
[Address]
Attention: [Title]

EXHIBIT B

FORM OF CERTIFICATE OF PARTICIPATION

R-__

\$_[__,000,000]

**CITY OF WILLITS
VARIABLE RATE CERTIFICATE OF PARTICIPATION
(FRANK R. HOWARD FOUNDATION PROJECT)
SERIES 2015
EVIDENCING AN UNDIVIDED PROPORTIONATE OWNERSHIP
INTEREST OF THE OWNER HEREOF
IN INSTALLMENT PAYMENTS TO BE PAID BY
THE CITY OF WILLITS**

CERTIFICATE PAYMENT DATE	INTEREST RATE	ORIGINAL ISSUE DATE
May 1, 2040	Initial Interest Rate	May [__], 2015

PRINCIPAL SUM: [_____ DOLLARS]

REGISTERED OWNER: [OWNER]

THE TRANSFER OF THE PROPORTIONATE OWNERSHIP INTEREST EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO RESTRICTIONS SET FORTH IN SECTION 2.05 OF THE TRUST AGREEMENT.

THIS IS TO CERTIFY that the registered Owner specified above of this Certificate of Participation (this "Certificate") is the owner of an undivided proportionate ownership interest in certain Installment Payments (the "Installment Payments") to be made by the City of Willits, a municipal corporation and general law city duly established and existing under the Constitution and the laws of the State of California (the "City"), under that certain Installment Purchase Agreement, dated as of May 1, 2015 (the "Purchase Agreement"), between the City and Frank R. Howard Foundation, a California nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), which Installment Payments have been assigned without recourse to U.S. Bank, National Association, as trustee (together with any successor trustee, the "Trustee"), under that certain Trust Agreement, dated as of May 1, 2015 (the "Trust Agreement"), among the City, the Corporation and the Trustee.

The registered Owner of this Certificate is entitled to receive, subject to the terms of the Trust Agreement, on the Certificate Payment Date specified above (the "Payment Date"), or upon prepayment in accordance with the provisions of the Trust Agreement, the principal sum specified above, representing a portion of the Installment Payments designated as principal coming due on the Payment Date or the prepayment date, as applicable. The registered Owner of this Certificate is also entitled to receive on each Interest Payment Date, as defined below, from the Interest Payment Date next preceding the date of execution and delivery of this Certificate to

which interest has been paid, except as otherwise provided in the Trust Agreement, a portion of the Installment Payments designated as the interest component (herein defined as “the interest component” or “interest”) until the principal hereof shall have become due, whether at the stated Certificate Payment Date hereof, by prepayment or acceleration, at the Initial Interest Rate, as hereinafter described. The term Initial Interest Rate means for the Interest Period from the Closing Date to May 1, 2026, an interest rate equal to 3.00% per annum. The interest rate with respect to this Certificate for the period from May 1, 2026 to and including May 1, 2040, shall be determined in accordance with the terms of the Trust Agreement. Interest, calculated in accordance with the terms of the Purchase Agreement, is payable the first day of each calendar month, commencing June 1, 2015 (any such date being referred to herein as an “Interest Payment Date”), provided that certain requirements of the Trust Agreement are satisfied.

The principal and premium, if any, with respect to this Certificate is payable in lawful money of the United States of America upon surrender at the corporate trust office of the Trustee in Los Angeles, California or at the corporate trust office of its successor in trust. The interest payable on any Interest Payment Date will, subject to certain exceptions provided in the Trust Agreement, be paid to the Registered Owner of this Certificate at the close of business on the record date for such payment, which shall be the Business Day immediately preceding such Interest Payment Date (the “Record Date”). As long as Tri Counties Bank is the Owner of the Series 2015 Certificates, said interest payments shall be made by wire transfer in immediately available funds. Otherwise all payments of interest with respect to the Certificates shall be paid to each Owner entitled thereto by check mailed by first class mail by the Trustee on the Interest Payment Date to such Owners at their addresses set forth in the Certificate registration books on the Record Date or Special Record Date, as appropriate; provided that if the Owner of the Certificates has submitted to the Trustee a written request satisfactory to the Trustee at least 10 days prior to the applicable Record Date or Special Record Date (such request to remain in effect until revoked or revised, in each case, by a writing executed by such Owner and delivered to the Trustee by such Owner), interest accrued with respect thereto shall be paid by wire transfer to an account within the United States to or at the direction of such Owner.

This Certificate is one of the City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) Series 2015 evidencing undivided proportionate ownership interests in the Installment Payments aggregating up to \$5,500,000 (the “Series 2015 Certificates”) that has been authorized for execution by the Trustee pursuant to the terms of the Trust Agreement. Copies of the Trust Agreement are on file at the corporate trust office of the Trustee in Los Angeles, California, and reference is made to the Trust Agreement and any and all amendments thereof for a description of the pledges and covenants securing the obligations represented by the Series 2015 Certificates, the nature, extent and manner of enforcement of such pledges and covenants, the rights and remedies of the registered Owners of the Certificates with respect thereto and the other terms and conditions upon which the Certificates are delivered thereunder. Pursuant to that certain Installment Sale Agreement, dated as of May 1, 2015 (the “Sale Agreement”), the Corporation will make certain payments to the City. The City has assigned, without recourse, all its rights to the Sale Agreement, except for certain rights relating to indemnification of the City by the Corporation and payment of certain fees and expenses of the City by the Corporation, to the Trustee pursuant to the Trust Agreement. Copies of the Sale Agreement and the Purchase Agreement are also on file at the corporate trust office of the

Trustee in Los Angeles, California. Unless otherwise defined herein, all capitalized terms used herein shall have the meaning assigned to said terms in the Sale Agreement.

The Series 2015 Certificates shall be subject to prepayment as follows (with accrued interest to the redemption date to be paid to the owner of record on the Record Date for such payment if the redemption date is an Interest Payment Date, and to the owner of record on the redemption date in all other cases):

Optional Prepayment.

The Series 2015 Certificates are subject to prepayment on each Interest Payment Date, in whole or in part, at the option of the City (which shall be exercised as directed in writing by the Corporation, and which direction must be received by the Trustee at least thirty (30) days prior to the prepayment date) from any source derived from optional prepayments of Installment Payments by the City and deposited in the Prepayment Fund or from any other source of available funds, at the principal amount of Series 2015 Certificates called for prepayment, plus accrued interest with respect thereto to the date fixed for prepayment, plus any applicable prepayment premiums as set forth in the Continuing Covenant Agreement. The Installment Payments shall be derived solely from Purchase Payments made by the Corporation pursuant to the Sale Agreement.

Mandatory Sinking Fund Prepayment of Certificates. (i) The Certificates are subject to mandatory prepayment of principal prior to their stated Certificate Payment Date by the City on the dates and in the amounts set forth in Schedule I hereto by the application of Minimum Sinking Fund Account Payments at a prepayment price equal to 100% of the principal amount shown in Schedule I of this Trust Agreement plus accrued interest to the prepayment date. Minimum Sinking Fund Account Payments are hereby established for the mandatory prepayment and payment of the principal amount of the Certificates which payments shall become due on the dates and in the amounts as set forth in Schedule I of this Trust Agreement.

All such Minimum Sinking Fund Account Payments with respect to the Certificates shall be deposited in a separate account in the Principal Fund, which account is hereby established and shall be known as the Minimum Sinking Fund Account and which account the Trustee hereby agrees and covenants to cause to be maintained so long as any Certificates are Outstanding. All money in the Minimum Sinking Fund Account shall be used and withdrawn by the Trustee at any time for the prepayment of the Certificates at the written direction of the Corporation, but not to exceed the principal amount of such Certificates. All money in the Minimum Sinking Fund Account on the first day of each calendar month, beginning on June 1, 2016, shall be used and withdrawn by the Trustee on the first of each calendar month for the mandatory prepayment or payment of the principal amount of the Certificates; and the Trustee hereby agrees and covenants with the Holders of Certificates to call and prepay in accordance with this Section pursuant to this paragraph whenever, on the first day of each calendar month, beginning on June 1, 2015, there is money in the Minimum Sinking Fund Account available for such purpose

Mandatory Prepayment of Series 2015 Certificates Upon Determination of Taxability.

In the event of a Determination of Taxability, the Series 2015 Certificates Outstanding on the date of the occurrence of such Determination of Taxability shall be prepaid in whole at any time within sixty (60) days after such occurrence, at a redemption price of 100% of the principal amount thereof, plus any fee that would be payable in the event of an optional prepayment, plus interest accrued thereon to the prepayment date at the Gross-Up Rate from amounts to be paid for such Gross-Up Rate by the **Borrower Corporation** pursuant to the Sale Agreement *plus* an amount necessary to supplement any Prior Interest Payments which have been determined to be taxable to the Gross-Up Rate. No prepayment of the Series 2015 Certificates shall be made pursuant to any of the other provisions of this Section following a Determination of Taxability.

Extraordinary Prepayment.

The Series 2015 Certificates are subject to prepayment prior to their respective stated Certificate Payment Date, in whole or in part, on any date, from prepaid Installment Payments made by the City from funds received due to a casualty loss, loss of title or governmental taking of the Facilities or portions thereof by eminent domain proceedings, at a prepayment price equal to the sum of the principal amount thereof evidenced and represented by the Series 2015 Certificates to be prepaid, without premium, plus accrued interest evidenced and represented thereby to the date fixed for prepayment, upon receipt by the Trustee of written notice from the Corporation that one of the following events has occurred:

- (i) all or a portion of the Facilities has been damaged, destroyed, condemned or taken by eminent domain to such an extent that, in the opinion of the Corporation (A) it is not practicable or desirable to rebuild, repair, restore or replace the Facilities or such portion thereof within a period of six months following such damage or condemnation, and the Corporation will be prevented from carrying out normal operations for a period of at least six consecutive months; or (B) the cost of restoration of the Facilities or such portion thereof would substantially exceed the net proceeds of insurance carried thereon or the condemnation proceeds to be received; or
- (ii) the continued operation of the Facilities is enjoined or prevented or is otherwise prohibited by or conflicts with, any order, rule, decree or regulation of any court or federal, state or local regulatory body, administrative agency or governmental body.

Mandatory Tender.

The Series 2015 Certificates are subject to mandatory tender by their Holders for purchase on each Mandatory Tender Date as set forth in the Trust Agreement. On the Mandatory Tender Date, the Holders of Series 2015 Certificates shall tender their Series 2015 Certificates to the Trustee for purchase.

Any Series 2015 Certificates which are not tendered on a Mandatory Tender Date shall be deemed to have been tendered. The Trustee shall purchase on the Mandatory Tender Date (solely from amounts paid by the Corporation pursuant to Section 6.03(c) of the Sale Agreement) the entire unpaid principal amount of the Series 2015 Certificates, together with all unpaid and accrued interest on the Series 2015 Certificates to the Mandatory Tender Date. The Corporation shall at the same time pay any Additional Payments then due in accordance with the Sale Agreement and the Trust Agreement.

THE CITY SHALL NOT BE OBLIGATED TO PAY THE INSTALLMENT PAYMENTS OR OTHERWISE PAY PRINCIPAL, PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THIS CERTIFICATE EXCEPT FROM PURCHASE PAYMENTS, AS DEFINED IN THE SALE AGREEMENT, MADE BY THE CORPORATION PURSUANT TO THE SALE AGREEMENT RECEIVED BY THE CITY AND OTHER MONEYS AND ASSETS RECEIVED BY THE TRUSTEE ON BEHALF OF THE CITY PURSUANT TO THE SALE AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE INSTALLMENT PAYMENTS OR TO PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, OR INTEREST WITH RESPECT TO THE SERIES 2015 CERTIFICATES.

Interest with respect to the Series 2015 Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Any prepayment of Series 2015 Certificates, either in whole or in part, shall be made upon not less than 30 days' notice by first class mail, postage prepaid, to all registered Owners of Series 2015 Certificates designated for prepayment, all in the manner described in the Trust Agreement. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest shall cease to accrue with respect to this Certificate from and after the date fixed for prepayment. Failure of the Trustee to give notice to a registered Owner or any defect in such notice shall not affect the validity of the prepayment of any other Series 2015 Certificates.

If an Event of Default, as defined in the Trust Agreement, shall occur, the principal amount of all Series 2015 Certificates then outstanding may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement. The Trust Agreement provides that under certain circumstances such declaration and its consequences may be rescinded by the Trustee with the written consent of the Holder Representative.

The Trustee may treat the registered Owner hereof as the absolute owner hereof for all purposes, and the Trustee shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the Trust Agreement, the provisions of the Trust Agreement may be modified or amended from time to time and at any time by the parties thereto; provided, that no such modification or amendment shall (i) extend the stated payment date of any Certificate or Additional Certificate, or reduce the amount of principal represented thereby, or extend the time of payment provided in the Trust Agreement for the payment of any Certificate or Additional Certificate, or reduce the rate of interest with respect thereto, or extend

the time of payment of interest with respect thereto, or reduce any premium payable upon the prepayment thereof, without the consent of the Owner of each Certificate or Additional Certificate so affected; (ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on Revenues and other assets pledged under the Trust Agreement prior to or on a parity with the lien created by this Trust Agreement, or deprive the Owners of the Certificates of the lien created by this Trust Agreement on such Revenues and other assets (except as expressly provided in this Trust Agreement), without the consent of the Owners of all of the Certificates then Outstanding; or (iii) materially and adversely affect the interests of the Owners of the Certificates or revoke any right granted to the Owners of the Certificates without the consent of the Owners of the Certificates while any Certificates are Outstanding.

The Trust Agreement, the Purchase Agreement and the Sale Agreement and the rights and obligations of the City, the Corporation, the Trustee and the Owners of the Certificates may also be modified or amended from time to time and at any time by a Supplemental Trust Agreement, Supplemental Purchase Agreement or Supplemental Sale Agreement, respectively, which the City, the Corporation, and the Trustee, as applicable, may enter into without the written consent of any Owners, and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the City or the Corporation contained in the Trust Agreement, the Purchase Agreement or the Sale Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates, or any portion thereof, or to surrender any right or power reserved to or conferred upon the City or the Corporation in the Trust Agreement, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Owners of the Certificates and the Additional Certificates or revoke any right granted the Owners hereunder;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Trust Agreement, the Purchase Agreement or the Sale Agreement, or in regard to matters or questions arising under the Trust Agreement, the Purchase Agreement or the Sale Agreement, as the City or the Corporation, with the consent of the other, may deem necessary or desirable and not inconsistent with said agreements, and which shall not materially adversely affect the interests of the Owners of the Certificates and the Additional Certificates or revoke any right granted the Owners hereunder;

(c) to modify, amend or supplement the Trust Agreement, the Purchase Agreement, and/or the Sale Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which modification, amendment or supplement shall not materially adversely affect the interests of the Owners of the Certificates and the Additional Certificates or revoke any right granted the Owners hereunder;

(d) to modify, amend or supplement the Trust Agreement, the Purchase Agreement, and/or the Sale Agreement in such a manner as to maintain the exclusion from gross income of interest payable with respect to the Certificates for federal income tax purposes; or

(e) to make any other changes which will not materially adversely affect the interests of the Owners of the Certificates or revoke any right granted the Owners hereunder.

The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Trust Agreement, authorized above which materially adversely affects the Trustee's own rights, duties or immunities under the Trust Agreement or otherwise.

Notwithstanding any other provision herein, the Trust Agreement may only be amended if, concurrently with such amendment, the Trustee shall have received a Favorable Opinion of Special Counsel.

The City has certified that all acts, conditions and things required by the Constitution and statutes of the State of California to exist, to have happened and to have been performed precedent to and in the delivery of the Series 2015 Certificates and the obligations which they represent do exist, have happened and have been performed and this statement shall be conclusive evidence of the validity of the Series 2015 Certificates and the validity of the obligations which they represent and of compliance with the provisions of law in their execution and delivery.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an authorized signatory of the Trustee.

Date of Execution: May 1, 2015

U.S. BANK, NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received _____ the undersigned do(es) hereby sell, assign and transfer unto _____ (name, address, social security or other identifying number) the within-mentioned Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed by:

Note: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

SCHEDULE I

Payment Date	Interest Component	Principal Component	Total

TABLE OF PARTIAL REDEMPTIONS

Payment Date	Principal Amount Redeemed

EXHIBIT C

FORM OF PURCHASER'S LETTER OF REPRESENTATION

City of Willits
Willits, California

Frank R. Howard Foundation
Willits, California

U.S. Bank, National Association
[City, State]

Kutak Rock LLP
Los Angeles, California

Re: City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation) (the "Certificates")

Ladies and Gentlemen:

The undersigned, as Purchaser of the Certificates, executed and delivered pursuant to the Trust Agreement, dated as of May 1, 2015 (the "Trust Agreement"), by and among the City of Willits (the "City"), Frank R. Howard Foundation (the "Corporation") and U.S. Bank, National Association, as trustee (the "Trustee"), hereby represents and warrants to you that:

1. The undersigned, _____ (the "Purchaser"), is a Qualified Institutional Buyer as such term is defined in the Sale Agreement (as defined below).

2. The undersigned has duly authorized, by all necessary action, the purchase of the Certificates pursuant to the terms and provisions of the Certificate Purchase Agreement, dated as of October __, 2007 (the "Certificate Purchase Agreement"), among Tri Counties Bank, the City and the Corporation. We are authorized to execute and deliver this letter.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by Certificates and the Installment Payments associated therewith. We are able to bear the economic risks of such investment.

4. We understand that the obligations of City to make payments under the Installment Purchase Agreement, dated as of May 1, 2015, by and between the Corporation and the City (the "Purchase Agreement") are special, limited obligations payable solely from amounts paid to the City under the Sale Agreement, dated as of May 1, 2015, between the City and the Corporation (the "Sale Agreement"); and that notwithstanding anything to the contrary contained in the Purchase Agreement, the City shall not be obligated to make Installment Payments, or pay any portion of the costs of the Project or make any other payment or advance any moneys or be liable for any other costs or expenses in connection with the Project, the

Installment Payments or the Purchase Payments, except from the amounts paid to the City from the Corporation pursuant to the Sale Agreement, and no such payment shall constitute a charge against the general credit of the City. We further understand that City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of City to pay the Installment Payments or any portion of the costs of the Project or for all or any portion of such other costs or expenses.

5. We acknowledge that we have either been supplied with or have been given access to information, including financial statements and other financial information which we have requested, and we have had the opportunity to ask questions and receive answers concerning the Corporation, the Installment Payments, the Purchase Payments, the Purchase Agreement, the Sale Agreement, the Trust Agreement and the security therefor, so that we have been able to purchase the Certificates on the terms as set forth in the Certificate Purchase Agreement. We acknowledge that we have not relied upon the City for any information in connection with the Certificates and that financial information concerning the City is not material to the creditworthiness of the Certificates.

6. We have made our own inquiry and analysis with respect to the Certificates, the Installment Payments, the Purchase Payments, the Purchase Agreement, the Sale Agreement, the Trust Agreement and the security therefor, and other material factors affecting the security and payment of such payments set forth in the above-referenced agreements. We are aware that the business of the Corporation involves certain economic variables and risks that could adversely affect the security for the payments to be made by the Corporation to the City pursuant to the Sale Agreement which payments have been assigned to the Trustee under the Trust Agreement. We have examined drafts in final form of the basic legal documents relating to the above agreements, including the proposed legal opinions to be delivered by the Corporation's counsel and Kutak Rock LLP, as special counsel in connection with the execution and delivery of the Certificates.

7. We understand that the Certificates (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable.

8. We understand that the Certificates have not been registered under the Securities Act of 1933, as amended. We represent to you that we are purchasing the Certificates for investment for our own account and not with a present view toward resale or the distribution thereof, in that we do not intend to resell or otherwise dispose of all or any part of our interests in the Certificates, except for sale to an Affiliate or Qualified Institutional Buyer. Except for a transfer to an entity which Purchasers have certified to the City, the Corporation and the Trustee that such entity is an Affiliate or a Qualified Institutional Buyer, we agree not to sell, transfer or otherwise dispose of all or part of our interest in the Certificates except in accordance with the requirements of the Trust Agreement.

9. We agree to indemnify and hold harmless the City and the Trustee with respect to any claim asserted against the City or the Trustee that is based upon our sale, transfer or other disposition of our interest in the Certificates in violation of the provisions hereof or of the Trust

Agreement, other than any claim that is based upon the gross negligence or willful misconduct of the City or the Trustee.

10. We have executed and delivered this letter as an inducement to the City to cause the execution and delivery of the Certificates to us. Only the addressees hereof may rely upon this letter.

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed this ____th day of [month] [year].

By _____
[Purchaser]

[Signature Page to Form of Letter of Representation]

EXHIBIT D

FORM OF PROJECT FUND REQUISITION

WRITTEN REQUISITION FOR PROJECT COSTS

U.S. Bank, National Association

[Address]

[Address]

Re: Disbursement from the Project Fund pursuant to the Trust Agreement, dated as of May 1, 2015 (the "Trust Agreement"), by and among U.S. Bank, National Association, as trustee (the "Trustee"), Frank R. Howard Foundation (the "Corporation"), and the City of Willits (the "City")

The undersigned hereby state and certify:

1. Capitalized terms used herein shall have the meanings ascribed thereto in the Installment Sale Agreement, dated as of May 1, 2015 (the "Installment Sale Agreement"), by and between the Corporation and the City;

2. That she is the duly appointed, qualified and acting Executive Director of the Corporation, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

3. That she is an "Authorized Representative" of the Corporation as that term is defined in the Installment Sale Agreement;

4. That, pursuant to Section 3.04 of the Trust Agreement, the Trustee is hereby requested to disburse from the Project Fund established under the Trust Agreement to the payees designated on Exhibit A attached hereto and by this reference incorporated herein, at the addresses set forth below each such payee name, the amounts set forth opposite such designations;

5. Obligations in the stated amounts have been incurred under and pursuant to the Installment Sale Agreement and that each such obligation is a proper charge against the Project Fund and has not been previously paid;

6. There does not then exist or is not then continuing any Event of Default and that there has not been filed with or served upon the Corporation with respect to the Facilities or the Site notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in this Requisition which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law;

7. The Corporation certifies that: (a) if such payment is to be made to a contractor under any construction contract, that such payment is required to be paid under such contract and all conditions for such payment have been satisfied; and (b) the amounts remaining on deposit therein after said transfer, together with other moneys available to the Corporation, are sufficient to complete the Project;

8. That set forth opposite each obligation on Exhibit A attached hereto is a description of the nature of such obligation; and

9. That accompanying this Requisition is a bill or statement of account for each obligation included on Exhibit A.

Dated: _____

FRANK R. HOWARD FOUNDATION

By _____
[Name, Title]

APPROVED:

TRI COUNTIES BANK

By _____
Authorized Officer

[Signature Page to Requisition for Project Costs]

**SCHEDULE I
PAYMENT SCHEDULE**

Payment Date	Interest Component	Principal Component	Total

CERTIFICATE PURCHASE AGREEMENT

by and among

CITY OF WILLITS,
the City

FRANK R. HOWARD FOUNDATION,
the Corporation

and

TRI COUNTIES BANK,
the Purchaser

Relating to:

\$5,500,000
City of Willits
Variable Rate Certificates of Participation
(Frank R. Howard Foundation Project)
Series 2015

Dated May [__], 2015

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THIS CERTIFICATE PURCHASE AGREEMENT (this “Agreement”) dated May [___], 2015 is by and among the **CITY OF WILLITS**, a municipal corporation and general law city established and existing under the constitution and the laws of the State of California (the “City”), Frank R. Howard Foundation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), and **TRI COUNTIES BANK**, a [_____] (the “Purchaser”).

WITNESSETH:

WHEREAS, the Corporation proposes to provide for the construction, installation, equipping and furnishing of a new single-story approximately 16,000 square foot medical office building to be located at [LEGAL ADDRESS], Willits, California 95490 (the “Site”) and related facilities (collectively, the “Facilities”); and

WHEREAS, in order to finance, or reimburse the Corporation for the costs of, the construction, installation, equipping and furnishing of the Facilities as well as architectural, engineering, legal and entitlement work costs incurred by the Corporation related to the development of the Facilities on the Site and the costs associated with this financing (the “Project”), the Corporation has requested the assistance of the City of Willits (the “City”) in order for the financing to be completed through a tax-exempt financing structure; and

WHEREAS, the City, the Corporation and U.S. Bank, National Association (the “Trustee”) have entered into that Trust Agreement, dated as of May 1, 2015, among the City, the Corporation and the Trustee (the “Trust Agreement”); and

WHEREAS, pursuant to the Trust Agreement, the Trustee is authorized to execute and deliver, from time to time, up to \$5,500,000 aggregate principal amount of City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) Series 2015 (the “Series 2015 Certificates” or the “Certificates”) upon the written request of the Corporation; and

WHEREAS, the City and the Corporation have determined that it would be in the City’s and the Corporation’s best interests to sell the Series 2015 Certificates to the Purchaser.

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. For the purposes of this Agreement, capitalized terms used herein which are not defined herein shall have the meanings referred to in the Installment Sale Agreement, dated as of May 1, 2015, by and between the City and the Corporation (the “Sale Agreement”).

Section 1.02. Construction. In this Agreement, the singular includes the plural and the plural the singular; words importing any gender include the other gender; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; references to “writing” include printing, typing, lithography and other means of reproducing words in a tangible, visible form; the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; references to articles, sections (or subdivisions of sections), recitals, exhibits, annexes, appendices or schedules are to those of this Agreement unless otherwise indicated; references to agreements and other instruments shall be deemed to include all amendments and other modifications to such instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement; and references to Persons include their respective permitted successors and assigns and, in the case of governmental Persons, Persons succeeding to their respective functions and capacities.

ARTICLE II

SALE AND PURCHASE OF SERIES 2015 CERTIFICATES

Section 2.01. Purchaser Agreement to Purchase and Hold Series 2015 Certificates. Subject to the terms and conditions of this Agreement and upon the basis of the representations, warranties and agreements set forth herein, the Purchaser hereby agrees, to purchase (a) \$[_____] aggregate principal amount of the Series 2015 Certificates on the date hereof and (ii) upon delivery of a Request of the Corporation (as defined in the Sale Agreement) approved by the Purchaser and upon satisfaction by the Corporation of the conditions set forth in the Continuing Covenant and Project Fund Disbursement Agreement, dated as of May 1, 2015 (the “Continuing Covenant Agreement”), between the Corporation and the Purchaser, to purchase, from time to time, but on or before May 1, 2016, up to an additional \$[_____] of the Series 2015 Certificates. The purchase price for the Series 2015 Certificates shall be the principal amount of the Series 2015 Certificates purchased at any time (the “Purchase Price”). The City and the Corporation agree to cause the Trustee to execute and deliver to the Purchaser on May [___], 2015 (the “Closing Date”) \$[_____] aggregate principal amount of the Series 2015 Certificates. The Series 2015 Certificates shall be dated the date of their execution and delivery by the Trustee and shall mature, bear interest and are subject to optional and mandatory prepayment as set forth in the Trust Agreement.

Section 2.02. The Series 2015 Certificates.

(a) The Series 2015 Certificates shall be executed and delivered under and pursuant to the provisions of the Trust Agreement, a resolution of the City adopted on May 13, 2015 (the “City Resolution”) and a resolution of the Corporation adopted on [_____] , 2015 (the “Corporation Resolution”).

(b) The proceeds from the sale of the Series 2015 Certificates will be used by the City to (i) provide funds necessary to fund the Facilities; and (ii) pay certain costs related to the sale, execution and delivery of the Series 2015 Certificates.

(c) The Series 2015 Certificates evidence and represent the undivided proportionate interest of their Holders in installment payments (the “Installment Payments”) to be paid by the City pursuant to the Installment Purchase Agreement, dated as of May 1, 2015, by and between the Corporation and the City (the “Purchase Agreement”). The Installment Payments will be paid from the Purchase Payments to be paid by the Corporation to the City pursuant to the Sale Agreement. The right of the City to receive Purchase Payments from the Corporation has been assigned to the Trustee for the benefit of the Holders of the Series 2015 Certificates.

Section 2.03. Commitment of Purchaser. With respect to the Series 2015 Certificates to be purchased by the Purchaser from time to time, it shall be a condition to

(a) the City’s and the Corporation’s obligation to cause the Trustee to execute and deliver the Series 2015 Certificates pursuant to the Trust Agreement to the Purchaser and

(b) the Purchaser’s obligation to purchase, to accept delivery of and pay the Purchase Price for such Series 2015 Certificates

that the Series 2015 Certificates to be executed and delivered under the Trust Agreement shall be executed and delivered by the Trustee from time to time, and purchased, accepted and paid for by the Purchaser on each delivery date specified in the request of the Corporation.

Section 2.04. Transferability of the Series 2015 Certificates. Subject to the conditions contained herein and in the Trust Agreement, the Series 2015 Certificates may be transferred, assigned and reassigned in whole or in part, but only in Authorized Denominations, by the Purchaser without the consent of the City or the Corporation to an Affiliate of such Purchaser or a Qualified Institutional Buyer or Accredited Investor. In the event of a sale or transfer to an Affiliate, the Purchaser shall certify to the City and the Corporation that such transferee is an Affiliate. In the event of a sale or transfer to a Qualified Institutional Buyer or Accredited Investor, the transferor shall provide to the City and the Corporation a written statement representing that such prospective transferee is a Qualified Institutional Buyer or Accredited Investor and such transferee shall deliver to the City and the Corporation a letter of representations in the form of Exhibit C to the Trust Agreement which shall contain a certification that the transferee is a Qualified Institutional Buyer or Accredited Investor as provided in the Trust Agreement. No assignment or reassignment shall be made to a bank or trust company as trustee for holders of certificates representing interests in the Series 2015 Certificates unless (i) all such holders of certificates shall be Qualified Institutional Buyers or Accredited Investors, (ii) each such holder shall deliver to the City and the Corporation a letter of representations in the form of Exhibit C to the Trust Agreement which shall contain a certification that such holder is a Qualified Institutional Buyer or Accredited Investor as provided in the Trust Agreement and (iii) such bank or trust company agrees to maintain, or cause to be maintained, a book-entry system by which a record of the names and addresses of such holders as of any particular time is kept and agrees to furnish such information to the Trustee, the City or the Corporation. Upon assignment, the Trustee will reflect in a book-entry the assignee designated in the written request of assignment and shall make all payments to the

assignee designated in such written request, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach of this Trust Agreement or otherwise) that the City and the Corporation may from time to time have against the Owner or the assignee. The Owner or assignee shall pay all reasonable expenses of the City and the Trustee, including reasonable fees and expenses of counsel, in connection with such transfer and assignment.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE CITY, THE CORPORATION AND THE PURCHASER

Section 3.01. Representations, Warranties and Agreements of the City. The City represents, warrants and agrees as follows:

(a) The City is a municipal corporation and general law city duly organized and existing under the Constitution and laws of the State of California.

(b) The City has full legal right, power and authority (i) to enter into the Trust Agreement, the Purchase Agreement, the Sale Agreement, the Tax Certificate and Agreement, dated May [___], 2015, by and between the City and the Corporation (the "Tax Certificate") and this Agreement (collectively, the "City Documents"), to cause the sale and delivery of the Series 2015 Certificates to the Purchaser as provided in this Agreement and the Trust Agreement; and (ii) to carry out and consummate the transactions on its part contemplated by the City Documents.

(c) By all necessary official action, the City has duly authorized and approved the City Documents, has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations in connection with the execution and delivery of the Series 2015 Certificates on its part contained in the City Documents, and the consummation by it of all other transactions contemplated by the Series 2015 Certificates and the City Documents in connection with the execution and delivery of the Series 2015 Certificates.

(d) As of the date hereof, to the best of its knowledge, the City is not in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, trust agreement, bond, note, resolution, agreement, including, without limitation, the Trust Agreement, or other instrument to which the City is a party which breach or default has or may have an adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the City Documents and the Series 2015 Certificates, and compliance with the provisions on the City's part contained therein, will not conflict in any way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, trust agreement, bond, note, resolution, agreement or other

instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as provided by the Series 2015 Certificates and the Trust Agreement.

(e) To the best of the City's knowledge, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations in connection with the execution and delivery of the Series 2015 Certificates under the City Documents have been duly obtained, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which 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 have been duly obtained.

(f) The Series 2015 Certificates, when executed and delivered by the Trustee, will conform to the descriptions thereof contained in the Trust Agreement.

(g) The Series 2015 Certificates, when executed and delivered in accordance with the Trust Agreement, will be entitled to the benefits of the Trust Agreement, and upon such execution and delivery, the Trust Agreement will provide, for the benefit of the Purchaser, the legally valid and binding pledge, lien and security interest they purport to create.

(h) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the City, at law or in equity, before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the City executing this Agreement, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Series 2015 Certificates or the pledge, lien or security interest the Trust Agreement creates, or contesting or affecting as to the City the validity or enforceability of the Series 2015 Certificates, the City Documents, or the execution and delivery by the City of the City Documents or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the City, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Series 2015 Certificates, or the authorization, execution, delivery or performance by the City of the City Documents.

(i) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest with respect to the Series 2015 Certificates.

(j) Any certificate signed by any officer of the City and delivered to the Purchaser pursuant to the City Documents or any document contemplated thereby shall be deemed a representation and warranty by the City to the Purchaser as to the statement made therein.

(k) The City will cause the proceeds from the sale of the Series 2015 Certificates to be paid to the Trustee for the purposes specified in the Trust Agreement.

(l) The City shall honor all other covenants on its part contained in the City Documents which covenants are incorporated herein and made a part of this Agreement.

Section 3.02. Representations and Warranties of the Corporation. The Corporation represents, warrants and agrees as follows:

(a) The Corporation is a nonprofit public benefit corporation duly organized and existing pursuant to the laws of the State of California, is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and the income of the Corporation is generally exempt from Federal income taxation under Section 501(a) of the Code. Such status is based on a letter of determination from the Internal Revenue Service to the Corporation; said determination has not been modified, limited or revoked as to the Corporation, the Corporation is in compliance with the terms, conditions and limitations in said letter of determination and the facts and circumstances that form the basis of such determination as represented to the Internal Revenue Service continue to exist.

(b) The Corporation has full legal right, power and authority (i) to enter into the Trust Agreement, the Purchase Agreement, the Sale Agreement, the Tax Certificate, the Environmental Indemnity Agreement, the Continuing Covenant Agreement and this Agreement, and to execute the Deed of Trust (collectively, the "Corporation Documents"); and (ii) to carry out and consummate the transactions on its part contemplated by the Corporation Documents; and (iii) adopt the Corporation Resolution.

(c) By all necessary official action, the Corporation has duly authorized and approved the Corporation Documents, has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations in connection with the execution and delivery of the Series 2015 Certificates on its part contained in the Corporation Documents, and the consummation by it of all other transactions contemplated by the Series 2015 Certificates and the Corporation Documents.

(d) As of the date hereof, the Corporation has not received notice of any breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, trust agreement, bond, note, resolution, agreement or other instrument to which the Corporation is a party which breach or default has or may have a material adverse effect on the ability of the Corporation to perform its obligations under the Corporation Documents, and no event has occurred and is continuing which with the passage of time

or the giving of notice or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Corporation Documents or the Series 2015 Certificates, and compliance with the provisions on the Corporation's part contained therein, will not, to the best of the Corporation's knowledge, conflict in any way with or constitute a material breach of or a default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, trust agreement, bond, note, resolution, agreement or other instrument to which the Corporation is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation or under the terms of any such law, regulation or instrument, except as provided by the Series 2015 Certificates and the Trust Agreement.

(e) To the best of the Corporation's knowledge, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Corporation of its obligations in connection with the execution and delivery of the Series 2015 Certificates under this Agreement or the Trust Agreement have been duly obtained, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Corporation of its obligations under the Corporation Documents have been duly obtained, except for those approvals, licenses, permits, consents and orders which are not yet required given the status of the Project.

(f) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the Corporation, at law or in equity before or by any court, government agency, public board or body, pending or to the actual knowledge of the officer of the Corporation executing this Agreement, threatened against the Corporation, affecting the existence of the Corporation or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Series 2015 Certificates or the pledge and lien on the Revenues, as defined in the Sale Agreement, or contesting or affecting the Series 2015 Certificates, the Corporation Documents or contesting the execution and delivery or adoption by the Corporation of the Corporation Documents or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the actual knowledge of the Corporation, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Series 2015 Certificates, or the authorization, execution, delivery or performance by the Corporation of the Corporation Documents.

(g) The Corporation will refrain from taking any action, or permitting any action to be taken, with regard to which the Corporation may exercise control, that results

in the loss of the tax-exempt status of the interest with respect to the Series 2015 Certificates.

(h) Any certificate signed by any officer of the Corporation and delivered to the Purchaser and the City pursuant to the Corporation Documents or any document contemplated thereby shall be deemed a representation and warranty by the Corporation to the Purchaser and the City as to the statement made therein.

(i) The Corporation shall honor all other covenants on its part contained in the Corporation Documents which covenants are incorporated herein and made a part of this Agreement.

Section 3.03. Representations and Warranties of the Purchaser. The Purchaser represents, warrants and agrees, as of the date hereof, as follows:

(a) The Purchaser is a [national banking association duly organized and existing under the laws of the United States of America], has the power to enter into this Agreement and has duly executed and delivered this Agreement.

(b) This Agreement constitutes the valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except to the extent limited by bankruptcy, reorganization or other laws of general application relating to effecting the enforcement of creditors' rights.

(c) The execution and delivery of this Agreement by the Purchaser, the Purchaser's consummation of the transactions contemplated hereby and the Purchaser's fulfillment of the terms and conditions hereof do not and will not violate any law applicable to the Purchaser, conflict with or result in a breach of any of the terms or conditions of the articles of incorporation or bylaws of the Purchaser or of any corporate restriction or of any agreement or instrument to which the Purchaser is now a party and do not and will not constitute a default under any of the foregoing or result in the creation or imposition of any lien upon any of the property or assets of the Purchaser contrary to the terms of any instrument or agreement.

(d) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Purchaser's knowledge, threatened against or affecting the Purchaser, challenging the Purchaser's authority to enter into this Agreement or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement or any other transaction of the Purchaser that is similar hereto, or the exclusion of the interest with respect to the Series 2015 Certificates from gross income for federal tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by this Agreement.

(e) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment in the Series 2015 Certificates, and is able to bear the economic risk of that investment. The Purchaser

has made its own inquiry and analysis with respect to the Corporation, the City, this Agreement, the Series 2015 Certificates and the Purchase Payments and the security therefor, and other material factors affecting the security and payment of the principal of and premium, if any, and interest with respect to the Series 2015 Certificates and the Purchase Payments.

(f) The Purchaser has either been supplied with or have had access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Corporation, the City, this Agreement, the Series 2015 Certificates and the Purchase Payments and the security therefor, so that as a reasonable investor, he has been able to make its decision to purchase and invest in the Series 2015 Certificates.

(g) The Purchaser acknowledges that the Series 2015 Certificates (i) are not being registered or otherwise qualified for sale under the “Blue Sky” Laws of any state, (ii) will not be listed on any stock or other securities exchange and (iii) will be issued in a form that may not be readily marketable.

(h) The Purchaser acknowledges that the Series 2015 Certificates have not been registered under the Securities Act of 1933, as amended, and that such registration is not legally required. The Purchaser represents to the City and the Corporation that it is purchasing the Series 2015 Certificates for investment for its own account and not with a present view toward resale or the distribution thereof, except for sale to an Affiliate or Qualified Institutional Buyer.

ARTICLE IV

CONDITIONS PRECEDENT

It shall be a condition precedent to the Purchaser’s obligations hereunder to purchase or exchange, as applicable, the Series 2015 Certificates that all corporate and other proceedings taken in connection with the transactions contemplated hereby and all documents incident thereto shall be in form and substance satisfactory to the Purchaser and that the Purchaser shall have received:

(a) the following in form and substance satisfactory to the Purchaser, on or prior to the Closing Date

(i) executed copies of the City Documents and the Corporation Documents and certified copies of the City Resolution and the Corporation Resolution;

(ii) a certificate, dated the Closing Date, of duly authorized officers of the City and the Corporation certifying as to the authority, incumbency and signatures of the officials or officers of the City and the Corporation, as applicable, executing any document contemplated by this Agreement;

(iii) an executed copy of the Tax Certificate and Agreement, dated May [___], 2015, between the City and the Corporation;

(iv) an executed copy of the Continuing Covenant Agreement;

(v) an executed copy of the Lease Assignment Agreement, dated as of May 1, 2015 (the “Lease Assignment Agreement”), by the Corporation and Willits Hospital, Inc. d/b/a Frank R. Howard Memorial Hospital (the “Lessee”) for the benefit of the Trustee;

(vi) a certificate, dated the Closing Date, signed by a duly authorized officer of the City, in a form reasonably acceptable to Special Counsel and the Purchaser;

(vii) a certificate, dated the Closing Date, signed by a duly authorized officer of the Corporation, in a form reasonably acceptable to Special Counsel and the Purchaser;

(viii) a certificate, dated the Closing Date, signed by an authorized representative of the Trustee, , in a form reasonably acceptable to Special Counsel and the Purchaser;

(ix) a Notice of Public Hearing together with an affidavit of publication in accordance with Section 147(f) of the Code;

(x) a copy of a Letter of Representation, dated May [___], 2015, executed by the Purchaser;

(xi) an opinion of Kutak Rock LLP, Los Angeles, California, special counsel to the City (“Special Counsel”), dated the Closing Date, and addressed to the City substantially in the form attached hereto as Exhibit B;

(xii) opinions of Carle Mackie Power & Ross LLP, counsel to the Corporation, dated the Closing Date, addressed to the City, the Trustee and the Purchaser, substantially in the forms attached hereto as Exhibit C;

(xiii) An Extended Coverage ALTA Loan Policy and title insurance, in form and substance satisfactory to the Purchaser, including all required endorsements, insuring the Purchaser’s first priority lien on the fee interest in the Real Property under the Deed of Trust, which commitment shall indicate that neither such lien nor the underlying real estate is subject to any material lien, encumbrance or other title defect or issue that could, in any manner interfere with the Purchaser’s interest therein or the enforcement of the Purchaser’s rights with respect thereto, except for Permitted Liens;

(xiv) copies of UCC-1 financing statements, in form and substance satisfactory to the Purchaser and the Trustee, with respect to the fixtures located at the Site and subject to the Deed of Trust;

(xv) evidence that the federal tax information Form 8038-G has been prepared for filing;

(xvi) a copy of the Report of Proposed Debt Issuance and Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

(xvii) certified copies of the Articles of Incorporation and Bylaws of the Corporation, a Certificate of Status—Domestic Corporation issued by the Secretary of State of the State of California with respect to the Corporation and an Exempt Letter of Good standing issued by the Franchise Tax Board of the State of California;

(xviii) certified copies of the Articles of Incorporation and Bylaws of the Lessee, a Certificate of Status—Domestic Corporation issued by the Secretary of State of the State of California with respect to the Lessee and an Exempt Letter of Good standing issued by the Franchise Tax Board of the State of California;

(xix) evidence, satisfactory to the City, the Trustee and the Purchaser of the Corporation's and Lessee's 501(c)(3) status;

(xx) confirmation that the insurance coverage required pursuant to the Sale Agreement is in force and effect; and

(xxi) such additional legal opinions, certificates, instruments and other documents as the Purchaser and the Trustee may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the City's and the Corporation's representations and warranties contained herein and the due performance or satisfaction by the City and the Corporation on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by them.

(b) All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to Special Counsel, the Trustee and the Purchaser. The opinions and certificates referred to above and which are represented by Exhibits hereto shall be deemed satisfactory provided they are substantially in the forms attached as such Exhibits hereto. If the City or the Corporation shall be unable to satisfy the conditions to the obligation of the Purchaser to purchase, to accept delivery of and to pay for the Series 2015 Certificates contained in this Agreement, or if the obligation of the Purchaser to purchase, to accept delivery of and to pay for the Series 2015 Certificates shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and none of the Purchaser, the City or the Corporation shall be under any further obligation hereunder.

ARTICLE V

INDEMNIFICATION

To the extent permitted by law, the Corporation shall indemnify and hold harmless each of the Purchaser, the Trustee, the City and any of their respective officers, directors and employees from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which any of the Purchaser, the Trustee, the City or any of their officers, directors or employees may incur (or which may be claimed against any of the Purchaser, the Trustee, the City or any of their officers, directors or employees by any person or entity whatsoever) by reason of or in connection with any breach by the Corporation of any representation, warranty or covenant contained in this Agreement or in any other Corporation Document, or any certificate by the Corporation delivered hereunder or in connection with the execution and delivery of the Series 2015 Certificates; provided, however, that the Corporation shall not be required to indemnify the Purchaser, the Trustee, the City or any of their respective officers, directors or employees for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct of the Purchaser, the Trustee, the City or any of their respective officers, directors or employees, to the extent permitted by law.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices. Except as otherwise expressly specified in this Agreement, all notices, requests and other communications hereunder shall be in written form (including bank wire, telegram, facsimile or similar writing) and shall be given to the party to whom addressed, at its address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties below. Each such notice, request or communication shall be effective (a) if given by telecopy, upon receipt thereof; (b) if given by mail, five days after such communication is deposited in the United States Mail with first-class postage prepaid, addressed as aforesaid; or (c) if given by any other means, when delivered at the address specified below.

City: City of Willits
111 E. Commercial Street
Willits, California 95490
Attention: Finance Director/City Treasurer

Corporation: Frank R. Howard Foundation
44 Madrone Street
Willits, California 95490
Attention: President r

With a copy to:

Carle, Mackie, Power & Ross LLP
100 B Street, Suite 400
Santa Rosa, CA 95410

Attention: Simon R. Inman

Trustee: U.S. Bank, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust Services

Purchaser of
Series 2015
Certificates: Tri Counties Bank
255 South Main Street
Willits, California 95490
Attention: Arnie Mello, Vice President

Section 6.02. Waiver; Parties in Interest; Caption Headings. Neither the failure of nor any delay on the part of any party hereto in exercising any right, power or privilege hereunder shall preclude other or further exercise thereof or the exercise of any right, power or privilege; nor shall any waiver of any right, power, privilege or default hereunder constitute a waiver of any other right, power, privilege or default or constitute a waiver of any other default of the same or of any other term or provision. All rights and remedies herein provided are cumulative and not exclusive of any rights or remedies otherwise provided by law, or in any note.

No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the parties hereto. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

Any notice or communication or demand to be given or made to any party pursuant to this Agreement not expressly specified herein shall be given in the manner provided in the Trust Agreement. The captions in this Agreement are for convenience of reference only and shall not affect the meaning or construction of or define or limit any of the provisions hereof. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, that the Corporation may not assign or transfer any of its interest hereunder without the prior written consent of the Purchaser.

Section 6.03. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California.

Section 6.04. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or no authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 6.05. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by their duly authorized officers, all as of the date first above written.

CITY OF WILLITS

By _____
[Name, Title]

Attest:

By _____
[Name, Title]

FRANK R. HOWARD FOUNDATION

By _____
[Name, Title]

TRI COUNTIES BANK

By _____
Authorized Officer

[Signature Page to Certificate Purchase Agreement]

EXHIBIT A

[FORM OF PURCHASER'S LETTER OF REPRESENTATION]

[DATE]

City of Willits
Willits, California

Frank R. Howard Foundation
Willits, California

U.S. Bank, National Association
[City], California

Kutak Rock LLP
Los Angeles, California

Re: \$5,500,000 in aggregate principal amount of the City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) (the "Series 2015 Certificates")

Ladies and Gentlemen:

The undersigned, an authorized officer of Tri Counties Bank, as purchaser of the above-referenced Series 2015 Certificates (the "Purchaser"), executed and delivered pursuant to the Trust Agreement, dated as of May 1, 2015 (the "2015 Trust Agreement"), by and among the City of Willits (the "City"), Frank R. Howard Foundation (the "Corporation") and U.S. Bank, National Association, as trustee (the "Trustee"), hereby represents and warrants to you that:

1. The Purchaser has duly authorized, by all necessary action, the purchase of the Series 2015 Certificates pursuant to the terms and provisions of the Certificate Purchase Agreement, dated May [___], 2015 (the "Certificate Purchase Agreement"), among the Purchaser, the City and the Corporation. I am authorized to execute and deliver this letter.

2. The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by Series 2015 Certificates and the installment payments associated therewith. The Purchaser is able to bear the economic risks of such investment.

3. The Purchaser understands that the obligations of City to make payments under the Installment Purchase Agreement, dated as of May 1, 2015, by and between the Corporation and the City (the "Purchase Agreement") are special, limited obligations

payable solely from amounts paid to the City under the Installment Sale Agreement, dated as of May 1, 2015, between the City and the Corporation (the “Sale Agreement”); and that notwithstanding anything to the contrary contained in the Purchase Agreement, the City shall not be obligated to make installment payments, or pay any portion of the costs of the Project or make any other payment or advance any moneys or be liable for any other costs or expenses in connection with the Project, the installment payments or the purchase payments, except from the amounts paid to the City from the Corporation pursuant to the Sale Agreement, and no such payment shall constitute a charge against the general credit of the City. The Purchaser further understands that City shall not be directly or indirectly or contingently or morally obligated to use its taxing power or any other moneys or assets of City to pay the installment payments or any portion of the costs of the Project or for all or any portion of such other costs or expenses.

4. The Purchaser acknowledges that it has either been supplied with or has been given access to information, including financial statements and other financial information which the Purchaser has requested, and it has had the opportunity to ask questions and receive answers concerning the Corporation, the City, the Installment Payments, the Purchase Payments, the Purchase Agreement, the Sale Agreement, the Trust Agreement and the security therefor, so that the Purchaser has been able to purchase the Series 2015 Certificates on the terms as set forth in the Certificate Purchase Agreement. The Purchaser acknowledges that it has not relied upon the City for any information in connection with the Series 2015 Certificates.

5. The Purchaser has made its own inquiry and analysis with respect to the Series 2015 Certificates, the Installment Payments, the Purchase Payments, the Purchase Agreement, the Sale Agreement, the Trust Agreement and the security therefor, and other material factors affecting the security and payment of such payments set forth in the above-referenced agreements. The Purchaser is aware that the business of the Corporation involves certain economic variables and risks that could adversely affect the security for the payments to be made by the Corporation to the City pursuant to the Sale Agreement which payments have been assigned to the Trustee under the Trust Agreement. The Purchaser has examined drafts in final form of the basic legal documents relating to the above agreements, including the proposed legal opinions to be delivered by the Corporation’s counsel and Kutak Rock LLP, as special counsel in connection with the execution and delivery of the Series 2015 Certificates.

6. The Purchaser understands that the Series 2015 Certificates (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable.

7. The Purchaser understands that the Series 2015 Certificates have not been registered under the Securities Act of 1933, as amended. The Purchaser represents to you that it is purchasing the Series 2015 Certificates for investment of its own account and not with a present view toward resale or the distribution thereof, in that the Purchaser does not presently intend to resell or otherwise dispose of all or any part of its interests in

the Series 2015 Certificates. The Purchaser shall have the right to sell, transfer or otherwise dispose of all or part of its interest in the Series 2015 Certificates but agrees not to do so except in accordance with the requirements of the Trust Agreement.

8. The Purchaser agrees to indemnify and hold harmless the City and the Trustee with respect to any claim asserted against the City or the Trustee that is based upon the Purchaser's sale, transfer or other disposition of its interest in the Series 2015 Certificates in violation of the provisions hereof or of the Trust Agreement, other than any claim that is based upon the gross negligence or willful misconduct of the City or the Trustee.

9. The Purchaser has executed and delivered this letter as an inducement to the City to cause the execution and delivery of the Series 2015 Certificates to the Purchaser. Only the addressees hereof may rely upon this letter.

TRI COUNTIES BANK

By _____
Authorized Officer

EXHIBIT B

[FORM OF OPINION OF SPECIAL COUNSEL]

May [___], 2015

City of Willits
Los Angeles, California

\$5,500,000
City of Willits
Variable Rate Certificates of Participation
(Frank R. Howard Foundation Project)
Series 2015

Evidencing Undivided Proportionate Ownership Interests in
Installment Payments To Be Paid by the City of Willits
Solely From Purchase Payments To Be Received From
Frank R. Howard Foundation

Ladies and Gentlemen:

We have acted as special counsel to the City of Willits (the “City”), in connection with the execution and delivery of \$5,500,000 aggregate principal amount of City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) Series 2015 (the “Series 2015 Certificates”), each evidencing an undivided proportionate ownership interest in Installment Payments (the “Installment Payments”) to be paid by the City pursuant to the Installment Purchase Agreement, dated as of May 1, 2015 (the “Purchase Agreement”), by and between the City and Frank R. Howard Foundation (the “Corporation”), which interests in such Installment Payments having been assigned without recourse by the Corporation to U.S. Bank, National Association, as trustee (the “Trustee”). The obligation of the City to make Installment Payments under the Purchase Agreement is a limited obligation and is payable solely from Purchase Payments (attributable to payments to be made by the Corporation under the Installment Sale Agreement, dated as of May 1, 2015 (the “Sale Agreement”), by and between the City and the Corporation, and other moneys and assets received by the Trustee on behalf of the City pursuant to the Sale Agreement. The Certificates have been executed by the Trustee pursuant to the terms of the Trust Agreement, dated as of May 1, 2015 (the “Trust Agreement”), by and among the City, the Corporation and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Sale Agreement.

In such connection, we have reviewed the Purchase Agreement, the Sale Agreement, the Trust Agreement, the Tax Certificate and Agreement of the Corporation and the City, dated the

date hereof (the “Tax Certificate”), the Certificate Purchase Agreement, dated May [___], 2015 (the “Certificate Purchase Agreement”), by and among the City, the Corporation and Tri Counties Bank, opinions of counsel to the Corporation, certificates of the City, the Corporation, the Trustee and others as to certain factual matters and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have examined the Constitution and the laws of the State of California; the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraphs 6 and 7 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Reference is made to the opinion letter of even date herewith of counsel to the Corporation, with respect to, among other matters, the due authorization, execution and delivery of the Purchase Agreement, the Sale Agreement, the Trust Agreement, the Tax Certificate, the Certificate Purchase Agreement and other relevant documents by the Corporation, and the status of the Corporation as an organization described under Section 501(c)(3) of the Code. We are assuming that the conclusions set forth in such opinion letter with respect to such matters are correct.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The City is a general law city and municipal corporation duly organized and validly existing under the Constitution and laws of the State of California and has full power to own and hold real and personal property and to purchase and sell the same. The City has the power to enter into the Purchase Agreement, the Sale Agreement, the Trust Agreement and the Certificate Purchase Agreement and perform the agreements on its part contained therein.

2. The resolution and action of the City Council adopted on May 13, 2015 (authorizing and approving the Purchase Agreement, the Sale Agreement, the Trust Agreement and the Certificate Purchase Agreement) (the “City Resolution”), was adopted at a meeting of the City Council, the governing body of the City, which was duly called and held pursuant to law, with all public notices required by law having been given, and at which a quorum was present and acting throughout and the City Resolution has not been amended or modified and remains valid and in full force and effect.

3. The Purchase Agreement, the Sale Agreement, the Trust Agreement and the Certificate Purchase Agreement have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding obligations of the City, enforceable against the City in accordance with their terms.

4. All instruments furnished to the Trustee in connection with the execution and delivery of the Series 2015 Certificates conform to the requirements of the Trust Agreement, and constitute sufficient authority under the Trust Agreement for the Trustee to execute and deliver the Series 2015 Certificates.

5. The execution and delivery of the Series 2015 Certificates have been sufficiently and duly authorized by the City.

6. The Series 2015 Certificates, when executed and delivered, will be secured under the Trust Agreement.

7. Under existing statutes, regulations, rulings and judicial decisions, the portion of the Installment Payments paid by the City which is designated and paid as interest, as provided in the Purchase Agreement, and received by the registered owners of the Series 2015 Certificates, is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, the portion of the Installment Payments designated and paid as interest will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current income over alternative minimum taxable income (determined without regard to such adjustment and prior to reductions for certain net operating losses). The opinions set forth in this paragraph assume compliance by the City and the Corporation with certain requirements of the Code that must be met subsequent to the execution and delivery of the Series 2015 Certificates. Failure to comply with such requirements could cause such interest to be includable in gross income for federal income tax purposes or could otherwise adversely affect such opinions, retroactive to the date of execution and delivery of the Series 2015 Certificates. The City and the Corporation have covenanted in the Sale Agreement and the Tax Certificate executed and delivered in connection with the execution and delivery of the Series 2015 Certificates to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Series 2015 Certificates, and we express no opinion as to the effect of any termination of the City's obligations under the Purchase Agreement, under certain circumstances as provided in the Sale Agreement, upon the treatment for federal income tax purposes of any moneys received under the Purchase Agreement subsequent to such termination.

8. The portion of the Installment Payments paid by the City which is designated and paid as interest, as provided in the Purchase Agreement, and received by the registered owners of the Series 2015 Certificates, is exempt from personal income taxation imposed by the State of California.

The rights of the registered owners of the Series 2015 Certificates and the enforceability of the Series 2015 Certificates, the Purchase Agreement, the Sale Agreement, the Trust Agreement and the Certificate Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in

appropriate cases and to the exercise by the State of California and its governmental bodies of the police power inherent in the sovereignty of the State of California and its governmental bodies and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion letter is limited to the matters specifically set forth above and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice as to the enforceability of the Purchase Agreement, the Sale Agreement, the Trust Agreement and the Certificate Purchase Agreement against the Trustee or the Corporation; legal title to the Real Property; the accuracy, completeness or adequacy of the legal description of the Real Property; or the creditworthiness or financial condition of the City or the Corporation.

This opinion is based solely on the Constitution and laws of the State of California, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraphs 6 and 7 above, the other items described in the second paragraph hereof and the assumptions set forth herein; and we have no obligation to update or supplement this opinion letter based on or with respect to changes in any of such items or based on or with respect to other events or circumstances that occur after the date hereof. Our engagement as special counsel terminates as of the date of this letter.

Very truly yours,

EXHIBIT C

[FORM OF BORROWER COUNSEL OPINION]

May [___], 2015

City of Willits
Willits, California

Tri Counties Bank
[City], California

Kutak Rock LLP
Los Angeles, California

\$5,500,000
City of Willits
Variable Rate Certificates of Participation
(Frank R. Howard Foundation Project)
Series 2015

Evidencing Undivided Proportionate Ownership Interests in
Installment Payments To Be Paid by the City of Willits
Solely From Purchase Payments To Be Received From
Frank R. Howard Foundation

Ladies and Gentlemen:

We have acted as counsel for Frank R. Howard Foundation, a California nonprofit public benefit corporation (the "Corporation"), in connection with the execution and delivery of \$5,500,000 aggregate principal amount of City of Willits Variable Rate Certificates of Participation (Frank R. Howard Foundation Project) Series 2015 (the "Certificates") pursuant to the provisions of the Trust Agreement, dated as of May 1, 2015 (the "Trust Agreement"), by and among the City of Willits (the "City"), the Corporation and U.S. Bank, National Association, as trustee (the "Trustee"). The purpose of the Certificates is to provide additional funds to the Corporation to pay a portion of the costs of acquiring and making improvements at the real property (the "Real Property") located at [legal address], Willits, California.

In connection with the Certificates, we have reviewed the following documents:

1. the Installment Purchase Agreement, dated as of May 1, 2015 (the "Installment Purchase Agreement"), by and between the Corporation and the City;
2. the Installment Sale Agreement, dated as of May 1, 2015 (the "Installment Sale Agreement"), by and between the City and the Corporation;

3. the Trust Agreement;
4. the Certificate Purchase Agreement, dated May [___], 2015, by and among the City, the Corporation and Tri Counties Bank (the “Purchaser”);
5. the Tax Certificate and Agreement, dated May [___], 2015, by and between the City and the Corporation;
6. the Continuing Covenant and Project Fund Disbursement Agreement, dated as of May 1, 2015, by and between the Corporation and the Purchaser;
7. the Construction Deed of Trust, Fixture Filing and Security Agreement with Assignment of Rents, dated as of May 1, 2015 (the “Deed of Trust”), made by the Corporation, as the Grantor, in favor of [TITLE CO.], as trustee, for the benefit of the Trustee under the Trust Agreement; and
8. the other documents to be delivered in connection with the Installment Purchase Agreement, the Installment Sale Agreement and the Trust Agreement.

The documents listed in items 1 through 7 above are collectively referred to as the “Financing Documents” or as the “Transaction Documents”.

The laws covered by the opinions expressed herein (referred to as the “Opining Laws”) are limited to the federal laws of the United States of America and the laws of the State of California (the “State”) which, in each case, in the exercise of customary professional diligence would reasonably be recognized as applicable to the Corporation (excluding in any event any federal or state anti-fraud, antitrust, securities or trade regulation laws). For purposes of this opinion letter, the “law” of a jurisdiction means such jurisdiction’s statutes, the judicial and administrative decisions of such jurisdiction, and the rules and regulations of the governmental agencies of such jurisdiction, but excluding the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities, and special political subdivisions (whether created or enabled through legislative action at the federal, state, or regional level) and judicial decisions to the extent that they deal with any of the foregoing excluded items.

On the basis of the foregoing, we are of the opinion that:

1. The Corporation is a nonprofit public benefit corporation and is validly existing and in good standing under the laws of the State.
2. The execution, delivery, and performance of the Transaction Documents to which the Corporation is a party have been duly authorized by all requisite corporate actions by the Corporation.
3. The Corporation has the corporate power and authority to execute and deliver, and to perform, each of its obligations under the Transaction Documents to which the Corporation is a party.

4. The Transaction Documents to which the Corporation is a party have been duly executed and delivered by the Corporation. The Financing Documents to which the Corporation is a party constitute the valid and legally binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except (a) as limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws relating to or affecting the rights of creditors generally, and (b) as limited by general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

5. The execution and delivery by the Corporation of the Transaction Documents and the performance by the Corporation of its obligations thereunder do not (a) contravene any Opining Law or, to our knowledge, any order, writ, judgment, injunction, decree, determination or award, (b) violate or constitute a default under the Corporation's Articles of Incorporation or Bylaws, any provision of any material mortgage, loan agreement, lease or trust agreement which is identified on Schedule I hereto and to which the Corporation is a party, or (c) result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties pursuant to any such agreement identified on Schedule I, other than the liens created by the Transaction Documents, or (d) require approval or other action by any governmental authority or agency of the State or the United States of America in connection therewith, except those incidental to the operation of the Project.

6. Based on our knowledge as described above and the inquiries described in the next succeeding sentence, there is no action, suit or proceeding at law or in equity before or by any judicial or administrative court or agency pending or threatened against the Corporation or its properties which would, if adversely determined, materially and adversely affect the validity, binding nature or enforceability of the Transaction Documents to which the Corporation is a party or the ability of the Corporation to perform its obligations thereunder.

7. The Corporation is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), is exempt from federal income taxes under Section 501(a) of the Code (other than taxation of unrelated business income subject to taxation under Section 511 of the Code) and is a "private foundation" as defined in Section 509(a) of the Code. To our knowledge (based upon the representations and covenants of the Corporation in the Transaction Documents and other certificates and our discussions with certain officers and agents of the Corporation) no more than three percent of the properties and facilities to be financed or refinanced with the proceeds of the Series 2007 Certificates will be used in an "unrelated trade or business" of the Corporation, as that term is presently defined in Section 513(a) of the Code.

This opinion letter is rendered solely for your benefit and is not to be used, circulated, quoted or referred to without our prior written consent and may not be relied upon by any other person without our prior written consent. We are opining herein as to the effect on the subject transactions only of the Opining Laws and we assume no responsibility as to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction.

Very truly yours,



111 E. COMMERCIAL STREET
WILLITS, CALIFORNIA 95490
(707) 459-4601 TEL
(707) 459-1562 FAX

**WILLITS CITY COUNCIL
MINUTES
WEDNESDAY, APRIL 8, 2015**

Mayor Burton called a regular meeting of the City Council to order at 6:31p.m., in Council Chambers. The meeting was preceded by the pledge to the flag.

Roll Call: Councilmembers Larry Stranske, Madge Strong, Holly Madrigal, Ron Orenstein, and Mayor Bruce Burton were present.

Also present were staff members: Adrienne Moore, City Manager; Jim Lance, City Attorney; Gerry Gonzalez, Police Chief; Rod Wilburn, Public Works Director; Susie Holmes, Finance Director; and Cathy Sanders, Deputy City Clerk.

OFF AGENDA ITEM

(Amendment to agenda requires a 4/5th vote of the City Council)

Moved by Stranske/Seconded by Madrigal and carried unanimously to add the following item to the agenda:

CONSENT CALENDAR

Settlement Agreement Relating to Litigation Concerning an Agreement by and Between the City of Willits and the Brooktrails Township Community Service District for Disposal of Wastewater from Brooktrails into the City's Wastewater Treatment and Disposal Facilities

2. PUBLIC COMMUNICATIONS

Alan Falleri, retired City Planner, thanked the City Council for coming together with the Brooktrails Township Community Service District on finalizing a difficult agreement, and is looking forward to everyone working together. Greta Kanne reiterated the same, and commented on her support for the Rails with Trails Grant.

3A. DISCUSSION AND DIRECTION TO STAFF REGARDING A PROPOSED BICYCLE AND PEDESTRIAN TRAILS PROJECT AND SUBMITTAL OF AN APPLICATION TO CALTRANS FOR ACTIVE TRANSPORTATION PROGRAM (CYCLE 2) FUNDING

After lengthy discussion by the City Council and Phil Dow, Executive Director of Mendocino Council of Governments, the City Council directed staff to move forward with the grant application.

Public Comment: Greta Kanne, Tom Mann and Lynn Kennelly offered their support for moving forward with this grant and what an asset it would be to our community. Lisa Epstein, Chamber of Commerce President informed the City Council that the Chamber is willing to help with the public portion of the grant.

Moved by Stranske/Seconded by Madrigal and carried unanimously to direct Staff to move forward with the submittal of a Grant Application to Caltrans for Active Transportation Program (Cycle 2) Funding, with the project area to encompass the

railroad right of way from Willits High School to the new Howard Hospital and if staff time permits, westward from Main Street along Walnut Street to Blosser Lane.

3B. DISCUSSION AND POSSIBLE ACTION REGARDING GOVERNOR BROWN'S EXECUTIVE ORDER (ISSUED APRIL 1, 2015) IMPLEMENTING STATEWIDE MANDATORY WATER REDUCTIONS

City Manager Moore reported that on April 1st, Governor Brown issued an executive order mandating statewide reductions in water use by 25% in response to California's ongoing drought. The order is applicable to "urban water usage", but the City's water system falls below that definition. While it is not yet known how the new mandatory restrictions will be applied to the City, staff fully anticipates there will be some level of mandates imposed by the State Water Resources Control Board on the City. We will continue to monitor information as it becomes available and recommend any necessary Council action.

Public Works Director Wilburn reported the current water levels are at 1200 acre feet, up from January 1st, which was 1150 acre feet, but at this time our reservoirs are not yet overflowing.

Public Comment: None.

No action taken.

3C. UPDATE ON THE CITY'S EMERGENCY WATER SUPPLY PROJECT

Public Works Director Wilburn reported the Ground Water Treatment Plant building has been completed, with the work on the inside commencing next week. Mr. Wilburn also commented that they are seeking a new Well Driller, as the company that was originally hired has backed out. He is in hopes of finding a new driller in the very near future.

Public Comment: None.

No action taken.

4. CONSENT CALENDAR

The following item(s) are recommended for approval:

- a. City Council Minutes:
 - March 11, 2015 – **Approved**
 - March 23, 2015 – Special Meeting – **Approved**
 - March 24, 2015 – Special Meeting – **Approved**
 - March 25, 2015 – **Approved**
- b. Settlement Agreement Relating to Litigation Concerning an Agreement by and Between the City of Willits and the Brooktrails Township Community Service District for Disposal of Wastewater from Brooktrails into the City's Wastewater Treatment and Disposal Facilities – **Approved**

Moved by Stranske/Seconded by Orenstein and carried unanimously to approve Consent Calendar items (a&b).

5. INFORMATIONAL REPORTS

Matters that do not require action by the City Council but are of public interest.

- a. Disbursements Journal(s):
 - Warrant Nos. 26181-26191, Totaling \$126,870.56
 - Warrant Nos. 26192-26263, Totaling \$326,382.72
- b. Building Inspection Activity Report(s) – March 2015
- c. Business License Activity Report – March 2015

6. RIGHT TO APPEAL

None presented.

7. COMMISSIONS, AGENCIES AND AUTHORITIES

None presented.

8A. RECAP OF THE COUNCIL'S GOAL-SETTING WORKSHOP (HELD MARCH 28, 2015)

City Manager Moore commented on the final document report regarding our Council Goal Setting Workshop. Major City Goals are; Planning for "Post Bypass" Willits, Water Security; Water Supply, Infrastructure and Conservation, and Brown's Corner Intersection Improvements. These Council goals serve as a road map for going forward for the next couple of years. We need to remain focused on our priorities and re-visit them to make sure we are completing the tasks. Moving forward City staff will be giving quarterly updates on how we are doing with our projects.

Public Comment: None.

No action taken

8B. CITY MANAGER REPOSTS AND RECOMMENDATIONS

City Manager Moore reported that an excessive amount of staff's time has been devoted to Brooktrails, and now that this is behind us, we are excited to move forward with other matters that have been put aside. Upcoming agenda for April 22nd; LAFCo will be here to discuss our Sphere of Influence; and the Solid Waste of Willits Franchise Agreement will be presented for possible Council action. On May 13th we will be holding a Public Hearing for the Howard Hospital Medical Office's finance request, they are asking the City to serve as a conduit for their financing package, this will likely be in the form of a Certificate of Participation; discussion on Solar Project and the City's Annual Fee Hearing. Ms. Moore also mentioned that we are actively seeking a City Representative to serve on the Library Advisory Board; all interested parties are to contact City Hall.

9. DEPARTMENT RECOMMENDATIONS

- a. Administration
 - City Clerk did not report.
 - Finance Director Holmes informed the Council that she has give them copies of the Basic Financial Statements and Management Report, dated June 30, 2014 for their review, and it will be placed on the April 22nd agenda for formal acceptance.
 - Human Resources did not report.
 - City Attorney Lance commented that he and City Manager Moore are working on a Lease Agreement between the City of Willits and REACH Air Medical Services.
- b. Public Safety did not report.
- c. Community Development did not report.
- d. Public Works & Engineering
- e. Public Works Director Wilburn reported Public Works and the Water Department crews repaired a large leak on the 14" main that comes from our 3 million gallon water tank on Baechtel Road. This in turn delayed the progress of the Main Street water line repair job and the Ground Water Treatment Plant Project. A pre-construction meeting was held today for the Humboldt Street Rehabilitation Project which will commence on June 2nd.
- f. Water & Wastewater Systems did not report.

10. CITY COUNCIL AND COMMITTEE REPORTS

- a. Mendocino Council of Governments (MCOG) met and approved a request for partnership with the local organization, Valley Trail for the Active Transportation Program proposal: "Anderson Valley Trail Phase I – SR128; approval of Agreement with Round Valley Indian Tribes for Multi-Purpose Trails; and approval of Draft Policies for MCOG Finance Manual.

- b. Local Agency Formation Commission (LAFCO) met, is pursuing their Budget Process with the possibility of a reduction of member agencies' dues; Finalizing MSR'S for the fire protection districts of: Potter Valley, Redwood Valley-Calpella Fire District, Mendocino Fire Protection District, and Albion-Little River Fire Protection District.
- c. Mendocino Transit Authority (MTA) met but Councilmember Strong was unable to attend.
- d. Mendocino Solid Waste Management Authority-Joint Powers Authority (MSWMA-JPA) did not meet.
- e. Economic Development and Financing Corporation (EDFC) meets tomorrow, April 9th.
- f. League of California Cities did not meet.
- g. Water & Wastewater Systems Committee did not meet.
- h. Revit-ED Committee did not meet.
- i. Finance Committee did not meet.
- j. Ad Hoc Committees did not meet.
 - Caltrans Bypass Project – did not meet.
 - Solid Waste of Willits Franchise Agreement – met and reviewed the list of comments from the City Council, and incorporated them into the agreement, then presented the agreement to Jerry Ward and was able to come to an agreement regarding most of the additions. Jerry Ward and Mike Sweeney are meeting to draft a new agreement to bring back to the City Council. Mike Sweeney commented that he is in hopes that all issues will be resolved.
 - Solar Array Project – met and will be brought to the May 13th meeting for discussion.
 - Main Street Improvement – meets Thursday, March 9th.
 - Willits Center for the Arts - did not meet.
- k. Other Committee Reports – no further reports.

11. COUNCIL MEMBER REPORTS AND RECOMMENDATIONS

Mayor Burton commented on a letter that Willits water customers are receiving regarding waterline replacement cost. The letter informs homeowners that they are responsible for the full cost of repairing their exterior waterline, in the event that something should happen. This letter is very misleading, as they are trying to get homeowners to purchase insurance. Mayor Burton asked the community to be cautious of this letter and to look into it before sending money. Councilmember Stranske thanked City Manager Moore, Public Works Director Rod Wilburn, Finance Director Susie Holmes, City Attorney Jim Lance, and Mayor Bruce Burton for going above and beyond to finalize the Settlement Agreement with the Brooktrails Township Community Service District. Mayor Burton also thanked Councilmember Stranske for his part in the Settlement Agreement.

12. ENACTMENT OF ORDINANCES

None presented.

13. GOOD & WELFARE

City Manager Moore commented that she and City Attorney Lance were walking in the crosswalk at Commercial and Main Streets, and were almost hit by a truck that was turning left. This is a dangerous intersection and pedestrians must watch for traffic. Mayor Burton publicly thanked Rick Williams, Brooktrails Township Community Services Board President for his cooperation in finalizing the Settlement Agreement between the two entities.

14. CLOSED SESSION NOTICE

Due to the resolution of the Settlement Agreement between the City of Willits and Brooktrails Township Community Services, no further discussion was needed.

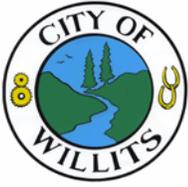
Moved by Stranske/seconded by Strong and carried unanimously to adjourn the meeting at 8:30 p.m.

Bruce Burton, Mayor

ATTEST:

CATHY SANDERS, Deputy City Clerk

COUNCIL MEETING RECORDINGS: City Council meetings are video recorded and broadcast live on the 2nd and 4th Wednesday of each month on Public Access Channel 3 and rebroadcast on Saturday and Sunday at 5:00 p.m. on Government Channel 64. DVD's are available for check-out or may be purchased (with advance notice) for \$15.00 at City Hall.



Item No. **4b**

Meeting Date: **May 13, 2015**

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Adrienne Moore, City Manager

Agenda Title: DISCUSSION AND POSSIBLE ACTION TO APPROVE RENEWAL OF SERVICE AGREEMENT WITH MENDOCINO COUNTY HEALTH AND HUMAN SERVICES AGENCY, IN AN AMOUNT NOT TO EXCEED \$27,550, FOR ANIMAL SHELTERING SERVICES FOR FISCAL YEAR 2014/2015 (*RETROACTIVE TO JULY 1, 2014*)

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: N/A

Summary of Request: The City of Willits contracts with the County of Mendocino for animal control services. In 2009, the patrol agreement and shelter agreement were separated. Shelter and care services are provided through Mendocino County Health and Human Services Agency (HHSA). HHSA's animal shelter and care services include: 1) Sheltering stray animals; 2) Sheltering animals held on legal reasons; 3) Dog license services; 4) Lost and found program; 5) Quarantine of animals suspected of rabies; 5) One low cost rabies clinic; 6) Submittal of annual shelter report; and 7) Disposal of dead animals brought to shelter. For Fiscal Year 2014/2015, the total compensation is \$27,550.

Please note that due to staff turnover in both agencies, the submittal of this agreement renewal is late as it reflects Fiscal Year 2014/2015 (July 1, 2014 through June 30, 2015). Please find attached a copy of the standard animal shelter agreement.

Recommended Action: Approve agreement with Mendocino County Health and Human Services Agency, in an amount not to exceed \$27,500, to provide Animal Sheltering Services for Fiscal Year 2014/2015; and authorize City Manager to execute same.

Alternative(s): None recommended.

Fiscal Impact: Fiscal Year 2014/2015 proposed budget includes the anticipated expense of \$27,550.

Personnel Impact: None.

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

COUNTY OF MENDOCINO

AGREEMENT

This Agreement is entered into this _____ day of _____, 2015, by and between the COUNTY OF MENDOCINO, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and the City of Willits, a Municipal Corporation, located within Mendocino County, hereinafter called "City".

WITNESSETH

WHEREAS, CITY wishes to extend to the residents of the County certain services, which the Mendocino County Health & Human Services Agency (HHSA) is equipped, staffed, licensed, and prepared to provide; and

WHEREAS, the Mendocino County HHSA is willing and able to perform duties and render services to be necessary or appropriate for the welfare of residents of County; and

WHEREAS, the Mendocino County HHSA believes the provisions of these services to the residents is in their best interests, and agrees to perform such duties and render such services, as outlined more specifically below.

Exhibits

Exhibit A	Definition of Services	1 page	Page # 6
Exhibit B	Payment Terms	1 page	Page # 7

NOW, THEREFORE, we agree as follows:

1. The term of this Agreement shall be from July 1, 2014, through June 30, 2015.

2. DEFINITIONS:

- A. MAY - is permissive
- B. SHOULD - is desirable
- C. SHALL - is mandatory

3. COMPLIANCE WITH LAWS AND ORDINANCES:

All services to be performed by COUNTY pursuant to this Agreement shall be performed in accordance with all applicable federal, state, county, and municipal laws, ordinances, regulations, titles, and departmental procedures.

4. SERVICE ELIGIBILITY:

Services provided under this Agreement shall be rendered without discrimination on the basis of race, color, religion, national origin, sex, ancestry or handicap.

5. SERVICES:

In consideration of the payment hereinafter set forth, COUNTY shall perform the services set forth in Exhibit "A" attached hereto and incorporated herein.

6. PAYMENT:

The compensation payable to COUNTY under this contract for shelter services shall not exceed **Nineteen Thousand, Nine Hundred and Forty-Seven Dollars (\$19,947)**. Payment shall be made in accordance with the schedule set forth on Exhibit "B".

CITY agrees that no later than June 30, 2015 it will transfer **Seven Thousand, Six Hundred and Three Dollars (\$7,603)** To County representing payment for Principle Debt Services (SOC) for Fiscal Year 2014-2015.

The combined total of the two components will not exceed **Twenty Seven Thousand, Five Hundred and Fifty Dollars (\$27,550)**.

7. AFFIRMATIVE ACTION:

CITY certifies that it is in compliance with the Equal Employment Opportunity Requirement of Executive Order 11246, as amended by Executive Order 11375, Title VII of the Civil Rights Act of 1964, the California Fair Employment Practices Act and any other federal and state laws pertaining to equal employment opportunity and that it will not discriminate against any employee or applicant for employment on the basis of race, color, religion, handicap, age, sex, national origin, or ancestry in matters pertaining to recruitment, hiring, training, upgrading, transfer, compensation, or termination.

8. INDEMNITY:

COUNTY shall defend, indemnify, and hold CITY, its officers, employees, and agents harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of COUNTY's performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of COUNTY, its officers, agents, or employees.

CITY shall defend, indemnify and hold COUNTY, its officers, employees and agents harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of CITY's performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of CITY, its officers, agents, or employees.

9. RELATIONSHIP OF PARTIES:

It is expressly understood that this is an Agreement by and between two independent contractors and that this is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture or association, or any other relationship whatsoever other than that of independent contractor.

10. CONTRACT TERMS:

The terms of this Agreement shall commence on July 1, 2014 and expire on June 30, 2015, provided, however, that COUNTY or CITY may terminate this Agreement for any reason by giving written notice to the other at least thirty (30) days in advance of the effective date of such termination.

In the event this Agreement is terminated prior to June 30, 2015, CITY shall be reimbursed on a prorated basis for only that portion of the contract term during which COUNTY did not provide services pursuant to this Agreement.

11. NOTICES:

All notices, requests, demands, or other communications under this Agreement shall be in writing. Notices shall be given for all purposes as follows:

Personal delivery: When personally delivered to the recipient, notices are effective on delivery.

First Class Mail: When mailed first class to the last address of the recipient known to the party giving notice, notice is effective three (3) mail delivery days after deposit in a United States Postal Service office or mailbox.

Certified Mail: When mailed certified mail, return receipt requested, notice is effective on receipt, if delivery is confirmed by a return receipt.

Overnight Delivery: When delivered by overnight delivery (Federal Express/Airborne/United Parcel Service/DHL WorldWide Express) with charges prepaid or charged to the sender's account, notice is effective on delivery, if delivery is confirmed by the delivery service.

Telex or facsimile transmission: When sent by telex or facsimile to the last telex or facsimile number of the recipient known to the party giving notice, notice is effective on receipt, provided that (a) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (b) the receiving party delivers a written confirmation of receipt. Any notice given by telex or facsimile shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.

Addresses for purpose of giving notice are as follows:

To COUNTY: COUNTY OF MENDOCINO
HHS Animal Care Services
1120 S. Dora Street
Ukiah, Ca. 95482
Attn.: Dianne Laster

To CITY: Adrienne Moore, City Manager
111 E. Commercial St.
Willits, Ca. 95490

Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger, or overnight delivery service.

Any party may change its address or telex or facsimile number by giving the other party notice of the change in any manner permitted by this Agreement.

12. CHOICE OF LAW:

This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by the laws of the State of California, excluding any laws that direct the application of another jurisdiction's laws.

13. VENUE:

This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be litigated in the Superior Court of California in Mendocino County, Ukiah Branch, or in the United States District Court, Northern District of California.

14. WAIVER:

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right or remedy. No waiver of any breach, failure, right or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

15. ENTIRE AGREEMENT:

This Agreement, including all attachments, exhibits, and any other documents specifically incorporated into this Agreement, shall constitute the entire agreement between COUNTY and CITY relating to the subject matter of this Agreement. As used herein, Agreement refers to and includes any documents incorporated herein by reference and any exhibits or attachments. This Agreement supersedes and merges all previous understandings, and all other agreements, written or oral, between the parties and sets forth the entire understanding of the parties regarding the subject matter thereof. The Agreement may not be modified except by a written document signed by both parties.

16. HEADINGS herein are for convenience of reference only and shall in no way affect interpretation of the Agreement.

17. TIME:

Time is of the essence.

[END OF GENERAL TERMS AND CONDITIONS]

//

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands on the day and year this Agreement first above written.

COUNTY OF MENDOCINO

CONTRACTOR/COMPANY NAME

HEALTH AND HUMAN SERVICES AGENCY

By: *Stacey Cryer*
STACEY CRYER, HHSA Director

By: _____
Signature

Printed Name: _____

Date: 4-2-15

Title: _____

Date: _____

Budgeted: Yes No

Budget Unit: 2860

Line Item (Acct String): 82-6242

Org/Object Code: ANUKSHLT/826242

Grant: Yes No

Grant No.: _____

NAME AND ADDRESS OF CONTRACTOR:

City of Willits
Attn.: Adrienne Moore, City Manager
111 E. Commercial Street
Willits, CA 95490
Phone: 707-459-7120
Email: amoore@willitscity.com

INSURANCE REVIEW:

RISK MANAGER

By: *Kristin McMenomey*
KRISTIN McMENOMEY, Director
General Services Agency

By signing above, signatory warrants and represents that he/she executed this Agreement in his/her authorized capacity and that by his/her signature on this Agreement, he/she or the entity upon behalf of which he/she acted, executed this Agreement

Date: 4/13/15

APPROVED AS TO FORM:

H. James Lance, City Attorney

Fiscal Review:

By: _____
Deputy CEO/Fiscal

By: _____

Date: _____

ATTEST: City Clerk

By: _____

Date: _____

EXECUTIVE OFFICE REVIEW:

APPROVAL RECOMMENDED

By: *Carmel J. Angelo*
Carmel J. Angelo, Chief Executive Officer

COUNTY COUNSEL REVIEW:

APPROVED AS TO FORM:

Douglas L. Losak, Interim County Counsel

Date: 4-9-15

By: *Brina*

Date: 4/7/15

Fiscal Review:

By: *Dee Martin* 4-8-15
Deputy CEO/Fiscal

PURCHASING AGENT

Kristin McMenomey
General Services Agency Director

Kristin McMenomey
Supervisors

Signatory Authority: \$0-25,000 Department; \$25,001- 50,000

Exception to Bid Process Required/Completed **Exception #:** n/a (revenue)

**EXHIBIT A
Definition of Services**

Services delivered by County Animal Care:

- 1. From July 1, 2014 to June 30, 2015, the County will provide the City of Willits with animal shelter services that would be normal and customary services provided to County residents.
Those services include:
 - a. Sheltering of stray and owner surrendered animals.
 - b. Sheltering of animals held for court or legal cases.
 - c. Administration of a dog licensing program.
 - d. Administration of adoption programs.
 - e. Administration of a lost and found program.
 - f. Quarantine of suspected rabies animals.
 - g. Disposal of dead animals brought to the shelter.
- 2. Work schedule of animal care personnel to be established by County. Shelter hours open to the public are Wednesdays; 10:00 a.m. to 7:00 p.m., Tuesdays, Thursdays, Fridays and Saturdays 10:00 a.m. to 5:00 p.m. Animal drop boxes available to law enforcement at all times.
- 3. County will submit annual sheltering report to the State.
- 4. County services do not include dead animal pick up.

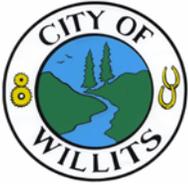
(END OF DEFINITION OF SERVICES)
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**EXHIBIT B
PAYMENT TERMS**

1. CITY agrees that no later than May 31, 2015 it will transfer **Nineteen Thousand, Nine Hundred and Forty-Seven Dollars (\$19,947)** to COUNTY representing payment for shelter services as described in Exhibit A.
2. CITY agrees that no later than June 30, 2015 it will transfer **Seven Thousand, Six Hundred and Three Dollars (\$7,603)** To County representing payment for Principle Debt Services (SOC) for Fiscal Year 2014-2015.
3. The COUNTY shall be entitled to collect and retain all fees and fines, including dog license, shelter or other operational fees for providing services in Exhibit A.
4. The amount of this agreement will not exceed \$27,550 for the term of this agreement.

(END OF PAYMENT TERMS)





Item No. **4c**

Meeting Date: **May 13, 2015**

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Susie Holmes, Finance Director

Agenda Title: ADOPT RESOLUTION AMENDING THE FISCAL YEAR 2014/15 BUDGET TO INCLUDE ADDITIONAL LEGAL FEES INCURRED IN THE BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT V. CITY OF WILLITS LITIGATION

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: N/A

Summary of Request: The amount budgeted for contingencies, for legal fees, in the sewer enterprise fund (501.5017.6001.000) is \$250,000. Expenditures for the Fiscal Year 2014-2015 to date are \$344,625, with an additional \$5,000 expected within the month.

At the conclusion of the litigation, the total attorney fees have amounted to \$861,000 (beginning in FY 09/10). Total litigation costs including other expenses, e.g. arbitration and expert witnesses, total approximately \$1,035,000.

It is recommended that Council approve an additional \$100,000 to cover legal fees pertaining to the trial.

Recommended Action: Adopt resolution amending the Fiscal Year 2014/15 Budget, to increase Sewer Fund Contingencies (501.5017.6001.000) from \$250,000 to \$350,000, for the additional legal fees incurred in the Brooktrails Township Community Services District v. City of Willits Litigation.

Alternative(s): None recommended.

Fiscal Impact: Increasing budgeted expenditures of \$250,000 in the Sewer Enterprise Maintenance Fund by \$100,000. Total expenditures after budget amendment \$350,000.

Personnel Impact: Minimal.

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

RESOLUTION NO. 2015-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLITS AMENDING CHANGES TO THE FISCAL YEAR 2014-15 BUDGET

WHEREAS, beginning in April 2010, the City of Willits was the defendant in a lawsuit (Brooktrails Township Community Services District v. City of Willits); and

WHEREAS, on September 24, 2014, the City Council approved a budget for estimated legal fees in the amount of \$250,000 for Fiscal Year 2014-2015, in preparation for the impending court trial; and

WHEREAS, on March 25, 2015, a week into the jury trial, the City and Brooktrails Township Community Services District entered into an agreement to settle the case; and

WHEREAS, on April 23, 2015, the City received an invoice for legal fees, which exceeded the budgeted amount by \$100,000; and

WHEREAS, the Sewer Enterprise Maintenance Fund requires an increased budget of \$100,000 for said legal fees.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Willits does hereby amend the Fiscal Year 2014/15 Budget, to increase Sewer Fund Contingencies (501.5017.6001.000) from \$250,000 to \$350,000, for the additional legal fees incurred in the Brooktrails Township Community Services District v. City of Willits litigation.

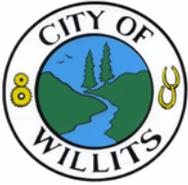
The above and foregoing Resolution was introduced by Councilmember _____ seconded by Councilmember _____, and passed and adopted at a regular meeting of the City Council of the City of Willits, held on the _____ day of _____, 2015, by the following vote:

AYES:
NOES:
ABSENT:

BRUCE BURTON, Mayor
City Council of the City of Willits

ATTEST:

CATHY SANDERS
Deputy City Clerk



AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Rod Wilburn, Public Works Director

Agenda Title: ADOPT RESOLUTION AWARDING A CONTRACT TO RAO CONSTRUCTION IN AN AMOUNT NOT TO EXCEED \$ 675,131 FOR THE CONSTRUCTION OF THE HUMBOLDT STREET & VICINITY REHABILITATION PROJECT, PHASE II (PROJECT NO.2015-01) AND AUTHORIZE CITY MANAGER TO EXECUTE THE CONTRACT AND APPROVE CONSTRUCTION CHANGE ORDERS UP TO A CUMULATIVE TOTAL OF 10% OF THE TOTAL CONTRACT AMOUNT

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: N/A

Summary of Request: At the City Council meeting of March 11, 2015, Council accepted the design of the Humboldt Street & Vicinity Rehabilitation Project, Phase II (Project No. 2015-01) and authorized Staff to enter into the public bidding process. The project was advertised for six weeks and on May 1, 2015, bids were publicly opened. A total of four bids were received and the following is a summary of said bids:

1	<u>RAO Construction</u>	<u>\$675,131</u>
2	<u>Argonaut Construction</u>	<u>\$714,218</u>
3	<u>Mendocino Construction Services</u>	<u>\$739,595</u>
4	<u>Team Ghilotti</u>	<u>\$879,845</u>

Staff performed a complete evaluation of all bids received and concluded that RAO Construction, Inc., is the lowest responsive, responsible bidder. Staff recommends that City Council award a construction contract to RAO Construction, Inc., in an amount not to exceed \$675,131. The bid summary and resolution are attached.

Recommended Action: Adopt resolution awarding contract to RAO Construction, Inc., in an amount not to exceed \$675,131, for the construction of the Humboldt Street & Vicinity Rehabilitation Project, Phase II (Project No. 2015-01), and authorize City Manager to execute contract and, upon recommendation from the Public Works Director, authorize City Manager to approve construction change orders up to a cumulative total of 10% of the total contract amount.

Alternative(s): No alternatives are recommended at this time.

Fiscal Impact: The estimated cost of construction is \$675,131, plus \$15,000 for materials testing, which brings the total estimated cost of the project to \$690,131. Of the total estimated cost of \$690,131 the Water Fund will be charged approximately \$25,500 for new fire hydrants and water valves; the Sewer Fund will be charged approximately \$10,000 for the installation of new sewer lateral and clean outs; and the remainder, estimated at \$643,381, will be budgeted in the Half-Cent Sales Tax Fund as a transfer from Fund 202 to Fund 207, the special project fund.

Personnel Impact: Substantial staff time will be required to administer contracting, construction management, construction inspection, construction staking, and construction engineering.

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

RESOLUTION NO. 2015-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLITS AWARDING A CONSTRUCTION CONTRACT TO RAO CONSTRUCTION, INC., FOR THE CONSTRUCTION OF THE HUMBOLDT STREET & VICINITY REHABILITATION PROJECT, PHASE II, PROJECT NO. 2015-01

WHEREAS, the scope of work for this project includes removing and replacing existing asphalt, asphalt overlay, constructing new raised intersections, installation of new concrete improvements including sidewalk, curb and gutter, driveways, and ADA ramps, storm drain improvements including new 15" HDPE underground storm drain pipe, new sidewalk underdrains, and new drainage structures, upgrading sanitary sewer clean outs, replacing sewer laterals, replacing existing fire hydrant assemblies complete with new valves and connections to the main line, and new pavement striping; and

WHEREAS, the project was advertised for competitive bids on March 18, 2015 and four bids were received for the project and publicly opened on May 1, 2015; and

WHEREAS, RAO Construction, Inc., of Cutten, California, is the lowest responsive, responsible bidder; and

WHEREAS, the bid analysis indicates that the bid is responsive and competitive, the contractor has good references, and has completed similar projects; and

WHEREAS, Staff recommends that this contract for the Humboldt Street & Vicinity Rehabilitation Project, Phase II, Project No. 2015-01 be awarded to the lowest bidder, R.A.O. Construction, Inc., of Cutten, California, for their bid amount of \$675,131; and

WHEREAS, the total cost of the project is estimated at \$675,131, and \$10,000 will be paid for by Sewer Fund 501-5011-2101-038, and \$25,500 will be paid for by Water Fund 503-5031-2041-000, and \$639,631 will be paid for by Half-Cent Sales Tax Fund 202-2020-5001-000, which will be transferred into Fund 207, a special project fund.

NOW, THEREFORE BE IT RESOLVED, that City Council awards a construction contract to RAO Construction, Inc., in an amount not to exceed \$675,131, for the Humboldt Street & Vicinity Rehabilitation Project, Phase II, Project No. 2015-01, and authorizes the City Manager to execute the contract.

BE IT FURTHER RESOLVED, that the City Council, upon recommendation from the Public Works Director, authorizes the City Manager to approve and execute change orders up to a cumulative total of 10% of the total contract amount.

The foregoing resolution was adopted at a regular meeting of the Willits City Council held on the 13th day of May, 2015 by the following vote:

AYES:
NOES:
ABSENT:

Bruce Burton, Mayor

ATTEST:

Cathy Sanders, Deputy City Clerk



CITY OF WILLITS

Public Works and Engineering Department
380 E. Commercial St., Willits, CA 95490
Voice: (707) 459-4605 Fax: (707) 459-2481

BID SUMMARY

Project Name: Humboldt Street & Vicinity Rehabilitation Project, Phase II
Project Number: 2015-01
Engineer's Estimate: \$ 795,503.00
Bid Opening Date: Friday, May 1, 2015

Bids for the aforementioned project were opened on **Friday, May 1, 2015** at **1:00 P.M.** by Jeremy Ronco, Engineering Technician for the City of Willits.

Other City of Willits representatives in attendance included Rod Wilburn, Public Works Director; Tom Mannatt, City Engineer; Susie Holmes, Finance Director; and Andrea Trincado, Engineering Technician.

Four (4) bids were received. Said bids were from:

	Company	Bid Total	
01.	R.A.O. Construction Co., Inc.	\$ 675,131.00	<i>APPARENT LOW BIDDER</i>
02.	Argonaut Constructors, Inc.	\$ 714,218.00	
03.	Mendocino Construction Services, Inc.	\$ 739,595.00	
04.	Team Ghilotti, Inc.	\$ 879,845.00	

The City of Willits will begin the bid review this week. We will make its best effort to release the name of the actual low bidder on or before May 8, 2015.

The bids contained bid security in accordance with the Notice Inviting Bids for this project. The bids will be reviewed by the City and a recommendation will be made to the City of Willits City Council during the Regular City Council Meeting on May 13, 2015 at 6:30pm.

Dated: 4-May-15

Kim Smith
Administrative Assistant
City of Willits
380 E. Commercial St.
Willits, CA 95490



CITY OF WILLITS

Public Works & Engineering Department
 380 East Commercial St., Willits, CA 95490
 Voice: (707) 459-4605 Fax: (707) 459-2481

Project Name: Humboldt Street & Vicinity Rehabilitation Project, Phase II
Eng. Estimate: \$795,503.00
Project #: Humboldt Street & Vicinity Rehabilitation Project, Phase II

Bid Opening Date: Friday, May 1, 2015
Bid Time: 1:00 PM

No.	Item Description	Est. Quantity	Unit	R.A.O.		ARGONAUT		MCS		TEAM GHILOTTI	
				Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Mobilization & Permits	1	LS	\$ 50,000.00	\$ 50,000.00	\$ 67,200.00	\$ 67,200.00	\$ 7,500.00	\$ 7,500.00	\$ 62,600.00	\$ 62,600.00
2	Traffic Control/Management	1	LS	\$ 75,500.00	\$ 75,500.00	\$ 3,600.00	\$ 3,600.00	\$ 46,500.00	\$ 46,500.00	\$ 5,500.00	\$ 5,500.00
3	Storm Water Pollution Prevention	1	LS	\$ 2,000.00	\$ 2,000.00	\$ 4,500.00	\$ 4,500.00	\$ 2,500.00	\$ 2,500.00	\$ 8,800.00	\$ 8,800.00
4	Storm Drain Manhole 48"	1	EA	\$ 7,600.00	\$ 7,600.00	\$ 5,700.00	\$ 5,700.00	\$ 6,880.00	\$ 6,880.00	\$ 4,950.00	\$ 4,950.00
5	Curb Inlet (standard)	1	EA	\$ 3,800.00	\$ 3,800.00	\$ 3,900.00	\$ 3,900.00	\$ 3,400.00	\$ 3,400.00	\$ 5,900.00	\$ 5,900.00
6	Curb Inlet (slotted)	1	EA	\$ 3,800.00	\$ 3,800.00	\$ 3,600.00	\$ 3,600.00	\$ 3,400.00	\$ 3,400.00	\$ 5,950.00	\$ 5,950.00
7	15" HDPE Storm Drain	25	LF	\$ 80.00	\$ 2,000.00	\$ 175.00	\$ 4,375.00	\$ 172.00	\$ 4,300.00	\$ 395.00	\$ 9,875.00
8	Sidewalk Cross Drain	3	EA	\$ 500.00	\$ 1,500.00	\$ 650.00	\$ 1,950.00	\$ 748.00	\$ 2,244.00	\$ 2,250.00	\$ 6,750.00
9	Sidewalk Underdrain & Grate	16	LF	\$ 130.00	\$ 2,080.00	\$ 200.00	\$ 3,200.00	\$ 188.00	\$ 3,008.00	\$ 550.00	\$ 8,800.00
10	Adjust Manholes to Grade	13	EA	\$ 500.00	\$ 6,500.00	\$ 885.00	\$ 11,505.00	\$ 490.00	\$ 6,370.00	\$ 940.00	\$ 12,220.00
11	Adjust Water Valve to Grade	7	EA	\$ 400.00	\$ 2,800.00	\$ 475.00	\$ 3,325.00	\$ 360.00	\$ 2,520.00	\$ 650.00	\$ 4,550.00
12	Adjust Survey Monuments to Grade	4	EA	\$ 800.00	\$ 3,200.00	\$ 450.00	\$ 1,800.00	\$ 360.00	\$ 1,440.00	\$ 800.00	\$ 3,200.00
13	AC Overlay (3/4" mix)	1200	Tons	\$ 150.00	\$180,000.00	\$ 115.00	\$138,000.00	\$ 127.00	\$152,400.00	\$ 130.00	\$156,000.00
14	Pavement Reinforcing Grid	3730	SY	\$ 7.10	\$ 26,483.00	\$ 5.30	\$ 19,769.00	\$ 6.75	\$ 25,177.50	\$ 7.00	\$ 26,110.00
15	Curb and Gutter (30")	2080	LF	\$ 32.00	\$ 66,560.00	\$ 38.00	\$ 79,040.00	\$ 38.50	\$ 80,080.00	\$ 57.00	\$ 118,560.00
16	Standing Vertical Curb	45	LF	\$ 32.00	\$ 1,440.00	\$ 41.00	\$ 1,845.00	\$ 45.00	\$ 2,025.00	\$ 50.00	\$ 2,250.00
17	Rolled Curb	36	LF	\$ 32.00	\$ 1,152.00	\$ 56.00	\$ 2,016.00	\$ 61.00	\$ 2,196.00	\$ 65.00	\$ 2,340.00
18	Concrete Sidewalk (4" Thickness)	8062	SF	\$ 6.00	\$ 48,372.00	\$ 8.75	\$ 70,542.50	\$ 10.50	\$ 84,651.00	\$ 14.50	\$ 116,899.00
19	Concrete Driveway (6" Thickness)	4167	SF	\$ 9.00	\$ 37,503.00	\$ 17.50	\$ 72,922.50	\$ 20.25	\$ 84,381.75	\$ 25.00	\$ 104,175.00
20	Pedestrian Ramps	1110	SF	\$ 30.00	\$ 33,300.00	\$ 33.50	\$ 37,185.00	\$ 41.00	\$ 45,510.00	\$ 53.00	\$ 58,830.00
21	Concrete Valley Gutter	268	SF	\$ 10.00	\$ 2,680.00	\$ 33.00	\$ 8,844.00	\$ 27.00	\$ 7,236.00	\$ 27.00	\$ 7,236.00
22	Permeable Pavers	450	SF	\$ 31.00	\$ 13,950.00	\$ 37.00	\$ 16,650.00	\$ 27.00	\$ 12,150.00	\$ 48.00	\$ 21,600.00
23	Yellow Thermoplastic (Centerline)	940	LF	\$ 3.15	\$ 2,961.00	\$ 1.50	\$ 1,410.00	\$ 1.50	\$ 1,410.00	\$ 1.50	\$ 1,410.00
24	White Thermoplastic Traffic Markings	1200	SF	\$ 6.50	\$ 7,800.00	\$ 4.00	\$ 4,800.00	\$ 3.50	\$ 4,200.00	\$ 4.00	\$ 4,800.00
25	Red Curb Marking (Paint)	1000	LF	\$ 3.65	\$ 3,650.00	\$ 1.25	\$ 1,250.00	\$ 1.25	\$ 1,250.00	\$ 1.25	\$ 1,250.00
26	Roadside Sign	10	EA	\$ 300.00	\$ 3,000.00	\$ 200.00	\$ 2,000.00	\$ 450.00	\$ 4,500.00	\$ 200.00	\$ 2,000.00
27	New Fire Hydrant	3	EA	\$ 6,500.00	\$ 19,500.00	\$ 7,600.00	\$ 22,800.00	\$ 5,630.00	\$ 16,890.00	\$ 8,600.00	\$ 25,800.00
28	New Water Valve	3	EA	\$ 2,000.00	\$ 6,000.00	\$ 1,925.00	\$ 5,775.00	\$ 900.00	\$ 2,700.00	\$ 2,950.00	\$ 8,850.00
29	Replace SS Clean Out	14	EA	\$ 500.00	\$ 7,000.00	\$ 760.00	\$ 10,640.00	\$ 1,100.00	\$ 15,400.00	\$ 1,260.00	\$ 17,640.00
30	Replace SS Lateral	2	EA	\$ 1,500.00	\$ 3,000.00	\$ 3,250.00	\$ 6,500.00	\$ 2,800.00	\$ 5,600.00	\$ 7,500.00	\$ 15,000.00
31	Excavation	1	LS	\$ 50,000.00	\$ 50,000.00	\$ 97,574.00	\$ 97,574.00	\$101,775.75	\$101,775.75	\$ 50,000.00	\$ 50,000.00
AS BID TOTALS				\$ 675,131.00	\$ 714,218.00	\$ 739,595.00	\$ 879,845.00				



AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Rod Wilburn, Public Works Director

Agenda Title: APPROVE CONSTRUCTION CONTRACT WITH WEEKS DRILLING & PUMP COMPANY TO CONSTRUCT THE ELIAS REPLACEMENT WELL FOR THE EMERGENCY WATER LINE PROJECT IN AN AMOUNT NOT TO EXCEED \$94,960 AND AUTHORIZE CITY MANAGER TO EXECUTE CONTRACT

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: N/A

Summary of Request: The Division of Drinking Water is requiring the installation of a new well to replace the Elias Well. The new well will be constructed with a standard 50' concrete sanitary seal to protect against surface contamination.

In January 2014, the City broke ground on the Emergency Water Line Project. At that time, the City's water supply was at a critical level; it was only projected to last just a few months. Therefore, the City had to contract with a well driller as soon as possible. After receiving proposals from several drilling companies, the City contracted with Fisch Brothers Drilling to install the replacement well, for a total contract price of \$60,000. This contract price was based on installing a 12" PVC casing.

A substantial amount of rain arrived in February, giving staff additional time to collect data for a complete well design based on the drill site conditions. The City contracted with GHD, Inc., to provide well design services and test well oversight. GHD's well design includes a stainless steel casing rather than PVC, which is considerably more expensive, but has the following advantages: increased tensile strength, providing protection against well collapse; stainless can be rehabilitated and cleaned more effectively; the expected service life far exceeds PVC; and improved water quality and protection of equipment. Fisch Brothers Drilling was prepared to install the well for an increased cost in the Fall of 2014 and the cost was expected to be the cost of the stainless steel casing, which Weeks Drilling has listed at \$40,680. The project was delayed by environmental permitting issuances long enough for the wet weather to arrive and the well site to become inaccessible due to soft and soggy soil conditions. The final permit was received in February, 2015, and staff contacted Fisch Brothers Drilling shortly thereafter. Subsequently, Fisch Brothers Drilling communicated that they were too busy and could not meet our schedule and have the well completed by July 31, 2015.

Well drillers are currently in high demand and with a July 31st project completion deadline, staff prioritized finding a replacement drilling company. Staff solicited cost proposals from five well drilling companies and two cost proposals were received:

1. Weeks Drilling and Pumping Company, \$94,960 (estimated construction time – 10 days)
2. National – Exploration, Wells, & Pumps, \$92,835 (estimated construction time – 5 days)

Both cost estimates have been reviewed by GHD and City staff. Weeks Drilling and Pump's estimate appears to be the most complete. They expect to complete the drilling and well development in eight days and their proposal estimates ten days to cover any unforeseen delays during construction. National has estimated five days, making it a tight construction schedule, without any allowance for construction delays. If there are any delays, additional days will amount to a minimum of \$750 per day in crew per diem and equipment costs. In addition, their cost for the screens was the manufacturers cost before taxes and shipping, without a markup. Weeks Drilling & Pump's proposal appears to be complete and have a lower potential for cost overruns. Both staff and GHD are more comfortable with

the Weeks Drilling estimate and recommends Council approve a contract with Weeks Drilling & Pump Co. Construction of the well is projected to be complete by June 30, 2015. This would allow sufficient time for pump testing and moving electrical power and the well pump to the new location. These proposals have been included herewith for your review.

Recommended Action: Approve a construction contract with Weeks Drilling & Pump Co. to construct the Elias replacement well for the Emergency Water Line Project, in an amount not to exceed \$94,960, and authorize City Manager to execute contract documents.

Alternative(s): None recommended.

Fiscal Impact: The Emergency Water Line Project is currently projected to come in under budget because the City is using Public Works staff to construct a major portion of the treatment plant. The cost difference between the originally anticipated contract amount of \$60,000 for the PVC cased well and the currently proposed amount of \$94,960 for the stainless steel cased well is \$34,960. With the savings realized from constructing the Ground Water Treatment Plant with City forces, rather than a contractor, there are sufficient funds budgeted in 503-5031-4003-038 for FY14-15; \$1,022,371 was budgeted and \$265,858 has been spent to date.

Personnel Impact: Staff time managing consultants.

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____



EXPLORATION • WELLS • PUMPS

1961 Meeker Avenue, Richmond CA 94804
510.236.6282 PH : 510.236.0168 FX

Dave Vossler
GHD
2235 Mercury Way, Suite 150
Santa Rosa, CA 95407

April 29, 2015
Quote # JG15-044222



Project: Elias Well
Willits, CA
Scope: Drill and install one (1) supply well - 12" stainless steel construction to 170ft BGS - 20" boring
Gravel feed tube and sounding tube (2" mild steel). Stockpile cuttings at drill location for removal by others. Discharge formation water through sock
Water supplied by others by water truck. Contain all drilling fluids - containment and disposal provided by others.
No test hole or e-log (completed previously)

Item	Description	Qty	Unit	Unit Price	Amount
1	Mob/demob	1	Lump Sum	\$ 6,745.00	\$ 6,745.00
2	Drilling - 20" minimum borehole	170	Foot	\$ 125.00	\$ 21,250.00
3	Furnish and install stainless steel, wire wrap screen - 0.090 slot	60	Foot	\$ 152.00	\$ 9,120.00
4	Furnish and install stainless steel blank casing - with weld collars	110	Foot	\$ 228.00	\$ 25,080.00
5	Furnish and install sounding tube - mild steel 2"	130	Foot	\$ 25.00	\$ 3,250.00
6	Furnish and install gravel feed tube - mild steel 2"	55	Foot	\$ 25.00	\$ 1,375.00
7	Furnish and install annular materials	120	Foot	\$ 25.00	\$ 3,000.00
8	Furnish and install sanitary seal	50	Foot	\$ 65.00	\$ 3,250.00
9	Surface completion	1	Each	\$ 1,895.00	\$ 1,895.00
10	Initial development with rig - air lift	16	Hour	\$ 545.00	\$ 8,720.00
10	Final well development - pump rig	24	Hour	\$ 225.00	\$ 5,400.00
11	Forklift and hopper	5	Day	\$ 350.00	\$ 1,750.00
12	Crew per diem	5	Day	\$ 400.00	\$ 2,000.00
				Estimated Total	\$ 92,835

General Assumptions

- 1 Client is responsible for providing any Local, State and Federal specific permits required.
- 2 Client to provide profiling and disposal of all soil cuttings & fluids generated.
- 3 Client will provide an Underground Services Alert (USA) ticket number at least 72 hours (excluding weekends or holidays) prior to mobilization.
- 4 National EWP, assumes no responsibility to any damaged done to unforeseen underground lines.
- 5 All drilling locations are to be clear of any and all overhead and subsurface utilities
- 6 All drilling locations are accessible by way of two-wheel drive drilling related equipment.
- 7 If project encounters difficulties beyond our control or if the scope of work is altered National EWP reserves the right to renegotiate the price.
- 8 Client is responsible for providing a water supply source made available for the duration of the drilling project
- 9 Client is responsible for providing street traffic control or any hot asphalt paving subcontractors.
- 10 Unit pricing does not include Davis Bacon or Prevailing Wage premiums.
- 11 National is not responsible for any Broken, Damaged or Stuck Tooling due to unforeseen subsurface conditions.

Thank you for the opportunity to provide the above services. If you should have any questions or need any additional information please do not hesitate to contact me.

Sincerely,

Accepted,

Jacob Gallagher
510.236.6282 PH
510.236.0168 FX
510.334.6455 CL
jgallagher@nationalewp.com



GHD Date

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26352	04/20/15	ANTHEM BLUE CROSS	627 MED INS PREMIUM MA	71,907.70	523052	499246B		P N H 690.231
26353	04/24/15	MENDO-LAKE CREDIT UN	104 DIRECT DEPOSIT	350.00	523053	150424		P N H 690.237
26354	04/24/15	AFLAC	4036 125 PLAN POLICY PRE	1,316.28	523054	787393		P N H 690.246
26355	04/24/15	MASSMUTUAL RETIREMEN	4870 DEFERRED COMPENSATI	1,490.00	523055	150424		P N H 690.236
26356	04/24/15	EMPLOYMENT DEVELOPME	.09407 SDI REPAYMENT DEDU	18,985.04	523067	150424		P N H 690.233
26357	04/24/15	PERS	256 EMPLOYER CONTRIBUT	32,703.47	523056	150424		P N H 690.229
26357	04/24/15	PERS	256 EMPLOYEE CONTRIBUTI	9,388.24	523056	150424		P N H 690.230
				42,091.71	*CHECK TOTAL			
26358	04/24/15	MOORE/ADRIENNE	4325 3 DAYS PER DIEM NLC CO	72.00	523057	141121		P N H 100.1001.2105.000
26358	04/24/15	MOORE/ADRIENNE	4325 MARKERS/FLASH DRIVES	50.31	523058	COSTCO		P N H 100.1002.2055.000
26358	04/24/15	MOORE/ADRIENNE	4325 BATTERY BACK UP FOR PH	21.97	523059	AMAZON		P N H 100.1002.2055.000
26358	04/24/15	MOORE/ADRIENNE	4325 MILEAGE BROOKTRAILS TR	92.00	523060	150319		P N H 501.5017.6001.000
26358	04/24/15	MOORE/ADRIENNE	4325 MILEAGE BROOKTRAILS TR	92.00	523061	150320		P N H 501.5017.6001.000
26358	04/24/15	MOORE/ADRIENNE	4325 PER DEIM BROOKTRAIL TR	24.00	523062	150320		P N H 501.5017.6001.000
26358	04/24/15	MOORE/ADRIENNE	4325 MILEAGE BROOKTRAILS TR	92.00	523063	150325		P N H 501.5017.6001.000
				444.28	*CHECK TOTAL			
26359	04/27/15	CALIFORNIA HIGHWAY P	4967 2009 CROWN VICTORIA	2,300.00	523065	150427		P N H 651.6510.2199.000
26359	04/27/15	CALIFORNIA HIGHWAY P	4967 2009 CROWN VICTORIA	2,300.00CR	523066	150427		P N H 651.6510.2199.000
				0.00	*CHECK TOTAL			
26360	04/27/15	CALIFORNIA HIGHWAY P	4967 2011 CROWN VICTORIA	2,500.00	523064	150427		P N H 651.6510.2199.000
GENERAL CHECK FORM			TOTAL	139,085.01				

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26361	04/30/15	AT&T	4615 WATER	171.29	522961	150419		P N W 503.5030.2015.000
26362	04/30/15	AT&T MOBILITY	4253 POLICE	42.11	522962	04202015		P N W 100.1020.2015.000
26363	04/30/15	B & B INDUSTRIAL SUP	9 HARDWARE/PARTS	592.23	522964	167865		P N W 200.2003.2101.045
26364	04/30/15	BANK OF AMERICA	10 MEDIATION DINNER	116.72	522965	150319		P N W 100.1002.2055.000
26364	04/30/15	BANK OF AMERICA	10 TRAINING LODGING	213.12	522965	150319		P N W 100.1001.2081.030
26364	04/30/15	BANK OF AMERICA	10 INTERNET VIRUS PROTEC	403.13	522965	150319		P N W 100.1003.2041.000
26364	04/30/15	BANK OF AMERICA	10 TRAINING	210.00	522965	150319		P N W 100.1042.2105.000
26364	04/30/15	BANK OF AMERICA	10 TRAINING	105.00	522965	150319		P N W 100.1041.2105.000
26364	04/30/15	BANK OF AMERICA	10 TRAINING	855.00	522965	150319		P N W 503.5033.2105.000
26364	04/30/15	BANK OF AMERICA	10 SECURITY LIGHTS	322.85	522965	150319		P N W 503.5033.2045.000
26364	04/30/15	BANK OF AMERICA	10 WATER PLANT INTERNET	49.99	522965	150319		P N W 503.5030.2015.000
26364	04/30/15	BANK OF AMERICA	10 DIGITAL CAMERA	321.08	522965	150319		P N W 100.1002.2055.000
26364	04/30/15	BANK OF AMERICA	10 LUNCHEON	194.63	522965	150319		P N W 100.1002.2105.000
26364	04/30/15	BANK OF AMERICA	10 UNDERWATER CAMERA	778.49	522965	150319		P N W 503.5033.2041.000
26364	04/30/15	BANK OF AMERICA	10 LOBBY FURNATURE	992.23	522965	150319		P N W 651.6510.2199.000
26364	04/30/15	BANK OF AMERICA	10 CHIEFS MTG REFRESHMENT	36.73	522965	150319		P N W 100.1020.2199.000
26364	04/30/15	BANK OF AMERICA	10 COMPUTER MAINT	43.70	522965	150319		P N W 100.1020.2041.000
				4,642.67	*CHECK TOTAL			
26365	04/30/15	CHEVRON USA, INC.	27 FUEL	112.71	522968	44118448		P N W 100.1022.2044.000
26366	04/30/15	CLEARLY MENDOCINO WA	4221 WATER APRIL 2015	75.00	522967	150430		P M W 100.1020.2199.000
26367	04/30/15	COAST HARDWARE	31 JANITORIAL SUPPLIES	97.80	522970	150401		P N W 100.1050.2101.045
26367	04/30/15	COAST HARDWARE	31 EQUIP MAINT	31.31	522970	150401		P N W 501.5013.2041.000
26367	04/30/15	COAST HARDWARE	31 DISTILLED WATER/RAKE	29.63	522970	150401		P N W 503.5031.4003.038
26367	04/30/15	COAST HARDWARE	31 MISC TOOLS/SUPPLIES	73.54	522970	150401		P N W 503.5031.2041.000
26367	04/30/15	COAST HARDWARE	31 KEYS/'ACCESSORIES	15.35	522970	150401		P N W 100.1020.2199.000
26367	04/30/15	COAST HARDWARE	31 VEHICLE MAINT SUPPLIES	42.12	522970	150401		P N W 100.1022.2044.000
26367	04/30/15	COAST HARDWARE	31 DISPATCH REMODEL SUPPL	77.57	522970	150401		P N W 651.6510.2199.000
				367.32	*CHECK TOTAL			
26368	04/30/15	COASTLAND ENGINEERIN	4145 BLDG DEPT SERVICES	1,473.97	522969	37296		P N W 100.1015.2081.030
26369	04/30/15	CWEA MEMBERSHIP	4387 MEMBERSHIP SIMON	156.00	522966	292266I		P N W 501.5010.2050.000
26370	04/30/15	DASH MEDICAL GLOVES	4863 EXAM GLOVES - PPE	306.65	522971	INV0924053		P N W 100.1022.2101.033
26371	04/30/15	DEPARTMENT OF TRANSP	581 SIGNALS & LIGHTING	247.00	522972	SL150639		P N W 200.2003.2081.023
26372	04/30/15	EBA ENGINEERING INC	3985 CAP-PCMP	4,152.50	522974	27616		P N W 213.2133.2081.030
26372	04/30/15	EBA ENGINEERING INC	3985 UST MONITORING 2015	2,206.20	522975	27615		P N W 201.2011.2081.030
				6,358.70	*CHECK TOTAL			
26373	04/30/15	EEL RIVER FUELS	28 FUEL	927.73	522976	391145		P N W 100.125

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26373	04/30/15	EEL RIVER FUELS	28 DIESEL FUEL	752.60	522977	391131		P N W 100.126
26373	04/30/15	EEL RIVER FUELS	28 DIESEL FUEL	711.86	522978	389972		P N W 100.126
26373	04/30/15	EEL RIVER FUELS	28 FUEL	556.02	522979	389973		P N W 100.125
				2,948.21	*CHECK TOTAL			
26374	04/30/15	ENGLAND/JC	4322 FUEL	76.75	522980	376754		P N W 503.5033.2041.000
26374	04/30/15	ENGLAND/JC	4322 FUEL	36.72	522981	1028596		P N W 503.5033.2041.000
				113.47	*CHECK TOTAL			
26375	04/30/15	EUREKA OXEGYN CO.	4492 HALON FIRE EXTINGUISH	270.31	522973	U121615		P N W 100.1020.2041.000
26376	04/30/15	EXTERMAGON, INC.	4748 PW OFFICE ANT CONTROL	130.00	523051	46710		P M W 100.1042.2101.045
26376	04/30/15	EXTERMAGON, INC.	4748 PW OFFICE ANT CONTROL	130.00	523051	46710		P M W 201.2011.2055.000
				260.00	*CHECK TOTAL			
26377	04/30/15	GAMBLE/BRANDI	4480 PER DIEM TRAINING	40.00	522982	150424		P N W 100.1020.2105.000
26378	04/30/15	GCR TIRES & SERVICE	4139 PATROL CAR TIRES	5,293.88	522986	851-27825	003680	P N W 100.1022.2044.000
26379	04/30/15	GHD INC.	4697 WWTP/WETLAND RECLAM S	472.00	522984	91009		P M W 501.5013.2061.012
26379	04/30/15	GHD INC.	4697 BROOKTRAILS LITIGAT	2,560.00	522985	90614		P M W 501.5017.6001.000
				3,032.00	*CHECK TOTAL			
26380	04/30/15	GOLDEN STATE OVERNIG	4728 EVIDENCE SHIPPING	13.23	522983	2800962		P N W 100.1022.2101.031
26381	04/30/15	HACH COMPANY	70 PLANT REP PARTS	1,662.32	522988	9327656		P N W 503.5033.2041.000
26382	04/30/15	HERTZ EQUIPMENT RENT	3979 LIGHT TOWER RENTAL	1,184.40	522987	27959460-001		P N W 503.5031.2101.038
26383	04/30/15	HEWETT/DONALD KEITH	4039 TOW VEHICLE-CASE 15-2	260.00	522963	38317		P M W 100.1022.2101.031
26384	04/30/15	I B E W	255 EMPLOYEE CONTRIBUTION	443.05	522990	150424		P N W 690.235
26385	04/30/15	INTEGRITY SHRED LLC	4932 SHREDDING SERVICES	50.00	522989	48826		P N W 100.1002.2055.000
26386	04/30/15	JDS	4324 PARKING CITATION ADMI	100.00	522991	5283		P N W 100.1020.2081.030
26387	04/30/15	KILLION/FRED	4607 JANITORIAL	130.00	522992	PW&ENG14/15-10		P M W 100.1042.2081.030
26387	04/30/15	KILLION/FRED	4607 JANITORIAL	130.00	522992	PW&ENG14/15-10		P M W 100.1040.2081.030
26387	04/30/15	KILLION/FRED	4607 CITY HALL JANITORIAL	800.00	522993	150427		P M W 100.1016.2061.020
				1,060.00	*CHECK TOTAL			
26388	04/30/15	LEEF/KEVIN	4809 TRAINING PER DIEM	40.00	522994	150424		P N W 100.1020.2105.000
26389	04/30/15	MANNATT/TOM	4357 BACKUP EXT HARDDRIVE	108.11	522999	1726754		P N W 100.1042.2055.000
26390	04/30/15	MEDORA CORPORATION	4762 SOLARBEE LEASE	2,724.75	523030	75906		P N W 503.5033.2095.000

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26391	04/30/15	MENDOCINO	JANITORIAL SVCS	1,100.00	522998	706155		P M W 100.1016.2061.020
26391	04/30/15	MENDOCINO	JANITORIAL WAX FLOORS	250.00	522998	706155		P M W 100.1016.2061.020
26391	04/30/15	MENDOCINO	JANITORIAL TABLE LEG TIPS	4.96	522998	706155		P N W 100.1016.2061.020
				1,354.96	*CHECK TOTAL			
26392	04/30/15	MUNICIPAL	MAINTENANC NOZZLE	258.88	522995	99627-IN		P N W 501.5013.2041.000
26392	04/30/15	MUNICIPAL	MAINTENANC HOSE END	83.39	522996	99811-IN		P N W 501.5013.2041.000
26392	04/30/15	MUNICIPAL	MAINTENANC NOZZLE/TUBE/KANAFLEX	616.37	522997	100007-IN		P N W 501.5013.2041.000
				958.64	*CHECK TOTAL			
26393	04/30/15	NOR-CAL	RECYCLED ROC CONCRETE/SLURRY/ACC	1,675.89	523001	9603		P N W 503.5031.2101.038
26393	04/30/15	NOR-CAL	RECYCLED ROC SLURRY/ACCELERATOR	2,953.98	523002	9604		P N W 503.5031.2101.038
26393	04/30/15	NOR-CAL	RECYCLED ROC SLURRY/ACCELERATOR	1,554.30	523003	9602		P N W 503.5031.2101.038
26393	04/30/15	NOR-CAL	RECYCLED ROC CONCRETE/SLURRY/ACC	1,670.24	523004	9554		P N W 503.5031.2101.038
26393	04/30/15	NOR-CAL	RECYCLED ROC SLURRY/ACCELERATOR	2,348.48	523005	04132015		P N W 503.5031.2101.038
				10,202.89	*CHECK TOTAL			
26394	04/30/15	NORTHERN SAFETY CO.,	SAFETY EQUIPMENT	61.73	523000	901385320		P N W 501.5013.2010.000
26395	04/30/15	OUR DAILY BREAD	4TH QTR PAYMENT FY14/	750.00	523006	150430		P N W 100.1070.3042.000
26396	04/30/15	PACE SUPPLY CORP	12 WATER MNTE	2,245.60	523012	22719852		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 WRONG ITEM SENT	37.25CR	523013	CM022699077		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 PIPE DUCTILE	808.66	523014	22724779		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 CITY HALL MENS ROOM R	152.98	523015	22730319		P N W 100.1016.2045.000
26396	04/30/15	PACE SUPPLY CORP	12 WATER METER BOX/LID	85.72	523016	22743970		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 ULTRA-FLEX CPLG	590.78	523017	22746737		P N W 503.5031.2101.038
26396	04/30/15	PACE SUPPLY CORP	12 WATER DEPT SUPPLIES	761.57	523018	22749486		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 GATE&CHECK VALVES/CPL	462.23	523019	22749486		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 GATE&CHECK VALVE/CPLG	780.18	523020	22749486-2		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 ULTRA-FLEX CPLG	355.35	523021	22753100		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 GATE VALVES	770.39	523022	22749486-3		P N W 503.5031.2041.000
26396	04/30/15	PACE SUPPLY CORP	12 POLY PIPE	287.18	523023	22752639		P N W 503.5031.2041.000
				7,263.39	*CHECK TOTAL			
26397	04/30/15	PACIFIC TELEMANGEME	AIRPORT PAY PHONE	50.00	523009	744599		P M W 500.5001.2110.000
26398	04/30/15	PITNEY BOWES	POSTAGE	2,083.07	523011	150412		P N W 100.1002.2055.000
26399	04/30/15	PROFLAME	PROPANE	163.83	523008	543014		P N W 501.5013.2110.000
26400	04/30/15	PUBLIC SAFETY	9-1-1 DISPATCH BLAZER	301.35	523007	17461		P M W 651.6510.2199.000
26401	04/30/15	RAMMING/TIM	POSTERS/HANDBILLS	89.74	523010	3258		P M W 600.601
26402	04/30/15	SCOTT'S TANKS	PVC 40 UNIONS	69.10	523025	33407		P M W 501.5013.2041.000
26403	04/30/15	SETON IDENTIFICATION	FIRST AID SUPPLIES	68.31	523026	9327505190		P N W 100.1040.2055.000
26403	04/30/15	SETON IDENTIFICATION	FIRST AID SUPPLIES	38.60	523026	9327505190		P N W 100.1042.2101.045
26403	04/30/15	SETON IDENTIFICATION	FIRST AID SUPPLIES	2.75	523026	9327505190		P N W 501.5013.2101.033

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26403	04/30/15	SETON IDENTIFICATION	4874 FIRST AID SUPPLIES	106.06	523026	9327505190		P N W 503.5033.2055.000
26403	04/30/15	SETON IDENTIFICATION	4874 FIRST AID SUPPLIES	22.76	523027	9327464677		P N W 100.1040.2055.000
26403	04/30/15	SETON IDENTIFICATION	4874 FIRST AID SUPPLIES	22.25	523027	9327464677		P N W 503.5033.2055.000
26403	04/30/15	SETON IDENTIFICATION	4874 FIRST AID SUPPLIES	8.67	523028	9327451017		P N W 100.1040.2055.000
26403	04/30/15	SETON IDENTIFICATION	4874 FIRST AID SUPPLIES	6.77	523028	9327451017		P N W 100.1042.2101.045
26403	04/30/15	SETON IDENTIFICATION	4874 FIRST AID SUPPLIES	10.78	523028	9327451017		P N W 503.5033.2055.000
				286.95	*CHECK TOTAL			
26404	04/30/15	SHANNON/TARA	4475 WCAC KEYS	21.58	523049	2056		P M W 600.601
26405	04/30/15	SHERMAN/JOHN	4291 BUS LIC PROCESS FEE RE	20.00	523032	3		P N W 100.1003.6650.000
26405	04/30/15	SHERMAN/JOHN	4291 STATE BUS LIC FEE REFUN	1.00	523032	3		P N W 600.614
				21.00	*CHECK TOTAL			
26406	04/30/15	SIERRA CHEMICAL CO.	4330 SEWER PLANT CHEMICA	1,831.02	523033	SLS10019269		P N W 501.5013.2101.034
26406	04/30/15	SIERRA CHEMICAL CO.	4330 CONTAINER DEPOSIT REF	900.00CR	523034	SLC 10006209		P N W 501.5013.2101.034
				931.02	*CHECK TOTAL			
26407	04/30/15	STATE OF CALIFORNIA	534 GROUNDS MAINT	901.52	523029	124858		P N W 503.5033.2045.000
26408	04/30/15	STATE OF CALIFORNIA	843 DUI ANALYSIS MARCH 201	70.00	523024	94613		P N W 100.1020.2061.014
26409	04/30/15	STATE WATER RESOURCE	4392 PWS REGULATORY OVER 3,	3,813.12	523031	LW-1000277		P N W 503.5030.2001.002
26410	04/30/15	TARVER/CLARENCE	4393 TRAINING LODGING	192.20	523035	70261583		P N W 503.5031.2001.002
26410	04/30/15	TARVER/CLARENCE	4393 CLASS FEES	400.00	523035	70261583		P N W 503.5031.2001.002
26410	04/30/15	TARVER/CLARENCE	4393 CERT FEES	100.00	523035	70261583		P N W 503.5031.2001.002
26410	04/30/15	TARVER/CLARENCE	4393 MILEAGE	212.75	523035	70261583		P N W 503.5031.2001.002
26410	04/30/15	TARVER/CLARENCE	4393 PER DIEM	80.00	523035	70261583		P N W 503.5031.2001.002
				984.95	*CHECK TOTAL			
26411	04/30/15	UKIAH PAPER SUPPLY I	164 SOAP	404.87	523041	440334		P N W 100.1016.2025.000
26412	04/30/15	ULINE	4379 PROPERTY ROOM SUPPLIE	487.77	523036	66841382		P N W 100.1022.2101.031
26413	04/30/15	UNITED PARCEL SERVIC	165 SHIPPING	12.13	523037	5382F9155		P M W 207.2070.4003.002
26414	04/30/15	UTILITY SUPPLY OF AM	3997 LAB SUPPLIES	849.03	523038	621021		P N W 501.5013.2101.034
26414	04/30/15	UTILITY SUPPLY OF AM	3997 TOOLS	174.72	523039	614280		P N W 503.5031.2041.000
26414	04/30/15	UTILITY SUPPLY OF AM	3997 CHEMICALS	210.67	523040	612051		P N W 503.5033.2101.034
				1,234.42	*CHECK TOTAL			
26415	04/30/15	W P O A	262 EMPLOYEE CONTRIBUTION	973.94	523043	150424		P N W 690.234
26416	04/30/15	WELLS FARGO EQUIPMEN	4677 INTEREST	253.27	523045	10118729		P N W 501.5011.3002.000
26416	04/30/15	WELLS FARGO EQUIPMEN	4677 PRINCIPAL	4,311.21	523045	10118729		P N W 501.5011.3001.000
				4,564.48	*CHECK TOTAL			

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26417	04/30/15	WILLITS BOOSTERS CLU	.09406 CLEANING DEPOSIT REFU	250.00	523042	150425		P N W 600.602
26418	04/30/15	WILLITS CHAMBER OF C	300 SHARE 3RD QTR TOT	6,943.75	523046	150430		P N W 100.1070.3030.000
26419	04/30/15	WILLITS COMMUNITY SE	656 4TH QTR PAYMENT	1,500.00	523048	150430		P N W 100.1070.3040.000
26420	04/30/15	WILLITS KIDS CLUB	3981 PAYROLL DEDUCTION	20.00	523044	150424		P N W 690.248
26421	04/30/15	WILLITS SENIORS INC	301 4TH QTR PAYMENT	1,875.00	523047	150430		P N W 100.1070.3031.000
26422	04/30/15	XEROX BUSINESS SERVI	4947 MONTHLY NEW VISION	3,748.69	523050	1143054		P N W 100.1003.2041.000
GENERAL CHECK FORM								
			TOTAL	86,543.27				

CITY OF WILLITS						
BUILDING INSPECTION ACTIVITY REPORT						
FOR THE MONTH OF:		<u>April 2015</u>				
<u>NEW CONSTRUCTION</u>		<u>LIVING UNITS</u>	<u>BLDG. PERMITS</u>	<u>VALUATION</u>		
1) Single Family Dwellings						
2) Two Family Dwelling						
3) Three and Four Family Dwelling						
4) Five or More Family Dwelling						
5) Moved Dwellings and Modular Units						
6) Hotels and Motels						
7) Amusement and Recreation Buildings						
8) Churches and Religious Buildings						
9) Industrial Buildings				1		\$ 50,000.00
10) Private Garages and Carports						
11) Service Station and Repair Garages						
12) Office, Bank and Professional Buildings						
13) Stores and Similar Buildings						
14) Warehouse and Agriculture Buildings						
<u>MISCELLANEOUS CONSTRUCTION</u>						
15) Reroof, Siding, Windows, Etc.				4		\$ 16,000.00
16) Heating and Air Conditioning				2		\$ 6,000.00
17) Electric, Mechanical, Plumbing				1		\$ 10,000.00
18) Demolition				1		\$ 2,500.00
<u>STRUCTURES OTHER THAN BUILDINGS</u>						
19) Foundations, Pools, Walls, Signs, etc.				2		\$ 31,000.00
<u>CONVERSIONS</u>						
20) Non-Residential to Residential						
21) Residential to Non-Residential						
<u>ADDITIONS AND ALTERATIONS</u>						
22) Residential Buildings				2		\$ 105,500.00
23) Non-Residential Buildings				2		\$ 40,000.00
TOTALS						\$ 261,000.00
<u>COMPARISON</u>			<u>TYPE OF PERMIT AND OTHER REVENUE</u>			
					#'s	FEE'S
Valuation This Month		\$ 261,000.00		Building	12	\$ 3,896.25
Same Month Last Year		\$ 113,350.00		Electrical	1	\$ 429.00
				Mechanical	2	\$ 189.00
Revenue This Month		\$ 5,620.75		Plumbing		
Same Month Las Year		\$ 2,549.25		Grading		
				Demolition	1	\$ 108.00
Permits This Month		15		Plan Check	7	\$ 998.50
Same Month Last Year		17		Late Fee		
				Bldg. Survey		
				Sewer Insp.		
<u>TOTALS TO DATE THIS FISCAL YEAR</u>						
Construction Valuation		\$ 2,543,785.00				
Fees Collected		\$ 32,693.75				
No. of Permits		111				
				TOTALS:	15	\$ 5,620.75
<u>TOTALS TO SAME DATE LAST YEAR</u>						
Construction Valuation		\$ 190,200.00				
Fees Collected		\$ 24,527.44				
No. of Permits		121				
				Respectfully Submitted:		
				John Sherman, Building Inspector		

CITY OF WILLITS
BUILDING AND SAFETY
111 E. Commercial St. Willits, Ca. 95490
(707) 459-7122

DATE: May 1, 2015

TO:

Mendocino County Assessor
Att: Joe
501 Low Gap Rd., 1020
Ukiah, CA. 95482

FROM: Building Department, City of Willits

RE: Permit Completion for Month of April 2015

PARCEL#	WORK DONE	ADDRESS	VALUE	DATE	PERMIT #
The following permits were issued.					
005-201-11	Repair fire damage	52 Creekside Ct.	\$99500.00	4/01/15	8343
005-244-11	Replace foundation	322 Pine St.	14000.00	4/02/15	8344
005-215-08	Tearoff reroof	155 E. Mendocino Ave.	3500.00	4/02/15	8345
006-080-26	Overlay reroof	555 Mill St.	2500.00	4/02/15	8346
006-062-25	Loading dock	661 Railroad Ave.	50000.00	4/09/15	8347
006-022-18	Demolish illegally built addition.	460 North St.	2500.00	4/09/15	8348
005-214-12	Tenant improvements	225 S. Main St.	15000.00	4/10/15	8350
007-022-21	Furnace replacement	242 Margie Dr.	3000.00	4/10/15	8351
007-130-04	Façade remodel	1600 S. Main St.	25000.00	4/13/15	8352
005-150-49	Kitchen remodel	39 Mill Creek Dr.	6000.00	4/13/15	8353
006-045-10	Furnace replacement	99 California St.	3000.00	4/15/15	8354
007-110-04	Overlay reroof	1550 S. Main St.	2500.00	4/15/15	8355
007-232-30	8.8 kw PV solar array	433 Grove St.	10000.00	4/21/15	8356
006-080-08	Masonry retaining walls	600 S. Coast St.	17000.00	4/22/15	8357
006-023-49	Replace siding	386 Coast St.	7500.00	4/28/15	8358
COMPLETED PROJECTS					
006-160-37	Replace elect. service panel	999 Railroad Ave.	500.00	12/02/14	8307

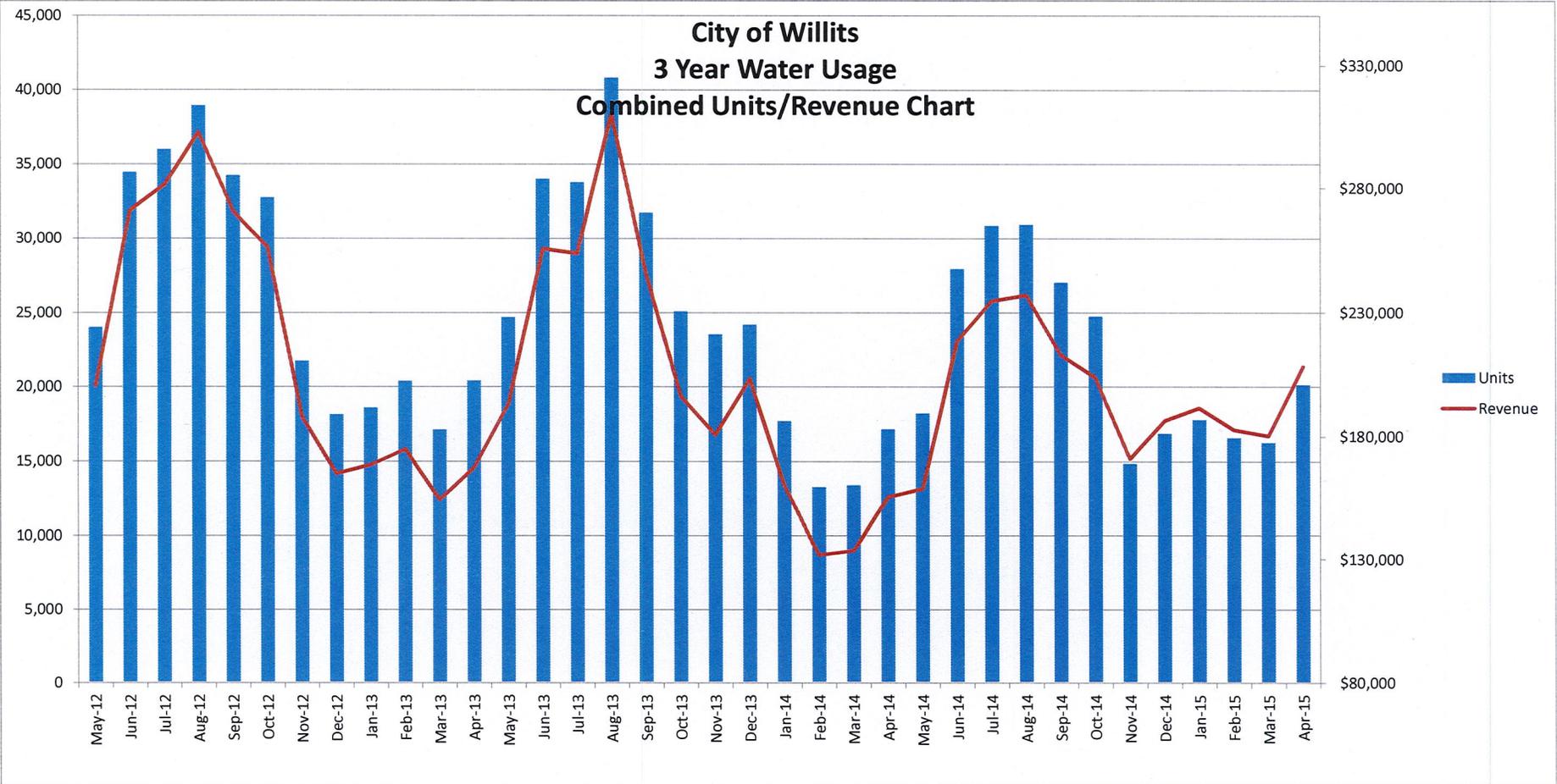
005-144-05	Bathroom addition	236 E. Commercial St.	12000.00	1/09/15	8313
005-211-02	Bathroom remodel	65 S. Main St.	3000.00	2/24/15	8327

John Sherman
City of Willits Building Inspector

New Business License - April 2015

	<i>Name</i>	<i>Owner</i>	<i>Address</i>	<i>Date Issued</i>	<i>Type of Bussiness</i>
BL#					
6459	Gregg Simpson Trucking	Darlene Simpson	250 Lake Mendocino Dr	4/9/2015	Trucking & Construction
6460	Henna by Maya	Maya Valley	158 S Main St., Willits	4/9/2015	Temporary Body Art
6461	Holy Spirit Residential Care Home	Genaro & Perla Gonzalez	414 Grove St., Willits	4/9/2015	Residential Care Facility
6462	Nikos Gyro Shop	Adrian & Evelyn Fisher	42 S Main St., Willits, CA	4/8/2015	Restaurant

City of Willits 3 Year Water Usage Combined Units/Revenue Chart



CITY OF WILLITS
WATER USAGE COMPARISONS

WATER BILLING

UNITS	Apr-15	Mar-15	Feb-15	Jan-15	Dec-14	Nov-14	Oct-14	Sep-14	Aug-14	Jul-14	Jun-14	May-14
Apartment MF	2112	1716	1943	1867	1802	1544	2652	2732	2835	2859	2739	1,904
Large Business	452	173	236	342	212	280	453	699	573	499	550	298
Churches	161	155	82	54	60	78	198	251	294	338	339	132
Restaurants & Bar	645	525	567	609	572	527	877	790	953	1032	857	655
Grocery	288	243	273	234	248	187	259	201	219	232	195	177
Hospital	1238	855	691	712	636	659	1517	1551	1916	1631	1481	723
Industrial	618	522	499	539	709	524	1028	909	890	1309	810	598
Laundry	351	335	387	393	357	387	444	317	305	328	310	281
Motels	594	418	534	536	482	484	757	680	806	940	771	541
Public Facility	1348	1019	619	528	608	604	1774	3085	4435	2917	3095	1,278
Residential SF	9301	7782	8058	9101	8516	7227	10992	11748	13166	13637	12553	8,604
Small Business	1400	1109	1116	1171	1077	1048	1449	1439	1603	1672	1458	1,166
Mble Hm/Trailers	1194	1062	1281	1353	1345	1055	1510	1443	1776	2010	1623	1,174
City Accounts	401	326	280	327	236	237	812	1165	1167	1461	1161	681
TOTAL UNITS	20,103	16,240	16,566	17,766	16,860	14,841	24,722	27,010	30,938	30,865	27,942	18,212
% of prev year	0.80	121%	125%	100%	70%	63%	99%	85%	76%	91%	82%	74%
% of two year prior		95%	81%	96%	93%	68%	76%	79%	79%	86%	81%	76%

WATER BILLING MONTHLY

USAGE REVENUE	Apr-15	Mar-15	Feb-15	Jan-15	Dec-14	Nov-14	Oct-14	Sep-14	Aug-14	Jul-14	Jun-14	May-14
Apartment MF	15,315	12,253	13,922	13,422	13,029	10,844	16,008	16,465.65	17,041.65	17,369.60	16,416.00	11,318.10
Large Business	3,251	1,242	1,689	2,456	1,523	2,013	2,715	4,194.00	3,435.15	2,991.15	3,297.15	1,788.00
Churches	1,159	1,116	590	389	432	562	1,188	1,506.00	1,764.00	2,028.00	2,034.00	792.00
Restaurants & Bar	4,641	3,768	4,071	4,373	4,107	3,783	5,252	4,735.45	5,715.25	6,185.65	5,132.05	3,920.25
Grocery	2,074	1,750	1,966	1,685	1,786	1,346	1,554	1,206.00	1,314.00	1,392.00	1,170.00	1,062.00
Hospital	9,044	6,168	4,965	5,051	4,572	4,662	9,279	9,551.65	11,726.45	10,047.65	8,756.45	4,568.45
Industrial	4,450	3,758	3,593	3,881	5,105	3,773	6,168	5,454.00	5,340.00	7,854.00	4,860.00	3,588.00
Laundry	2,527	2,412	2,786	2,830	2,570	2,786	2,664	1,902.00	1,830.00	1,968.00	1,860.00	1,686.00
Motels	4,277	3,010	3,845	3,859	3,470	3,485	4,542	4,080.00	4,836.00	5,640.00	4,626.00	3,246.00
Public Facility	9,590	7,301	4,421	3,758	4,320	4,298	10,608	17,802.00	25,836.00	16,392.00	17,838.00	6,642.00
Residential SF	51,691	40,829	42,628	50,835	46,673	37,548	57,708	60,640.15	70,017.20	73,490.30	66,193.45	39,064.95
Small Business	10,072	7,963	8,027	8,429	7,770	7,550	8,680	8,615.90	9,603.10	10,006.75	8,741.35	6,981.10
Mble Hm/Trailers	8,597	7,646	9,223	9,742	9,684	7,596	9,060	8,658.00	10,656.00	12,060.00	9,738.00	7,044.00
City Accounts	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL USAGE REVENUE	126,686.76	99,215.64	101,725.02	110,708.10	105,041.76	90,245.92	135,426.50	144,810.80	169,114.80	167,425.10	150,662.45	91,700.85
METER REVENUE	Apr-15	Mar-15	Feb-15	Jan-15	Dec-14	Nov-14	Oct-14	Sep-14	Aug-14	Jul-14	Jun-14	May-14
Apartment MF	5,064.52	5,064.52	5,073.83	5,064.52	5,064.52	5,057.86	4,254.10	4,254.10	4,260.72	4,254.10	4,228.20	4,254.10
Large Business	1,358.34	1,358.34	1,358.34	1,358.34	1,358.34	1,358.34	1,135.95	1,135.95	1,135.95	1,135.95	1,135.95	1,135.21
Churches	779.16	779.16	779.16	779.16	779.16	779.16	665.97	662.30	662.30	662.30	662.30	684.35
Restaurants & Bar	1,332.22	1,332.22	1,333.98	1,332.22	1,332.22	1,389.94	1,190.19	1,192.34	1,189.40	1,189.40	1,189.40	1,189.40
Grocery	429.36	429.36	429.36	429.26	442.62	442.62	380.85	380.85	380.85	380.85	380.85	380.85
Hospital	1,645.78	1,645.78	1,645.78	1,645.78	2,059.38	1,645.78	1,399.15	1,399.15	1,399.15	1,233.15	1,233.15	1,233.15
Industrial	3,159.00	3,159.00	3,159.00	3,159.00	3,159.00	3,159.00	2,698.50	2,698.50	2,698.50	2,698.50	2,604.63	2,522.50
Laundry	409.80	409.80	409.80	409.80	409.80	409.80	341.50	341.50	341.50	341.50	341.50	341.50
Motels	1,900.98	1,900.98	1,900.98	1,900.98	1,900.98	1,900.98	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15
Public Facility	5,778.70	5,778.70	5,778.70	5,778.70	5,778.70	5,791.94	4,890.30	4,890.30	4,890.30	4,516.34	4,866.03	4,890.30
Residential SF	50,164.26	49,959.65	49,937.46	49,942.61	50,044.20	49,976.08	41,912.43	41,664.79	41,855.48	41,765.93	41,683.16	41,448.09
Small Business	6,365.29	6,364.41	6,360.87	6,150.75	6,150.75	6,119.88	5,168.77	5,159.95	5,159.95	5,159.95	5,145.62	5,182.00
Mble Hm/Trailers	2,643.72	2,643.72	2,643.72	2,643.72	2,643.72	2,643.72	2,203.10	2,203.10	2,203.10	2,203.10	2,203.10	2,203.10
City Accounts	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL METER REVENUE	81,031.13	80,825.64	80,810.98	80,594.84	81,123.39	80,675.10	67,828.96	67,570.98	67,765.35	67,129.22	67,262.04	67,052.70
TOTAL BILLED	207,717.89	180,041.28	182,536.00	191,302.94	186,165.15	170,921.02	203,255.46	212,381.78	236,880.15	234,554.32	217,924.49	158,753.55
% of prev yr usage rev	190%	154%	158%	119%	76%	80%	105%	81%	70%	89%	80%	72%
% of prev yr ttl rev	156%	137%	139%	120%	92%	95%	104%	87%	76%	92%	85%	82%

CITY OF WILLITS
WATER USAGE COMPARISONS

WATER BILLING

UNITS	Apr-14	Mar-14	Feb-14	Jan-14	Dec-13	Nov-13	Oct-13	Sep-13	Aug-13	Jul-13	Jun-13	May-13
Apartment MF	1,857	1,458	1,451	1,949	2,054	2,042	2,526	3,303	4,131	3,527	3,587	3,392
Large Business	204	156	189	306	399	345	339	428	706	468	414	506
Churches	82	61	57	76	116	160	220	309	573	433	381	254
Restaurants & Bar	665	522	536	684	879	770	852	945	1,286	1,052	1,067	932
Grocery	195	190	205	258	370	294	387	277	425	327	333	303
Hospital	618	478	612	490	555	535	953	1,336	1,720	1,387	1,155	923
Industrial	372	194	188	424	605	671	705	1,062	943	1,006	1,135	747
Laundry	390	332	333	376	396	381	349	326	351	306	339	356
Motels	549	400	394	525	630	678	821	851	1,125	891	860	722
Public Facility	872	471	486	464	1,410	3,634	1,719	2,992	3,272	2,914	3,246	2,391
Residential SF	8,453	6,864	6,603	9,328	13,404	10,320	11,626	14,978	20,595	16,297	16,621	9,557
Small Business	1,196	996	886	1,071	1,636	1,466	1,458	1,929	2,087	1,788	1,873	1,745
Mble Hm/Trailers	1,357	1,035	931	1,529	1,139	1,639	1,724	2,185	2,782	2,315	2,143	2,071
City Accounts	332	220	375	209	562	556	1,388	794	825	1,029	815	785
TOTAL UNITS	17,142	13,377	13,246	17,689	24,155	23,491	25,067	31,715	40,821	33,740	33,969	24,684
% of prev year	84%	78%	65%	95%	133%	108%	77%	93%	105%	94%	99%	103%
% of two year prior	90%	70%	71%	84%	117%	112%	114%	80%	113%	109%	121%	108%

WATER BILLING MONTHLY

USAGE REVENUE	Apr-14	Mar-14	Feb-14	Jan-14	Dec-13	Nov-13	Oct-13	Sep-13	Aug-13	Jul-13	Jun-13	May-13
Apartment MF	11,409.25	8,737.55	8,589.80	11,686.55	13,010.60	12,179.35	15,168.30	19,957.60	25,324.80	21,508.40	21,793.60	20,579.80
Large Business	1,221.15	933.15	1,128.30	1,833.15	2,391.15	2,070.00	2,031.15	2,568.00	4,233.15	2,808.00	2,481.15	3,027.45
Churches	492.00	366.00	342.00	456.00	696.00	960.00	1,320.00	1,854.00	3,438.00	2,598.00	2,286.00	1,524.00
Restaurants & Bar	3,980.25	3,138.25	3,206.25	4,094.05	5,276.65	4,615.45	5,114.65	5,670.85	7,832.45	6,325.85	6,396.30	5,586.30
Grocery	1,170.00	1,140.00	1,230.00	1,548.00	2,220.00	1,764.00	2,322.00	1,662.00	2,550.00	1,962.00	1,998.00	1,818.00
Hospital	3,712.45	2,859.25	3,159.15	2,931.45	3,321.05	3,162.65	5,574.25	8,318.65	10,320.00	8,322.00	6,930.00	5,538.00
Industrial	2,232.00	1,164.00	1,128.00	2,544.00	3,630.00	4,026.00	4,230.00	6,372.00	5,658.00	6,036.00	6,810.00	4,482.00
Laundry	2,340.00	1,992.00	1,998.00	2,256.00	2,376.00	2,286.00	2,094.00	1,956.00	2,106.00	1,836.00	2,034.00	2,136.00
Motels	3,294.00	2,400.00	2,364.00	3,150.00	3,780.00	4,068.00	4,926.00	5,106.00	6,750.00	5,346.00	5,160.00	4,332.00
Public Facility	4,872.00	2,622.00	2,736.00	2,784.00	8,364.00	8,640.00	8,304.00	16,530.00	19,632.00	13,728.00	14,538.00	10,908.00
Residential SF	37,954.80	29,271.75	27,810.20	44,524.15	75,619.90	50,734.95	58,587.10	83,000.85	125,892.35	92,037.45	94,401.70	43,905.05
Small Business	7,169.35	5,957.90	5,300.35	6,438.90	9,839.35	8,786.85	8,734.90	11,580.25	12,520.65	10,714.90	11,238.65	10,449.45
Mble Hm/Trailers	8,142.00	6,210.00	5,586.00	9,174.00	6,834.00	9,834.00	10,344.90	13,110.00	16,692.00	13,890.00	12,858.00	12,426.00
City Accounts	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL USAGE REVENUE	87,989.25	66,791.85	64,578.05	93,420.25	137,358.70	113,127.25	128,751.25	177,686.20	242,949.40	187,112.60	188,925.40	126,712.05
METER REVENUE	Apr-14	Mar-14	Feb-14	Jan-14	Dec-13	Nov-13	Oct-13	Sep-13	Aug-13	Jul-13	Jun-13	May-13
Apartment MF	4,254.10	4,255.57	4,231.57	4,230.10	3,734.10	4,230.10	4,230.10	4,230.10	4,340.10	4,222.27	4,221.10	4,165.60
Large Business	1,135.95	1,135.95	1,124.21	1,135.95	1,143.30	1,135.95	1,135.95	1,135.95	1,135.95	1,135.95	1,135.95	1,135.95
Churches	684.35	684.35	684.35	684.35	684.35	684.35	684.35	684.35	688.02	684.35	684.35	684.35
Restaurants & Bar	1,198.65	1,143.83	1,145.30	1,145.30	1,150.44	1,167.35	1,167.35	1,167.35	1,176.60	1,179.17	1,188.40	1,188.40
Grocery	380.85	371.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85
Hospital	1,233.15	1,233.15	1,209.15	1,199.15	1,139.15	1,209.15	1,199.15	1,704.91	754.10	754.10	754.10	754.10
Industrial	2,522.50	2,522.50	2,522.50	2,522.50	2,522.50	2,522.50	2,522.50	2,522.50	2,522.50	2,522.50	2,515.10	2,467.00
Laundry	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50
Motels	1,588.15	1,588.15	1,588.15	1,588.15	1,235.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15
Public Facility	4,890.30	4,537.30	4,890.30	4,890.30	4,890.30	4,890.30	4,890.30	4,881.48	4,868.25	4,893.97	4,890.30	4,537.30
Residential SF	41,603.58	41,525.72	41,586.64	41,531.49	41,920.28	41,789.50	41,753.45	41,460.72	41,931.67	41,653.80	41,671.37	41,635.35
Small Business	5,190.82	5,158.47	5,159.95	5,121.35	5,211.40	5,222.42	5,187.13	5,199.63	5,213.60	5,203.32	5,184.94	5,226.10
Mble Hm/Trailers	2,203.10	2,203.10	2,203.10	2,203.10	1,100.10	2,203.10	2,203.10	2,203.10	2,203.10	2,203.10	2,203.10	2,203.10
City Accounts	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL METER REVENUE	67,227.00	66,701.44	67,067.57	66,478.09	65,453.42	67,365.22	67,283.88	67,500.59	67,144.39	66,763.03	66,759.21	66,307.75
TOTAL BILLED	155,216.25	133,493.29	131,645.62	159,898.34	202,812.12	180,492.47	196,035.13	245,186.79	310,093.79	253,875.63	255,684.61	193,019.80
% of prev yr usage rev	87%	76%	60%	93%	142%	95%	68%	87%	103%	88%	93%	96%
% of prev yr ttl rev	93%	87%	75%	95%	123%	96%	77%	91%	102%	90%	94%	96%

*CITY OF WILLITS
WATER USAGE COMPARISONS*

WATER BILLING UNITS	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12	May-12
Apartment MF	1,987	1,785	1,918	1,809	1,712	2,151	3,365	3,304	3,492	3,239	3,295	2,284
Large Business	496	287	270	194	486	235	409	415	485	461	551	394
Churches	163	80	79	74	85	118	306	447	609	506	527	169
Restaurants & Bar	738	635	992	762	661	881	1,057	1,020	1,073	999	1,017	791
Grocery	261	272	333	305	375	637	619	498	438	404	400	409
Hospital	439	350	437	384	371	459	928	1,217	1,559	1,367	1,098	679
Industrial	562	473	567	299	470	573	709	748	1,000	895	752	437
Laundry	350	313	387	392	313	450	361	310	326	304	355	304
Motels	615	530	569	651	546	776	819	872	937	844	955	665
Public Facility	924	678	780	644	945	642	4,065	3,685	3,562	3,923	2,632	1,181
Residential SF	9,765	8,752	10,614	9,950	9,308	11,425	13,914	16,472	19,271	17,384	17,360	11,873
Small Business	1,215	1,174	1,278	1,143	1,110	1,370	3,238	1,955	2,305	2,206	2,092	1,579
Mble Hm/Trailers	1,532	1,430	1,788	1,665	1,280	1,597	2,000	2,272	2,712	2,336	2,237	1,795
City Accounts	1,337	347	356	310	468	385	926	1,013	1,180	1,115	1,168	1,438
TOTAL UNITS	20,384	17,106	20,368	18,582	18,130	21,699	32,716	34,228	38,949	35,983	34,439	23,998
% of prev year	107%	90%	109%	88%	87%	104%	149%	87%	107%	116%	123%	105%
% of two year prior	94%	91%	115%	90%	95%	109%	121%	92%	95%	99%	106%	87%

WATER BILLING MONTHLY USAGE REVENUE	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12	May-12
Apartment MF	11,805.40	10,582.70	11,604.15	10,909.55	10,211.25	12,882.30	20,316.60	19,977.00	21,268.20	19,775.40	20,178.40	13,776.20
Large Business	2,967.25	1,713.45	1,610.25	1,154.85	2,907.45	1,400.85	2,445.45	2,484.30	2,907.15	2,760.30	3,297.45	2,355.45
Churches	978.00	480.00	474.00	444.00	510.00	708.00	1,836.00	2,682.00	3,654.00	3,036.00	3,162.00	1,014.00
Restaurants & Bar	4,419.25	3,804.30	5,946.30	4,563.05	3,960.30	5,277.45	6,332.05	6,110.25	6,433.45	5,984.05	6,093.25	4,737.45
Grocery	1,566.00	1,632.00	1,998.00	1,830.00	2,250.00	3,822.00	3,714.00	2,988.00	2,628.00	2,424.00	2,400.00	2,454.00
Hospital	2,634.00	2,100.00	2,622.00	2,304.00	2,226.00	2,754.00	5,568.00	7,302.00	9,354.00	8,202.00	6,588.00	4,071.15
Industrial	3,372.00	2,838.00	3,402.00	1,794.00	2,820.00	3,438.00	4,254.00	4,488.00	6,000.00	5,370.00	4,512.00	2,622.00
Laundry	2,100.00	1,878.00	2,322.00	2,352.00	1,878.00	2,700.00	2,166.00	1,860.00	1,956.00	1,824.00	2,130.00	1,824.00
Motels	3,690.00	3,180.00	3,414.00	3,906.00	3,276.00	4,656.00	4,914.00	5,232.00	5,622.00	5,064.00	5,730.00	3,990.00
Public Facility	4,818.00	3,744.00	4,614.00	3,864.00	5,670.00	3,822.00	24,390.00	22,110.00	21,372.00	23,538.00	15,792.00	7,086.00
Residential SF	46,405.75	40,054.95	51,957.30	48,443.45	43,828.55	58,016.15	75,564.50	95,506.10	116,085.55	101,012.05	100,603.55	59,620.55
Small Business	7,275.15	7,026.50	7,653.75	6,849.45	6,642.50	8,204.35	19,407.65	11,712.90	13,908.45	13,736.25	12,543.45	9,453.05
Mble Hm/Trailers	9,192.00	8,580.00	10,728.00	9,990.00	7,680.00	9,582.00	11,997.15	13,632.00	16,272.00	14,016.00	13,422.00	10,770.00
City Accounts			1,896.65	1,896.65	2,837.05	2,301.45	5,957.45	7,091.25	7,721.80	6,807.40	6,971.40	8,628.00
TOTAL USAGE REVENUE	101,222.80	87,613.90	108,345.75	100,301.00	96,697.10	119,564.55	188,862.85	203,175.80	235,182.60	213,549.45	203,423.50	132,401.85

METER REVENUE	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12	May-12
Apartment MF	4,165.60	4,247.00	4,221.10	4,160.05	4,219.25	4,222.95	4,221.10	4,221.10	4,221.10	4,221.10	4,221.10	4,221.10
Large Business	1,223.95	1,311.95	1,311.95	1,311.95	1,311.95	1,311.95	1,311.95	1,311.95	1,311.95	1,311.95	1,311.95	1,311.95
Churches	684.35	684.35	684.35	683.61	684.35	684.35	684.35	684.35	684.35	684.35	684.35	684.35
Restaurants & Bar	1,173.70	1,188.40	1,188.40	1,155.32	1,166.35	1,166.35	1,139.89	1,163.41	1,134.01	1,166.35	1,166.35	1,166.35
Grocery	380.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85	380.85
Hospital	754.10	754.10	754.10	754.10	754.10	754.10	754.10	754.10	754.10	754.10	754.10	754.10
Industrial	2,291.00	2,323.34	2,313.05	2,313.05	2,313.05	2,313.05	2,313.05	2,313.05	2,313.05	2,273.05	2,313.05	2,330.69
Laundry	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50	341.50
Motels	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15	1,588.15
Public Facility	4,618.80	4,618.80	4,794.80	5,543.05	5,543.05	5,543.05	5,540.72	5,473.05	5,467.90	5,451.00	5,098.00	5,451.00
Residential SF	41,379.86	41,684.34	41,369.15	41,549.22	41,525.46	41,505.33	40,767.35	41,137.11	40,999.23	41,289.39	41,606.92	41,276.51
Small Business	5,182.00	5,224.63	5,161.42	5,174.65	5,204.77	5,202.58	5,107.00	5,113.64	5,097.47	5,127.60	5,050.79	5,118.06
Mble Hm/Trailers	2,203.10	2,203.10	2,203.10	2,203.10	2,203.10	2,203.10	2,214.83	2,203.10	2,203.10	2,205.05	2,205.05	2,205.05
City Accounts			959.80	959.80	959.80	959.80	959.80	959.80	959.80	959.80	948.04	937.75
TOTAL METER REVENUE	65,986.96	66,550.51	66,311.92	68,118.40	68,195.73	68,177.11	67,324.64	67,645.16	67,456.56	67,754.24	67,670.20	67,767.41
TOTAL BILLED	167,209.76	154,164.41	174,657.67	168,419.40	164,892.83	187,741.66	256,187.49	270,820.96	302,639.16	281,303.69	271,093.70	200,169.26
% of prev yr usage rev	100%	85%	108%	86%	85%	105%	155%	85%	109%	118%	134%	120%
% of prev yr ttl rev	99%	91%	104%	92%	91%	103%	135%	89%	107%	114%	126%	116%