AGENDA

ADJOURNED MEETINGS OF THE
SANTA FE SPRINGS
PUBLIC FINANCING AUTHORITY
AND WATER UTILITY AUTHORITY
AND THE REGULAR MEETINGS OF THE
SANTA FE SPRINGS HOUSING SUCCESSOR,
SUCCESSOR AGENCY AND CITY COUNCIL

April 11, 2013 – 6:00 P.M.

Council Chambers
11710 Telegraph Road
Santa Fe Springs, CA 90670

Richard J. Moore, Chair
Juanita A. Trujillo, Vice Chair
Luis M. González, Director
Laurie M. Rios, Director
William K. Rounds, Director

Public Comment: *The public is encouraged to address City Council on any matter listed on the agenda or on any other matter within its jurisdiction. If you wish to address the City Council, please complete the card that is provided at the rear entrance to the Council Chambers and hand the card to the City Clerk or a member of staff. City Council will hear public comment on items listed on the agenda during discussion of the matter and prior to a vote. City Council will hear public comment on matters not listed on the agenda during the Oral Communications period.*

Pursuant to provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

Americans with Disabilities Act: *In compliance with the ADA, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.*

Please Note: *Staff reports, and supplemental attachments, are available for inspection at the office of the City Clerk, City Hall, 11710 E. Telegraph Road during regular business hours 7:30 a.m. – 5:30 p.m., Monday – Thursday and every other Friday. Telephone (562) 868-0511.*

1. **CALL TO ORDER**

2. **ROLL CALL**
Luis M. González, Director/Councilmember
Laurie M. Rios, Director/Councilmember
William K. Rounds, Director/Councilmember
Juanita A. Trujillo, Vice Chair/Mayor Pro Tem
Richard J. Moore, Chair/Mayor

PUBLIC FINANCING AUTHORITY

3. **CONSENT AGENDA**
Consent Agenda items are considered routine matters which may be enacted by one motion and roll call vote. Any item may be removed from the Consent Agenda and considered separately by the Public Financing Authority.

Approval of Minutes

A. Minutes of the March 26, 2013 Special Public Financing Authority Meeting
Recommendation: That the Public Financing Authority approve the minutes as submitted.

Monthly Report

B. Monthly Report on the Status of Debt Instruments Issued through the City of Santa Fe Springs Public Financing Authority (PFA)
Recommendation: That the Public Financing Authority receive and file the report.

NEW BUSINESS

4. Resolution No. PFA-01-2013 – Approval of the 2013 Water Revenue Bonds Issuance

Recommendation: That the Public Financing Authority adopt Resolution No. PFA-01-2013 approving an Escrow Agreement and authorizing official actions and execution of documents related thereto.

WATER UTILITY AUTHORITY

5. **CONSENT AGENDA**
Consent Agenda items are considered routine matters which may be enacted by one motion and roll call vote. Any item may be removed from the Consent Agenda and considered separately by the Water Utility Authority.

Approval of Minutes

A. Minutes of the March 26, 2013 Special Water Utility Authority Meeting
Recommendation: That the Water Utility Authority approve the minutes as submitted.

Monthly Report

B. Status Update of Water-Related Capital Improvement Projects
Recommendation: That the Water Utility Authority receive and file the report.

NEW BUSINESS

6. Resolution No. WUA-01-2013 – Approval of the 2013 Water Revenue Bonds Issuance

Recommendation: That the Water Utility Authority adopt Resolution No. WUA-01-2013 authorizing the issuance and delivery of its Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds, Approving a First Amendment to Water Enterprise Lease Agreement, an Indenture of Trust, an Escrow Agreement, a Bond Purchase Contract and A Preliminary Official Statement and a Final Official Statement and Authorizing Official Actions and Execution of Documents Relate Thereto.

7. Approval of Amendment No. 7 with Central Basin Municipal Water District

Recommendation: That the Water Utility Authority: 1). Approve Amendment No. 7 to Memorandum of Understanding (MOU) with Central Basin Municipal Water District; and 2). Authorize the City Manager to execute Amendment No. 7 with the Central Basin Municipal Water District which extends the MOU until December 31, 2013.

HOUSING SUCCESSOR

There are no items on the Housing Successor agenda for this meeting.

SUCCESSOR AGENCY

8. CONSENT AGENDA

Consent Agenda items are considered routine matters which may be enacted by one motion and vote. Any item may be removed from the Consent Agenda and considered separately by the Successor Agency.

Approval of Minutes

A. Minutes of the March 26, 2013 Adjourned Successor Agency Meeting
Recommendation: That the Successor Agency approve the minutes as submitted.

CITY COUNCIL

9. CITY MANAGER REPORT

10. CONSENT AGENDA

Consent Agenda items are considered routine matters which may be enacted by one motion and vote. Any item may be removed from the Consent Agenda and considered separately by the City Council.

Approval Minutes

A. Minutes of the March 12, 2013 Adjourned City Council Meeting

Recommendation: That the City Council approve the minutes as submitted.

B. Minutes of the March 14, 2013 Regular City Council Meeting

Recommendation: That the City Council approve the minutes as submitted.

C. Minutes of the March 26, 2013 Adjourned City Council Meeting
Recommendation: That the City Council approve the minutes as submitted.

ORDINANCE FOR PASSAGE

11. Ordinance No. 1042 – An Ordinance of the City of Santa Fe Springs, amending Title 15 of the Code of Ordinances of City, "the Zoning Ordinance" of the City, by placing certain properties within the City into the R-3-PD, "Multi-Family Residential–Planned Development" Zone. The subject 2.67-acre site consists of three existing parcels located at 9830 Jersey Avenue (APN: 8005-002-059), 9841 Alburtis Avenue (APN: 8005-002-016) and 9851 Alburtis Avenue (APN: 8005-002-058). See attached aerial photograph.
(Keana Development, LLC)

Recommendation: That the City Council waive further reading and adopt Ordinance No. 1042 adopting the proposed change of zone.

UNFINISHED BUSINESS

12. National Pollutant Discharge Elimination Systems (NPDES) – Municipal Permit Status Update

Recommendations: This report is for informational purposes only and does not require any action by the Council.

NEW BUSINESS

13. I-5 Pre-construction Mitigation Phase II - Telegraph Road, Orr & Day Road, Pioneer Boulevard, and Florence Avenue "Resurfacing & Reconstruction" – Authorization to Advertise

Recommendation: That the City Council: 1). Authorize the I-5 Pre-construction Mitigation Phase II Project to be included in the Capital Improvement Program; 2). Approve the Plans and Specifications; and, 3). Authorize the City Engineer to advertise for construction bids.

14. Proposed League of California Cities Bylaws Amendments

Recommendation: That the City Council discuss and provide direction to staff on the City's position on the two proposed amendments to the League Bylaws, as outlined in the alternative actions below.

15. Resolution No. 9409 – Approval of the 2013 Water Revenue Bonds Issuance

Recommendation: That the City Council adopt Resolution No. 9409 approving the issuance and delivery by the Santa Fe Springs Water Utility Authority of the 2013 Water Revenue Bonds, approving a first amendment to the Water Enterprise Lease Agreement, an Indenture of Trust, Escrow Agreement, Bond Purchase Contract, and a Preliminary Official Statement and authorizing official actions and execution of documents related thereto.

CLOSED SESSION

16. CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION
Subdivision (d)(1) of Section 54956.9
Name of Case: Alhambra, et al., vs. County of Los Angeles
Case No. BS 116375

Please note: Items 17 – 27 will occur in the 7:00 p.m. hour.

17. **INVOCATION**

18. **PLEDGE OF ALLEGIANCE**

INTRODUCTIONS

19. Representatives from the Youth Leadership Committee

20. Representatives from the Chamber of Commerce

21. **ANNOUNCEMENTS**

PRESENTATIONS

22. Recognition of Whittier Police Officer Lilly Guzman

23. Proclaiming the Week of April 14-20, 2013, as "National Library Week"

APPOINTMENTS TO BOARDS, COMMITTEES, COMMISSION

24. Committee Appointments

25. **ORAL COMMUNICATIONS**
This is the time when comments may be made by interested persons on matters not on the agenda having to do with City business.

26. EXECUTIVE TEAM REPORTS

27. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted at the following locations; Santa Fe Springs City Hall, 11710 Telegraph Road; Santa Fe Springs City Library, 11700 Telegraph Road; and the Town Center Plaza (Kiosk), 11740 Telegraph Road, not less than 72 hours prior to the meeting.

Anita Jimenez, CMC
Deputy City Clerk

April 5, 2013
Date

MINUTES OF THE SPECIAL MEETINGS OF THE SANTA FE SPRINGS PUBLIC FINANCING AUTHORITY AND WATER UTILITY AUTHORITY AND THE ADJOURNED MEETINGS OF THE HOUSING SUCCESSOR, SUCCESSOR AGENCY, AND CITY COUNCIL

MARCH 26, 2013

1. CALL TO ORDER

Mayor Moore called the meetings to order at 5:11 p.m.

2. ROLL CALL

Present: Councilmembers González, Rios, Rounds, Mayor Pro Tem Trujillo, Mayor Moore

Also present: Thaddeus McCormack, City Manager; Steve Skolnik, City Attorney; Wayne Morrell, Director of Planning; Noe Negrete, Director of Public Works; Dino Torres, Director of Police Services; Maricela Balderas, Director of Community Services; Jose Gomez, Asst. City Manager/Director of Finance; Mike Crook, Fire Chief; Anita Jimenez, Deputy City Clerk

CITY COUNCIL

CLOSED SESSION

3. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Initiation of litigation pursuant to subdivision (c) of Section 54956.9
One potential case

The Mayor recessed the meetings for the Closed Session item at 5:12 p.m.

The Mayor reconvened the meetings at 5:37 p.m. There was no report from the Closed Session.

The Deputy City Clerk announced that members of the Public Financing Authority and Water Utility Authority earn $150 for their attendance at meetings.

The City Attorney reviewed the Public Comment protocol for members of the audience.

PUBLIC FINANCING AUTHORITY

4. CONSENT AGENDA

Approval of Minutes

A. Minutes of the February 28, 2013 Regular Public Financing Authority Meeting
Recommendation: That the Public Financing Authority approve the minutes as submitted.

Councilmember Rios moved the approval of Item 4A; Mayor Pro Tem Trujillo seconded the motion which passed unanimously.

WATER UTILITY AUTHORITY

5. CONSENT AGENDA

Approval of Minutes

A. Minutes of the February 28, 2013 Regular Water Utility Authority Meeting
Recommendation: That the Water Utility Authority approve the minutes as submitted.

Councilmember Rounds moved the approval of Item 5A; Councilmember Rios seconded the motion which passed unanimously.

NEW BUSINESS

6. Presentation of Water Bond Refunding Options

Recommendation: That the Water Utility Authority consider the options presented for refunding of the existing 2003 Water Revenue Bonds.

Jose Gomez gave a presentation.

Councilmember González asked if Noe Negrete had anything to add to the water well construction needs. Mr. Negrete stated that he and Jose Gomez had gone over the needs for the next 5 years and took this into consideration when making the recommendations.

Councilmember González asked for an estimate of the City's water infrastructure needs. Mr. Negrete stated that the needs would come to about $5 million, but added that unforeseen expenditures relating to maintenance could arise. The City Manager stated that this was part of the reasoning for setting aside $750,000 in the water fund reserves.

The City Attorney recapped the three options: 1). Take no action; 2). Issue new bonds at a lower interest rate over the next 20 yrs; 3). Issue new bonds at a lower interest rate and add an additional 10 years. Staff is recommending either Option 2 or Option 3.

Councilmember González asked if all these monies must be spent on water projects. The City Attorney confirmed that they must. Councilmember González recommended that the Council go with option 3.

Councilmember Rounds asked how long after the "call date" of May 1, does the Council have to make their decision. Jose Gomez stated that they would have 90 days.

Councilmember Rounds asked if the money would be available right away, if the Council chose Option 3. Mr. Gomez stated that the funds would be available for any water CIP projects as soon as the transaction closed.

The City Attorney stated that if the Council directs staff to present the item at the April 11 meeting, the transactions should close in May. He added that none of these options put any General Fund monies at risk; this only applies to water funds.

Mayor Moore asked for clarification on the average bond rate. Mr. Gomez explained that the bonds could have different maturity dates, therefore the rates could vary.

Mayor Moore clarified that if the Council went with Option 3, the City would pay an additional $5 million in interest.

The City Attorney stated that interest rates are at historic lows and rates could increase in the future.

Councilmember González stated that the City currently has extensive water infrastructure needs. The cost of borrowing is a factor, but the cost of borrowing in the future to deal with these needs may be greater.

Mayor Moore asked if the City would be required to complete the projects within a specific time period. The City Attorney stated that the time frame would be about 3 years.

The City Attorney clarified that the Council could not take action at this time, but that the Council should give direction to staff so that the item could be presented to both the Public Financing Authority and the Water Utility Authority.

Councilmember González moved that the Council go with Option 3; Mayor Pro Tem Trujillo seconded the motion which passed by the following roll call vote:

Ayes: González, Rios, Rounds, Trujillo, Moore
Noes: None
Absent: None

HOUSING SUCCESSOR

There were no items on the Housing Successor agenda for this meeting.

SUCCESSOR AGENCY

7. CONSENT AGENDA

Approval Minutes

A. Minutes of the February 28, 2013 Regular Successor Agency Meeting
Recommendation: That the Successor Agency approve the minutes as submitted.

Councilmember Rounds moved the approval of Item 7A; Councilmember González seconded the motion which passed unanimously.

8. CITY MANAGER REPORT

The City Manager wished everyone a Happy Easter.

NEW BUSINESS

9. Consideration of Appeals of: Development Plan Approval Case No. 862 and Zone Variance Case 71 (Amendment No. 1); Alcohol Sales CUP Case No. 57; CUP Case No. 721, and; CUP Case No. 738

Recommendation: That the City Council consider the subject appeals and take one of the actions listed in Section 155.866 of the City Code.

Mayor Moore recommended that Council approve and ratify the action taken by the Planning Commission. Councilmember Rounds moved the approval of Option A; Councilmember Rios seconded the motion which passed unanimously.

10. CONSENT AGENDA

Approval Minutes

A. Minutes of the February 28, 2013 Regular City Council Meeting

Recommendation: That the City Council approve the minutes as submitted.

Mayor Pro Tem Trujillo moved the approval of Item 10A; Councilmember Rios seconded the motion which passed unanimously.

PUBLIC HEARING/ORDINANCE FOR INTRODUCTION

11. Ordinance No. 1042 - Zone Change Case No. 131

Request for approval to change the zoning designation for three existing parcels at 9830 Jersey Avenue (APN: 8005-002-059), 9841 Alburtis Avenue (APN: 8005-002-016) and 9851 Alburtis Avenue (APN: 8005-002-058) from ML, Limited Manufacturing Administration and Research, Zone to R-3-PD, Multiple-Family Residential - Planned Development, Zone. (Keana Development, LLC)

Recommendation: That the City Council: 1). Open the Public Hearing and receive any comments from the public regarding Zone Change Case No. 131 and, after receiving all public comments, thereafter close the Public Hearing; 2). Find that Zone Change Case No. 131 satisfies the criteria and conditions set forth in Section 155.825 et seq of the City Code for the granting of a Change of Zone; 3). Find that Zone Change Case No. 131 involving the proposed Change of Zone from ML, Limited Manufacturing Administration and Research, Zone to R-3-PD, Multiple-Family Residential – Planned Development, Zone is consistent with the City's General Plan as amended by General Plan Amendment Case No. 23; 4). Find that the 2.67± acres property is suitable for the requested Change of Zone from ML, Limited Manufacturing Administration and Research to R-3-PD, Multiple-Family Residential –

Planned Development; and 5). Introduce Ordinance No. 1042 and pass its first reading on Zone Change Case No. 131.

The City Attorney read Ordinance 1042 by title. He stated that Item 11 is a companion item to Item 12. Due to a concern about the sequence of actions, he recommended taking simultaneous action.

Mayor Moore opened the Public Hearing for Items 11 and 12 at 6:18 p.m.
The Deputy City Clerk stated that no cards or correspondence had been received.

Jeannette Pisone – 9820 Jersey Ave, SFS, Business owner, spoke in favor of the item.

Mayor Moore closed the Public Hearing at 6:21 p.m.

Mayor Pro Tem Trujillo moved to approve the recommendations listed in Items 11 and 12; Councilmember Rounds seconded the motion which passed by the following roll call vote:

Ayes: González, Rios, Rounds, Trujillo, Moore
Noes: None
Absent: None

Councilmember González asserted that adding businesses creates revenue for the City whereas adding residences adds long-term costs to the City. He stated that he is also concerned about density issues and asked if they had been addresses. Wayne Morrell stated that the project plans meet the City standards for density.

Greg Nordbak of the project team stated that originally 62 units were planned, but the number had been reduced to 50 units. He stated that all the tenants had been noticed and that only Ms. Pisone chose to attend tonight's meeting and spoke in favor of the project. Parking for tenants and guests is included on the property.

Mayor Pro Tem Trujillo stated that she agreed that there would be some costs, but also felt that the project could bring other benefits to the City.

Councilmember Rounds stated that he had been on the Planning Commission when the project was first presented and felt that all of the concerns have been mitigated. He added that this project was in what is basically a residential area and believed that it would improve the neighborhood.

Councilmember Rios stated that she was also on the Planning Commission in 2009 when the project was first presented and recalled the concerns that had been raised. She stated that the opposition to the project had abated. As a former Planning Commissioner, Mayor Moore agreed.

12. PUBLIC HEARING

Resolution No. 9408 - General Plan Amendment No. 23

Request to amend the Land Use Map of the City's General Plan from the existing land use designation of "Business Park" to "Multi-Family Residential" on three existing parcels at 9830 Jersey Avenue (APN: 8005-002-059), 9841 Alburtis Avenue (APN: 8005-002-016) and 9851 Alburtis Avenue (APN: 8005-002-058). (Keana Development, LLC)

Recommendation: That the City Council: 1). Open the Public Hearing and receive any comments from the public regarding General Plan Amendment Case No. 23 and, after receiving all public comments, thereafter close the Public Hearing; and 2). Adopt Resolution No. 9408, approving General Plan Amendment Case No. 23, a request to amend the Land Use map of the City's General Plan from the existing land use designation of "Business Park" to "Multi-Family Residential" on three existing parcels at 9830 Jersey Avenue (APN: 8005-002-059), 9841 Alburtis Avenue (APN): 8005-002-016) and 9851 Alburtis Avenue (APN: 8005-002-058).

See Item 11.

NEW BUSINESS

13. FY 2012-13 Midyear Budget Review and Modifications

Recommendation: That the City Council approve the proposed revenue and expenditure adjustments as detailed in Attachments A, B, and C.

Jose Gomez gave a presentation.

Mayor Moore asked if the two-year budget would coincide with employee MOUs. The City Manager stated that it would not, but added that the budget could be adjusted to reflect any changes due to the MOUs at a later date. Mayor Moore stated that he was concerned about the budget not coinciding with MOUs. The City Manager stated that it is labor intensive to prepare the budget every year, but acknowledged that it was up to the Council to decide.

Councilmember González encouraged the Council to go with a one-year budget in order to keep a finger on the pulse of the economy. Councilmember González asked for an explanation of the increased payment to the JPIA. The City Manager stated that JPIA has changed how they assess and recoup costs. The transition into the new process created a gap in fees collected. The City had the option of making payments, but at the previous Council meeting, the Council approved a balloon payment in order to save the interest.

Councilmember Rounds moved the approval of Item 13; Councilmember González seconded the motion which passed by the following roll call vote:

Ayes: González, Rios, Rounds, Trujillo, Moore
Noes: None
Absent: None

14. Interstate 5 Freeway Widening Project – Approval of Contribution Agreement with the State Department of Transportation (Caltrans)

Recommendation: That the City Council authorize the Mayor to execute District Agreement No. 07-4964 between the State Department of Transportation and City of Santa Fe Springs for the implementation of traffic mitigation measures on the I-5 Freeway Widening Project.

Councilmember Rounds moved the approval of Item 14; Councilmember Rios seconded the motion which passed unanimously.

15. Engineering Design Services for Santa Fe Springs City Hall, South Section Heating, Ventilation, and Air Conditioning System Upgrade – Award of Contract

Recommendation: That the City Council: 1). Appropriate $48,234.00 from the Capital Improvement Plan Reserve Fund to the Engineering Design Services for Santa Fe Springs City Hall, South Section Heating, Ventilation, and Air Conditioning (HVAC) System Upgrade Project; 2). Award a contract to Dahl, Taylor and Associates, Inc. in the amount of $48, 234.00; and, 3). Authorize the Director of Public Works to execute the agreement.

Councilmember González moved the approval of Item 15; Councilmember Rounds seconded the motion which passed unanimously.

16. Six-Month Response Time Study Regarding the Closure of Fire Station #2

Recommendation: That the City Council approve the recommendation by the Fire Chief to re-open Fire Station #2 as detailed in the report.

Chief Crook gave a presentation. He stated that he would deliver a follow-up report to the City Council in six months.

Gloria Duran spoke in favor of re-opening the station.

The Council commended Chief Crook on his report.

Mayor Pro Tem Trujillo moved the approval of Item 16; Councilmember Rios seconded the motion which passed unanimously.

17. Resolution No. 9406 – Ordering the Preparation of the Engineer's Report for FY 2013/14 in Conjunction with the Annual Levy of Assessments for Street Lighting District No. 1

Recommendation: That the City Council adopt Resolution No. 9406 ordering the preparation of the Engineer's Report for FY 2013/14 in conjunction with the annual levy of assessments for Street Lighting District No. 1.

Councilmember Rounds moved the approval of Items 17 and 18; Councilmember González seconded the motion which passed unanimously.

18. Resolution No. 9407 – Ordering the Preparation of the Engineer's Report for FY 2013/14 in Conjunction with the Annual Levy of Assessments for Heritage Springs Assessment District No, 2001-01 (Hawkins Street and Palm Drive)

Recommendation: That the City Council adopt Resolution No. 9407, ordering the preparation of the Engineer's Report for FY 2013/14 in conjunction with the annual levy of assessments for Heritage Springs Assessment District No. 2001-01 (Hawkins Street and Palm Drive).

See Item 17.

19. National Pollutant Discharge Elimination Systems (NPDES) – Municipal Permit Status Update

Recommendations: This report is for informational purposes only and does not require any action by the Council.

Mayor Moore postponed this item to the next meeting.

20. INVOCATION

Mayor Pro Tem Trujillo gave the Invocation.

21. PLEDGE OF ALLEGIANCE

The Pledge was led by Councilmember González.

INTRODUCTIONS

22. Representatives from the Youth Leadership Committee

No members of the Youth Leadership Committee were present.

23. Representatives from the Chamber of Commerce

The Mayor introduced Joanne Klemm of Comet Employment Agency, and Chamber CEO Kathie Fink.

24. ANNOUNCEMENTS

The Mayor called on Maricela Balderas for community announcements.

PRESENTATIONS

25. Presentation to Milestone Event Celebrants

Julie Herrera introduced Gilbert and Janie Aguirre who were recognized for celebrating their 53rd wedding anniversary.

26. Recognition of Public Safety Officer Darryl Pedigo

Dino Torres introduced Darryl Pedigo and relayed the incidents that led to his recognition. Mr. Torres stated that Darryl had received the Silver Shield Award for his actions as well.

Mayor Moore thanked the Whittier Police officers for their involvement in this situation.

APPOINTMENTS TO BOARDS, COMMITTEES, COMMISSIONS

27. Committee Appointments

Mayor Pro Tem Trujillo appointed Timothy Legarreta to the Youth Leadership Committee.

28. ORAL COMMUNICATIONS

Mayor Moore opened Oral Communications at 7:24 p.m.

Gilbert Aguirre spoke in favor of re-opening Fire Station.

Mayor Moore closed Oral Communications at 7:25 p.m.

EXECUTIVE TEAM REPORTS

Wayne reported LAEDC stats cite home sales up by 1% since last February and an increase of 1.1% in retail sales.

Councilmember Rios thanked Carole Joseph for the fantastic Tiny Tot Graduation.

Councilmember Rounds congratulated the Aguirres. He thanked Chief Crook and Jose Gomez for their excellent reports.

Mayor Pro Tem Trujillo congratulated the Aguirres.

Councilmember González congratulated the Aguirres. He requested that the next agenda include an option for the one-year or two-year budget.

29. ADJOURNMENT

At 7:30 p.m., Mayor Moore adjourned the Public Financing Authority and Water Utility Authority meetings. The Housing Successor, Successor Agency, and City Council meeting were adjourned to Thursday, April 11 at 6:00 p.m.

_____

Richard J. Moore, Mayor

ATTEST:

_____

Anita Jimenez, CMC
Deputy City Clerk

_____

Date

NEW BUSINESS

Monthly Report on the Status of Debt Instruments Issued through the City of Santa Fe Springs Public Financing Authority (PFA)

RECOMMENDATION

That the Public Financing Authority receive and file the report.

BACKGROUND

The Santa Fe Springs Public Financing Authority is the City entity that is utilized to facilitate the issuance of public purpose debt in Santa Fe Springs. The following is a brief status report on the debt instruments currently outstanding that were issued through this financing authority.

Consolidated Redevelopment Project 2001 Tax Allocation Refunding Bonds

Financing proceeds available for appropriation at 3/31/13	None
Outstanding principal at 3/31/13	$18,240,000

Consolidated Redevelopment Project 2002 Tax Allocation Refunding Bonds

Financing proceeds available for appropriation at 3/31/13	None
Outstanding principal at 3/31/13	$10,785,000

Consolidated Redevelopment Project 2003 Taxable Tax Allocation Refunding Bonds

Financing proceeds available for appropriation at 3/31/13	None
Outstanding principal at 3/31/13	$3,690,000

Water Revenue Bonds, 2003 Series A

Financing proceeds available for appropriation at 3/31/13	None
Outstanding principal at 3/31/13	$4,270,000

Water Revenue Bonds, 2005 Series A

Financing proceeds available for appropriation at 3/31/13	None
Outstanding principal at 3/31/13	$2,780,000

Consolidated Redevelopment Project 2006-A Tax Allocation Bonds

Financing proceeds available for appropriation at 3/31/13	$1,538,121*
Outstanding principal at 3/31/13	$32,512,769

Report Submitted By: Jose Gomez and Travis Hickey
Finance and Administrative Services

Date of Report: April 5, 2013

Consolidated Redevelopment Project 2006-B Taxable Tax Allocation Bonds
Financing proceeds available for appropriation at 3/31/13 None
Outstanding principal at 3/31/13 $12,045,000

Consolidated Redevelopment Project 2007-A Tax Allocation Refunding Bonds
Financing proceeds available for appropriation at 3/31/13 None
Outstanding principal at 3/31/13 $40,700,000

The City budget includes sufficient appropriations and adequate revenues are expected to be collected to meet the debt service obligations associated with the Water Revenue Bonds.

The former Community Development Commission was dissolved by State law effective 2/1/12 and is administered by the City acting as Successor Agency under the oversight of the appointed Oversight Board. The Successor Agency will no longer receive tax increment. It is anticipated that sufficient allocations from the Redevelopment Property Tax Trust Fund will be made to Successor Agency to meet the debt service obligations.

Thaddeus McCormack
City Manager/Executive Director

* $1,538,121 of 2006-A tax exempt bond funds had been used for property acquisitions in relation to the Valley View Grade Separation Project. These funds were reimbursed from Federal, State and County sources in May 2011. However, due to the Supreme Court decision upholding AB1X 26 it is recommended that the Commission does not spend any additional bond proceeds until clarification is reached about the impact of AB1X 26 on the use of unspent bond proceeds.

Additionally, appropriated but unspent proceeds on hand are currently not being spent pending further clarification about the future of unspent bond proceeds.

Report Submitted By: Jose Gomez and Travis Hickey Date of Report: April 5, 2013
Finance and Administrative Services

NEW BUSINESS

Resolution No. PFA-01-2013 – Approval of the 2013 Water Revenue Bonds Issuance

RECOMMENDATION

That the Public Financing Authority adopt Resolution No. PFA-01-2013 approving an Escrow Agreement and authorizing official actions and execution of documents related thereto.

BACKGROUND

At the March 26, 2013 City Council Meeting, Staff presented information regarding the currently available opportunity to refund approximately $4.2 million in existing 2003 Water Revenue Bonds. There were two options presented: 1) refunding the existing bonds and capturing the present-value interest savings (approximately $580,000) and 2) refunding the existing bonds and issuing new bonds, therefore accessing additional bond proceeds (approximately $2 million in total).

The Council indicated its preference for the refunding with the access to "new money" given the City's water utility infrastructure needs and the current low-interest rate bond market. The lack of viable funding alternatives given the State's elimination of redevelopment and the impracticality of a "pay as you go" funding mechanism were also considerations.

REFUNDING OPTION

The refunding with the "new money" bond option extends the debt term beyond the maturity date of the 2003 bonds (2033). Under this scenario in today's interest rate environment, approximately $6.8 million in bonds would be issued to refund the existing $4.2 million in outstanding bonds and make available about $2 million in proceeds. This issue would have an interest rate of 4.03% over a 30-year period, through 2043. Over the life of the bond, $12.7 million in principal and interest would be paid. Over the next 30 years, this is about $5.32 million more than the $7.38 million to be paid for the existing bonds.

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

Below is a table summarizing the various components of the existing 2003 bond and the proposed 20013 bonds:

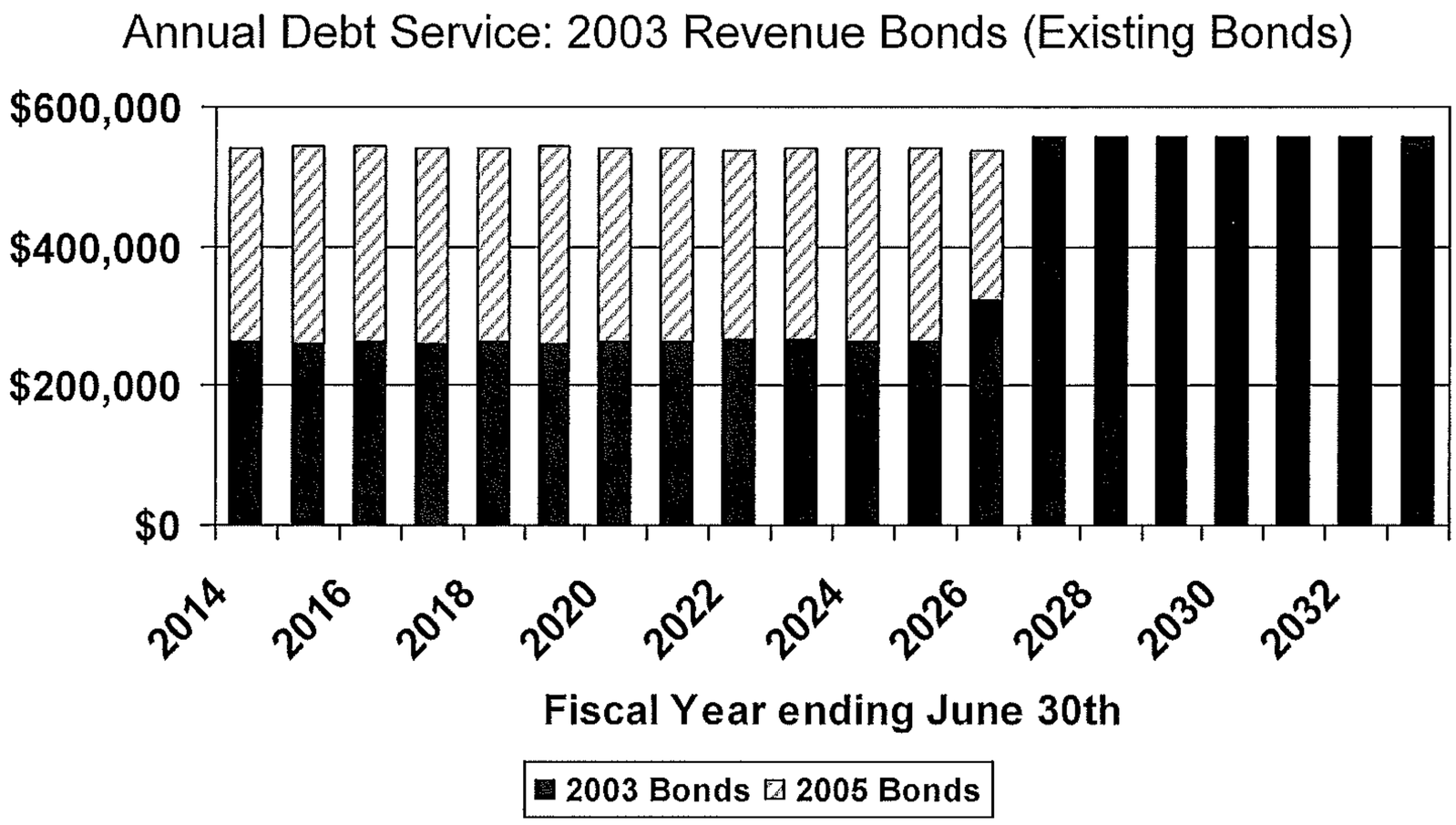
Item	Current: 2003 Bonds *	Refunding + "New Money"
Bond Amount (consists of:) Serial Bonds Term Bonds	$4.2 million $670,000 $3.55 million	$6.8 million $2.45 million $4.37 million
Interest Rate	4.5%	4.03%
Term	20 years	30 years
Maturity Date	May 2033	May 2043
Total Debt Service to be paid (Principal + Interest)	$7.38 million	$12.7 million
Proceeds	-----	$2.077 Million

* Remaining Terms

Please refer to Exhibit A for detailed information regarding the proposed bonds.

DEBT SERVICE PAYMENTS: CURRENT BONDS

Combined, annual debt service payments for the existing 2003 and 2005 Bonds remain steady in the mid-$500,000 range through 2033. See chart below. With the 2005 Bonds fully maturing in 2026, the 2003 Bonds were structured to have higher debt service payments after this date (between 2027 through 2033).



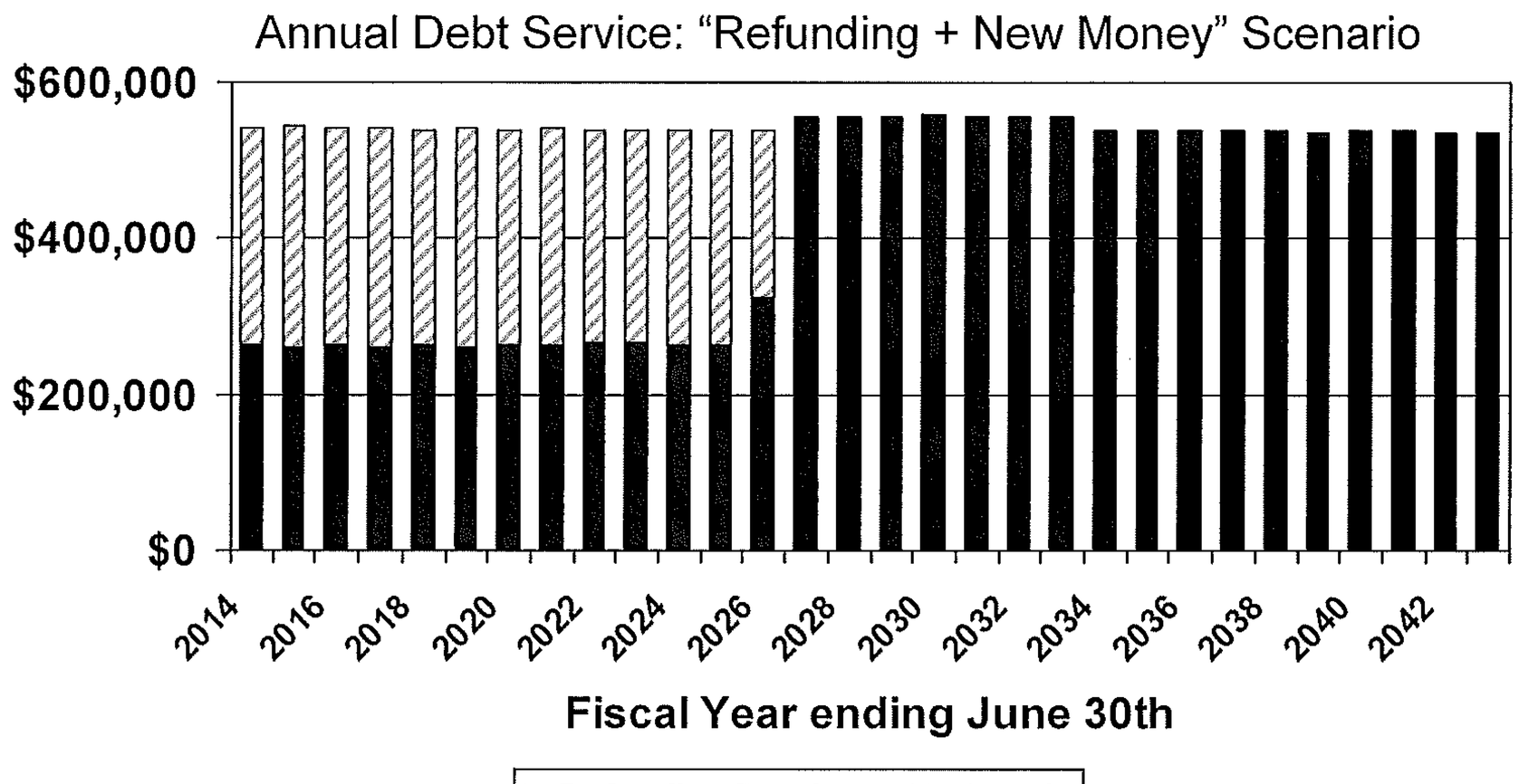
Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

As detailed in the City's Comprehensive Annual Financial Report (CAFR), the $4.2 million in outstanding 2003 Water Revenue Bonds is comprised of serial bonds ($670,000) and term bonds ($3.55 million). They are the specific investment instruments utilized by the bond underwriters in 2003 to structure a bond issue that is appealing to the institutional and retail investment communities. The City's annual debt service payments coincide with individual maturity dates of the serial and term bonds. As previously discussed, the "call" feature of the existing bonds allows for the redemption of the bonds without having to pay a premium.

DEBT SERVICE PAYMENTS: REFUNDING + "NEW MONEY" OPTION

Opting to refund the existing bonds and access the "new money" presents a similar annual debt service profile as currently maintained. See chart below. It, too, works in concert with the 2005 Bonds. The notable difference between this option and the current scenario is the additional ten years to the term of the bonds.



The proposed $6.8 million in proposed 2013 Water Revenue Bonds is comprised of serial bonds ($2.45 million) and term bonds ($4.37 million). The bonds have a "call" feature similar to the one in the existing bonds. It would allow for the new bonds to be redeemed starting in May 2023.

CAPITAL IMPROVEMENT PROJECTS (CIPs)

As mentioned at the previous meeting, there are numerous water infrastructure CIPs that will require funding. At or near the top of the CIP priorities is the completion of the New Water Well in Zone 2. It requires about $3.9 million in funding over the next two years. Its completion will allow for lower water production costs and less reliance on purchased water from Central Basin. In addition to this project and about $9.5 million

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

in infrastructure projects being independently funded by the I-5 Freeway Expansion JPA, there are approximately $5 million in water infrastructure CIPs to be considered by City Council for construction over the next six years. Staff is currently working with the Council Subcommittee to refine the comprehensive list of CIPs to include for recommendation to the City Council in the near future.

FINANCING TEAM AND COSTS OF ISSUANCE

If the City proceeds with the bond refunding process, it is imperative to have the proper team assembled as it requires a number of highly specialized professionals. Staff is working with Stifel Nicolaus (bond underwriters - previously known as Stone & Youngberg) and Jones Hall (bond counsel). They have provided excellent service in the past, maintaining a unique understanding of the City's fiscal circumstances and overall bond market environment.

Fees associated with the cost of issuance are estimated at approximately $184,000. These amounts consist of $75,500 for bond counsel, $68,100 for bond underwriters (known as "underwriter's discount" - 1% of the bond issuance amount), $27,500 in issuance closing costs, and $12,500 in underwriter's counsel costs. Under any scenario, the amounts would be payable on completion of the refinancing and paid from the bond proceeds. These amounts have already been incorporated in the bond proceed scenarios presented. Overall, the issuance fees are reasonable and consistent with other bonds of this size.

BOND ISSUANCE AUTHORIZATION AND RELATED DOCUMENTS

The attached resolution allows for the issuance of bonds not to exceed $7.5 million with an interest cost not greater than 4.75%. Although unlikely to change significantly, the terms provide for a fluctuation in market conditions without changing the annual debt service obligation over the life of the bond issue. In addition to the authorizing resolution, there are a number of related documents accompanying this item.

It is anticipated that the 2013 Water Revenue Bonds will be issued in early May 2013. The bond proceeds will then be transferred to a City account.

Thaddeus McCormack
City Manager

Attachments:

- Resolution No. PFA-01-2013
- Exhibits A – Sources and Uses of Funds (included in Council agenda tab)
- Preliminary Official Statement (included in Council agenda tab)
- Indenture of Trust (included in Council agenda tab)
- 2003 Bonds Escrow Deposit and Trust Agreement (included in Council agenda tab)
- 1st Amend. to Water Enterprise Lease Agreement (included in Council agenda tab)

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

RESOLUTION NO. PFA-01-2013

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA FE SPRINGS PUBLIC FINANCING AUTHORITY APPROVING AN ESCROW AGREEMENT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF DOCUMENTS RELATED THERETO

WHEREAS, to acquire public capital improvements (the "2003 Improvements") of benefit to the City's water system and facilities (the "Enterprise") the City entered into an Installment Sale Agreement (the "2003 Installment Sale Agreement"), dated as of October 1, 2003, by and between the City and the Santa Fe Springs Public Financing Authority (the "Financing Authority") and, to finance the 2003 Improvements for sale to the City the Financing Authority issued its 2003 Water Revenue Bonds, Series A, in the principal amount of $4,265,000 (the "2003 Financing Authority Bonds"), secured by installment payments to be made by the City pursuant to the 2003 Installment Sale Agreement; and

WHEREAS, in order to achieve interest rate savings, the City desires to cause the repayment in full of the 2003 Installment Sale Agreement and, thereby, refund in full and defease the 2003 Financing Authority Bonds, as provided in the 2003 Bonds Escrow Deposit and Trust Agreement, dated as of May 1, 2013, by and among the Authority, the Santa Fe Springs Public Financing Authority and U.S. Bank National Association, as trustee (the "Escrow Agreement"); and

WHEREAS, to assist the City in repaying the 2003 Installment Sale Agreement, the Santa Fe Springs Water Utility Authority has determined to issue its Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds (the "2013 Bonds") in the aggregate principal amount of not to exceed $7,500,000 a portion of the proceeds of which will be deposited pursuant to the Escrow Agreement to refund and defease the 2003 Bonds); and

WHEREAS, the Board of Directors, with the aid of its staff, has reviewed the Escrow Agreement and desires to approve the Escrow Agreement and the transactions to be implemented thereby;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SANTA FE SPRINGS PUBLIC FINANCING AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Authority hereby approves the Escrow Agreement in substantially the form filed with the Secretary. The Chairperson, the Vice Chairperson, the Executive Director, and the Treasurer, (each, a "Authorized Officer"), are hereby authorized to execute the Escrow Agreement in substantially the form filed with the Secretary, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. The Chairperson, the Vice Chairperson, the Executive Director, the Treasurer, the Secretary, the City Attorney, as legal counsel to the Authority, and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions necessary or desirable in connection with the refunding of the 2003 Bonds and the consummation of the transactions as described herein.

Section 3. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

PASSED, APPROVED AND ADOPTED this 11th day of April, 2013, by the following vote:

AYES:

NOES:

_____
Chairperson

ATTEST:

_____
Secretary

See Item 3A

5A

City of Santa Fe Springs

Water Utility Authority Meeting — April 11, 2013

NEW BUSINESS

Status Update of Water-Related Capital Improvement Projects

RECOMMENDATION
That the Water Utility Authority receive and file the report.

BACKGROUND
This report is for informational purposes only. The following is a listing and current status of active water projects.

Interstate 5 Water Main Relocation for the Carmenita Road Segment
Staff continues to coordinate with Caltrans and the City's construction contractor, Vido Artukovich & Son, on completing the I-5 water main relocation project. All water installations are currently complete and the contractor is in the process of finalizing pavement operations. Staff continues to coordinate with local business owners affected by the I-5 widening project.

New Water Well Located Within Zone II (Well No. 12)
The results of all pump tests conducted during the initial stages of well development are currently being used to design the mechanical portion of the well. The mechanical design is currently 80% complete.

FISCAL IMPACT
The projects are fully funded through the Water Fund. Caltrans will reimburse the water main relocation project costs.

INFRASTRUCTURE IMPACT
A fully functioning water production well will provide a source of potable water within Zone II and enhance the reliability of the City's water system.

Thaddeus McCormack
Executive Director

Attachment:
None

Report Submitted By: Noe Negrete, Director, Public Works Department — Date of Report: March 20, 2013

5B

NEW BUSINESS

Resolution No. WUA-01-2013 – Approval of the 2013 Water Revenue Bonds Issuance

RECOMMENDATION

That the Water Utility Authority adopt Resolution No. WUA-01-2013 authorizing the issuance and delivery of its Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds, Approving a First Amendment to Water Enterprise Lease Agreement, an Indenture of Trust, an Escrow Agreement, a Bond Purchase Contract and A Preliminary Official Statement and a Final Official Statement and Authorizing Official Actions and Execution of Documents Relate Thereto.

BACKGROUND

At the March 26, 2013 City Council Meeting Staff presented information regarding the currently available opportunity to refund approximately $4.2 million in existing 2003 Water Revenue Bonds. There were two options presented: 1) refunding the existing bonds and capturing the present-value interest savings (approximately $580,000) and 2) refunding the existing bonds and issuing new bonds, therefore accessing additional bond proceeds (approximately $2 million in total).

The Council indicated its preference for the refunding with the access to "new money" given the City's water utility infrastructure needs and the current low-interest rate bond market. The lack of viable funding alternatives given the State's elimination of redevelopment and the impracticality of a "pay as you go" funding mechanism were also considerations.

REFUNDING OPTION

The refunding with the "new money" bond option extends the debt term beyond the maturity date of the 2003 bonds (2033). Under this scenario in today's interest rate environment, approximately $6.8 million in bonds would be issued to refund the existing $4.2 million in outstanding bonds and make available about $2 million in proceeds. This issue would have an interest rate of 4.03% over a 30-year period, through 2043. Over the life of the bond, $12.7 million in principal and interest would be paid. Over the next 30 years, this is about $5.32 million more than the $7.38 million to be paid for the existing bonds.

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

Below is a table summarizing the various components of the existing 2003 bond and the proposed 20013 bonds:

Item	Current: 2003 Bonds *	Refunding + "New Money"
Bond Amount (consists of:) Serial Bonds Term Bonds	$4.2 million $670,000 $3.55 million	$6.8 million $2.45 million $4.37 million
Interest Rate	4.5%	4.03%
Term	20 years	30 years
Maturity Date	May 2033	May 2043
Total Debt Service to be paid (Principal + Interest)	$7.38 million	$12.7 million
Proceeds	-----	$2.077 Million

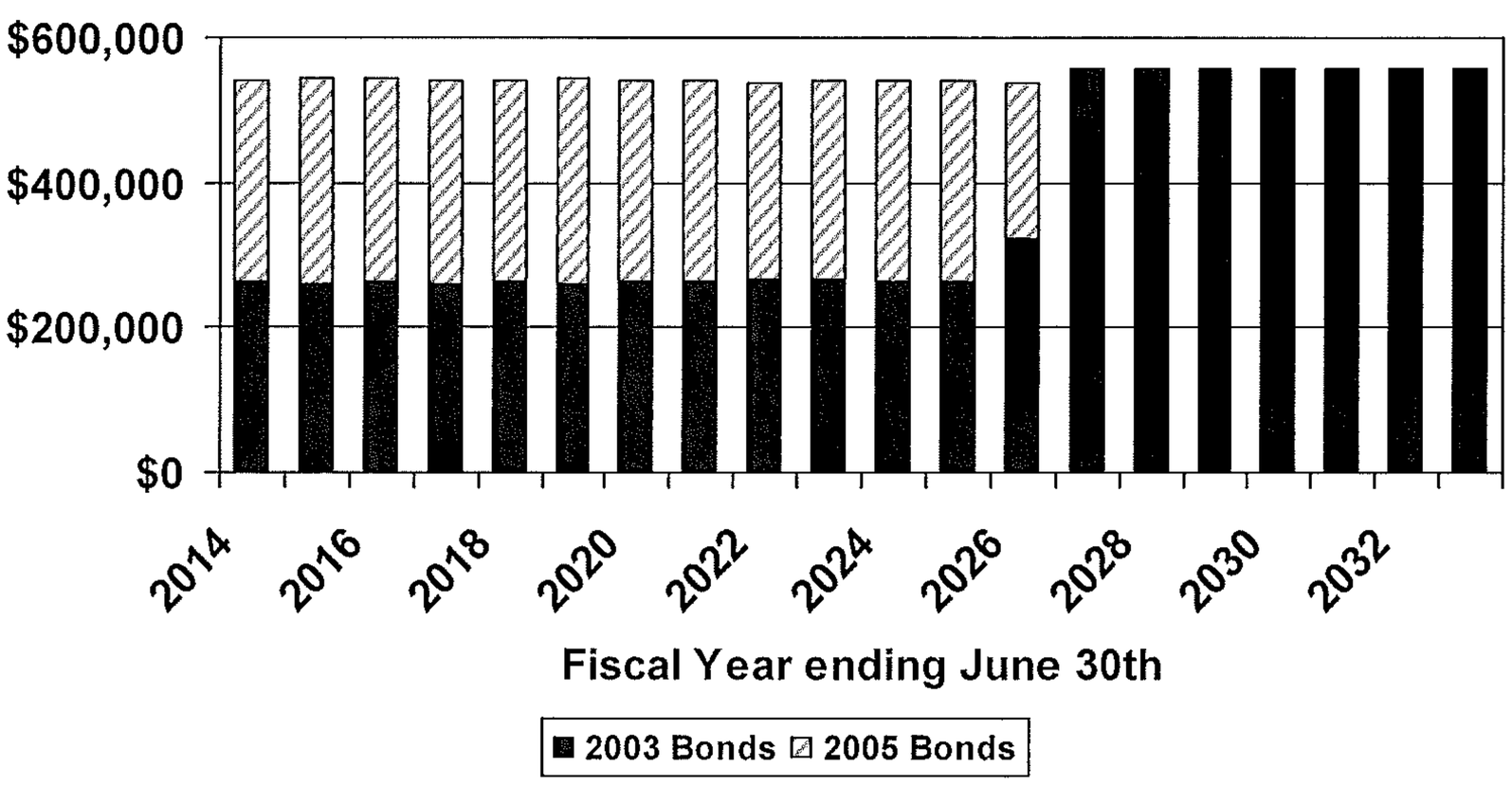
* Remaining Terms

Please refer to Exhibit A for detailed information regarding the proposed bonds.

DEBT SERVICE PAYMENTS: CURRENT BONDS

Combined, annual debt service payments for the existing 2003 and 2005 Bonds remain steady in the mid-$500,000 range through 2033. See chart below. With the 2005 Bonds fully maturing in 2026, the 2003 Bonds were structured to have higher debt service payments after this date (between 2027 through 2033).

Annual Debt Service: 2003 Revenue Bonds (Existing Bonds)



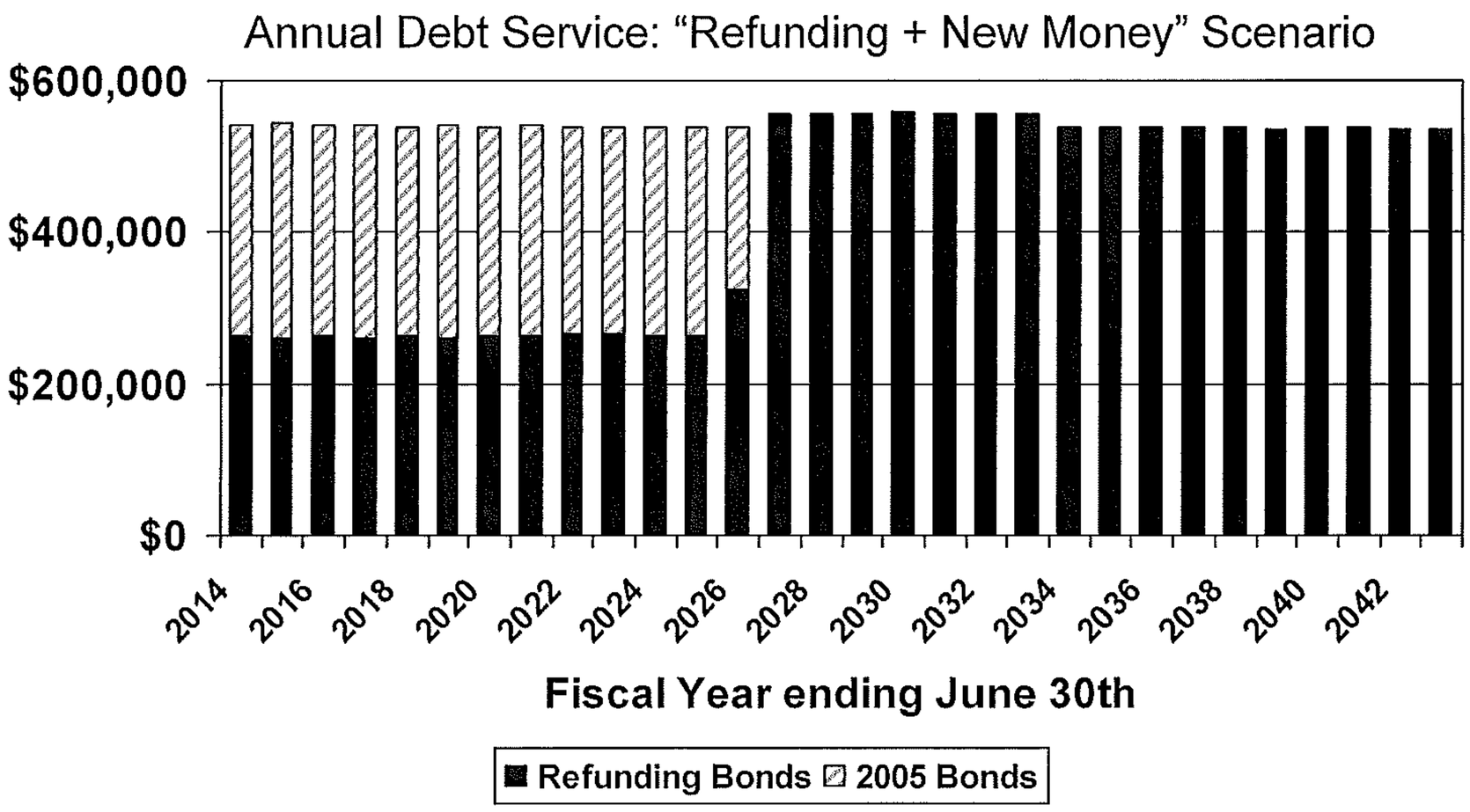
Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

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DEBT SERVICE PAYMENTS: REFUNDING + "NEW MONEY" OPTION

Opting to refund the existing bonds and access the "new money" presents a similar annual debt service profile as currently maintained. See chart below. It, too, works in concert with the 2005 Bonds. The notable difference between this option and the current scenario is the additional ten years to the term of the bonds.



The proposed $6.8 million in proposed 2013 Water Revenue Bonds is comprised of serial bonds ($2.45 million) and term bonds ($4.37 million). The bonds have a "call" feature similar to the one in the existing bonds. It would allow for the new bonds to be redeemed starting in May 2023.

CAPITAL IMPROVEMENT PROJECTS (CIPs)

As mentioned at the previous meeting, there are numerous water infrastructure CIPs that will require funding. At or near the top of the CIP priorities is the completion of the New Water Well in Zone 2. It requires about $3.9 million in funding over the next two years. Its completion will allow for lower water production costs and less reliance on purchased water from Central Basin. In addition to this project and about $9.5 million

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

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FINANCING TEAM AND COSTS OF ISSUANCE

If the City proceeds with the bond refunding process, it is imperative to have the proper team assembled as it requires a number of highly specialized professionals. Staff is working with Stifel Nicolaus (bond underwriters - previously known as Stone & Youngberg) and Jones Hall (bond counsel). They have provided excellent service in the past, maintaining a unique understanding of the City's fiscal circumstances and overall bond market environment.

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BOND ISSUANCE AUTHORIZATION AND RELATED DOCUMENTS

The attached resolution allows for the issuance of bonds not to exceed $7.5 million with an interest cost not greater than 4.75%. Although unlikely to change significantly, the terms provide for a fluctuation in market conditions without changing the annual debt service obligation over the life of the bond issue. In addition to the authorizing resolution, there are a number of related documents accompanying this item.

It is anticipated that the 2013 Water Revenue Bonds will be issued in early May 2013. The bond proceeds will then be transferred to a City account.

Thaddeus McCormack
City Manager

Attachments:

- Resolution No. WUA-01-2013
- Exhibits A – Sources and Uses of Funds (included in Council agenda tab)
- Preliminary Official Statement (included in Council agenda tab)
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- 1st Amend. to Water Enterprise Lease Agreement (included in Council agenda tab)

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

RESOLUTION NO. WUA-01-2013

RESOLUTION OF THE SANTA FE SPRINGS WATER UTILITY AUTHORITY AUTHORIZING THE ISSUANCE AND DELIVERY OF ITS SANTA FE SPRINGS WATER UTILITY AUTHORITY 2013 WATER REVENUE BONDS, APPROVING A FIRST AMENDMENT TO WATER ENTERPRISE LEASE AGREEMENT, AN INDENTURE OF TRUST, AN ESCROW AGREEMENT, A BOND PURCHASE CONTRACT AND A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF DOCUMENTS RELATED THERETO

WHEREAS, the Santa Fe Springs Water Utility Authority (the "Authority") is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of July 1, 2009, by and between the City of Santa Fe Springs (the "City") and the Community Development Commission of the City of Santa Fe Springs and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of financing and refinancing public capital improvements of the Authority; and

WHEREAS, to acquire public capital improvements (the "2003 Improvements") of benefit to the City's water system and facilities (the "Enterprise") the City entered into an Installment Sale Agreement (the "2003 Installment Sale Agreement"), dated as of October 1, 2003, by and between the City and the Santa Fe Springs Public Financing Authority (the "Financing Authority") and, to finance the 2003 Improvements for sale to the City, the Financing Authority issued its 2003 Water Revenue Bonds, Series A, in the principal amount of $4,265,000 (the "2003 Financing Authority Bonds"), secured by installment payments to be made by the City pursuant to the 2003 Installment Sale Agreement; and

WHEREAS, in order to achieve interest rate savings, the City desires to cause the repayment in full of the 2003 Installment Sale Agreement and, thereby, refund in full and defease the 2003 Financing Authority Bonds, as provided in the 2003 Bonds Escrow Deposit and Trust Agreement, dated as of May 1, 2013, by and among the Authority, the Santa Fe Springs Public Financing Authority and U.S. Bank National Association, as trustee (the "Escrow Agreement"); and

WHEREAS, to refinance certain public capital improvements (the "2005 Improvements") of benefit to the Enterprise the City entered into an Installment Sale Agreement (the "2005 Installment Sale Agreement"), dated as of May 1, 2005, by and between the City and the Financing Authority and, to refinance the 2005 Improvements for sale back to the City, the Financing Authority issued its 2005 Water Revenue Bonds, Series A, in the principal amount of $3,705,000 secured by installment payments to be made by the City pursuant to the 2005 Installment Sale Agreement; and

WHEREAS, the City leased the City's Enterprise to the Authority pursuant to that certain Water Enterprise Lease Agreement, dated as of July 1, 2009 (the "Lease"), by and between the Authority and the City; and

WHEREAS, to assist the City in repaying the 2003 Installment Sale Agreement and to finance additional public capital improvements of benefit to the Enterprise (the "2013 Improvements"), the Authority has determined to issue its Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds (the "2013 Bonds") in the aggregate principal amount of not to exceed $7,500,000 pursuant to an Indenture of Trust, dated as of May 1, 2013, by and among the Authority, the City and the U.S. Bank National Association, as trustee (the "Indenture"); and

WHEREAS, the debt service on the 2013 Bonds will be payable by the Authority from Net Revenues (as defined in the Indenture) of the Enterprise on a parity with the installment payments under the 2005 Installment Sale Agreement (which are payable by the Authority, on behalf of the City), and it is necessary to amend the Lease to provide for the payment of debt service on the 2013 Bonds as an additional obligation of the Authority and the City under the Lease Agreement, as provided in the First Amendment To Water Enterprise Lease Agreement, dated as of May 1, 2013, by and between the City and the Authority (the "First Amendment to Water Enterprise Lease Agreement"); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), proposes to submit an offer to purchase the Bonds in form on file with the Secretary (the "Bond Purchase Contract") and in connection with the offering thereof, the Authority has caused to be prepared an Official Statement (the "Official Statement") describing the Enterprise and the Bonds; and

WHEREAS, the Board desires to approve the First Amendment to Water Enterprise Lease Agreement, the Indenture, the Escrow Agreement, the Bond Purchase Contract and the Preliminary Official Statement and the Final Official Statement, and for such purpose has, with the aid of its staff, reviewed such documents, including such review of the Official Statement as is necessary to assure proper disclosure of all material facts relating to the Bonds that are within the personal knowledge of the respective Directors of the Board and the staff;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SANTA FE SPRINGS WATER UTILITY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Authority hereby approves the issuance of the Bonds in the aggregate principal amount of not to exceed $7,500,000.

Section 2. The Authority hereby approves the Indenture in substantially the form filed with the Secretary. The Chairperson, the Vice Chairperson, the Executive Director and the Treasurer (each, a "Authorized Officer"), are hereby authorized to execute the Indenture in substantially the form filed with the Secretary, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Authority hereby approves the First Amendment to Water Enterprise Lease Agreement, in substantially the form filed with the Secretary. Any Authorized Officer is hereby authorized to execute the Third Amendment to Lease in substantially the form filed with the Secretary, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The Authority hereby approves the Escrow Agreement, in substantially the form filed with the Secretary. Any Authorized Officer is hereby authorized to execute the

Escrow Agreement in substantially the form filed with the Secretary, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Authority hereby approves the Preliminary Official Statement relating to the Bonds, substantially in the form filed with the Secretary, with such revisions, amendments and completions as may be approved by a Authorized Officer with the advice of Disclosure Counsel, in order to make the Preliminary Official Statement substantially final as of its date, except for the omission of certain information, as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations ("Rule 15c2-12"), and any certificate relating to the finality of the Official Statement under Rule 15c2-12. Any Authorized Officer is authorized and directed to execute and deliver a final Official Statement and amendments and updates thereto, as appropriate, in substantially the form hereby approved, with such additions and changes as may be approved by Disclosure Counsel and the Authorized Officer executing the same, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Authority hereby approves the Bond Purchase Contract providing for the sale of the Bonds to the Underwriter, in substantially the form filed with the Secretary. Any Authorized Officer is hereby authorized to execute the Bond Purchase Contract, in substantially the form filed with the Secretary, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof, provided that, the Bond Purchase Contract shall provide for (i) a true interest cost on the Bonds not greater than 4.75% and, (ii) an Underwriter's discount on the Bonds not greater than 1%.

Section 7. The law firm of Jones Hall, A Professional Law Corporation, San Francisco, California, is hereby appointed as Bond Counsel, and as Disclosure Counsel with respect to the proceedings for the issuance of the Bonds, compensation and expenses for the foregoing services to be as provided in agreements on file with the Secretary or as approved by the Executive Director or Treasurer upon delivery of the Bonds.

Section 8. The Chairperson, the Vice Chairperson, the Executive Director, the Treasurer, the Secretary, the City Attorney, as legal counsel to the Authority, and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including the publication of any notices necessary or desirable in connection with the sale of the Bonds, and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, deem necessary or advisable in order to consummate the lawful issuance sale and delivery of the Bonds, the refunding of the 2003 Bonds and the consummation of the transactions as described herein.

Section 9. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

PASSED, APPROVED AND ADOPTED this 11th day of April, 2013, at an adjourned regular meeting of the Board of Directors by the following vote:

AYES:

NOES:

_____
Chairperson

ATTEST:

_____
Secretary

City of Santa Fe Springs

Water Utility Authority

April 11, 2013

NEW BUSINESS

Approval of Amendment No. 7 with Central Basin Municipal Water District

RECOMMENDATION

That the Water Utility Authority take the following actions:

1. Approve Amendment No. 7 to Memorandum of Understanding (MOU) with Central Basin Municipal Water District; and

2. Authorize the City Manager to execute Amendment No. 7 with the Central Basin Municipal Water District which extends the MOU until December 31, 2013.

BACKGROUND

The Water Quality Protection Plan (WQPP) began operations in December 2004. The facilities are owned by Central Basin Municipal Water District (Central Basin) and in 2004 operated under contract by the Whittier Utility Authority (WUA). The purpose of the WQPP is to safeguard the Central Groundwater Basin from contaminants migrating from the Upper San Gabriel Basin by acting as a second line of defense to the Whittier Narrows Operational Unit (WNOU).

WQPP facility construction and operations were envisioned to be funded entirely by the federal government via the Bureau of Reclamation for at least a period of ten years. Construction funding fell far short of what was needed and as a result, annual operations could only be funded for three years. In June of 2007, the City of Santa Fe Springs, the City of Pico Rivera, the City of Whittier, and Central Basin developed a MOU to re-commission the WQPP in operation.

The current agreement expired on January 1, 2013 as stated under Amendment No. 6. The WQPP has proven to be a cost- effective and reliable source of potable water since commencing operations in 2004.

FISCAL IMPACT

Potable water will be extracted as ground water consumption at an amount of $494.00 per metered acre-foot as compared to purchasing surface water from the Metropolitan Water District (MWD) at a rate of $967.00 per acre-foot. This amount is currently budgeted within the Water Fund.

INFRASTRUCTURE IMPACT

The WQPP provides a reliable and economical source of potable water for all customers within Zone I.

Thaddeus McCormack
City Manager

Report Submitted By: Noe Negrete, Director
Department of Public Works

Date of Report: April 5, 2013

Attachments:

1. Amendment No. 7
2. Memorandum of Understanding dated June 25, 2007
3. Amendment No. 6 dated July 1, 2012

Report Submitted By: Don Jensen, Director
Department of Public Works

Date of Report: April 5, 2013

Amendment No. 7
to
Memorandum of Understanding (MOU)
Among
the Central Basin Municipal Water District, City of Whittier, City of Pico Rivera, and City of Santa Fe Springs
Regarding the Re-Commissioning of the Water Quality Protection Plan

Effective July 1, 2010, the Central Basin Municipal Water District (hereinafter "CBMWD"), City of Whittier (hereinafter "Whittier"), City of Pico Rivera (hereinafter "Pico Rivera"), and City of Santa Fe Springs (hereinafter "Santa Fe Springs") hereby agree as follows:

Purpose

CBMWD, Whittier, Pico Rivera, and Santa Fe Springs retain to re-commission the Water Quality Protection Plan (hereinafter "WQPP") under Obligations as described under Memorandum of Understanding (MOU) dated June 25, 2007 herein called "Original MOU". The purpose of this Amendment is to modify the "Original MOU", Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No.4, Amendment No.5 and Amendment No. 6 to reflect an extended term.

Amended Term

Obligation No. 1 of the "Original MOU" shall be amended to read as follows:

1. CBMWD, Whittier, Pico Rivera and Santa Fe Springs agree that the term of this MOU will be extended on a month to month basis for a period not to exceed twelve (12) months or December 31, 2013.

[SIGNATURES ON THE FOLLOWING PAGE]

In Witness Whereof, the parties hereto have caused this MOU to be executed the date first written above.

CITY OF PICO RIVERA

_____

City Manager

CITY OF SANTA FE SPRINGS

_____

City Manager

CITY OF WHITTIER

_____

City Manager

CENTRAL BASIN MUNICIPAL WATER DISTRICT

_____

David Hill, Chief Operating Officer

Memorandum of Understanding (MOU)
Among
the Central Basin Municipal Water District, City of Whittier, City of Pico Rivera, and City of Santa Fe Springs
Regarding the Re-Commissioning of the Water Quality Protection Plan

As of June 25, 2007, the Central Basin Municipal Water District (hereinafter "CBMWD"), City of Whittier (hereinafter "Whittier"), City of Pico Rivera (hereinafter "Pico Rivera"), and City of Santa Fe Springs (hereinafter "Santa Fe Springs") hereby agree as follows:

Purpose:

CBMWD, Whittier, Pico Rivera, and Santa Fe Springs desire to re-commission the Water Quality Protection Plan (hereinafter "WQPP") under Obligations as described below.

Definitions:

BANKED WATER shall mean the positive difference between the amount of WQPP water provided to Whittier and the combined amount of water transferred to Pico Rivera and Santa Fe Springs as part of the WQPP Project.

DEFICIT WATER shall mean the negative difference between the amount of WQPP water provided to Whittier and the combined amount of water transferred to Pico Rivera and Santa Fe Springs as part of the WQPP Project.

Obligations:

1) CBMWD, Whittier, Pico Rivera and Santa Fe Springs agree that the term of this MOU will be three (3) months, with said term commencing on the day the WQPP begins to provide water suitable for public consumption and concluding 90 calendar days thereafter or on September 30, 2007, whichever date is later;

2) CBMWD and Whittier agree to amend terms within the provisions of Agreement No. C 1167 "Central Basin Water Quality Protection Plan" dated January 1, 2002 to be consistent with the Obligations described herein this MOU;

3) CBMWD and Pico Rivera agree to amend terms within the provisions of Agreement No. C 1180 "Central Basin Water Quality Protection Plan" dated December 17, 2001 to be consistent with the Obligations described herein this MOU;

4) CBMWD and Santa Fe Springs agree to amend terms within the provisions of Agreement No. C 1168 "Central Basin Water Quality Protection Plan" dated November 20, 2001 to be consistent with the Obligations described herein this MOU;

5) CBMWD will make all reasonable efforts to operate WQPP to deliver a "target effluent flow rate" of 2,900 gpm (measured as an average over a 24-hour, 7-day a week basis). CBMWD will change this "target effluent flow rate" only 1) upon the written request (electronic mail is sufficient) by either Santa Fe Springs or Pico Rivera or 2) if CBMWD or Whittier deems it necessary for operational

reasons. CBMWD, Whittier, Pico Rivera, and Santa Fe Springs acknowledge that due to the nature of operating a water system, there will be some variance between the "target effluent flow rate" and the actual effluent flow rate;

6) Whittier desires to purchase no WQPP water during the term of this MOU, but will purchase up to 4 acre-feet, if needed, in order to balance water quantities as a result of the transfer of BANKED WATER or DEFICIT WATER as described herein. CBMWD, Whittier, Pico Rivera, and Santa Fe Springs acknowledge that there will be BANKED WATER or DEFICIT WATER, but never both simultaneously;

7) In the event that there is BANKED WATER at the end of this MOU, Santa Fe Springs and Pico Rivera will each take and pay for half of the BANKED WATER. CBMWD, Whittier, Pico Rivera, and Santa Fe Springs acknowledge that it is not practical to transfer the exact amount of water. As a result, Whittier will purchase up to 4 acre-feet of water, if needed, in order to balance water quantities;

8) In the event that there is DEFICIT WATER at the end of this MOU, CBMWD will deposit additional WQPP water in an amount equal to or up to 4 acre-feet above the quantity of DEFICIT WATER. Alternatively, Whittier at its sole discretion and at no cost to CBMWD, Santa Fe Springs, or Pico Rivera may decline taking the additional WQPP water and cover the DEFICIT WATER out of Whittier's water supply;

9) Whittier, Pico Rivera, and Santa Fe Springs will pay to CBMWD $250 per acre-foot for WQPP water;

10) Based on an estimated total of 1125 acre-feet of WQPP water to be provided by CBMWD, Santa Fe Springs and Pico Rivera agree to "take or pay" WQPP water in the amount of 425 acre-feet per 90 days and 700 acre-feet during the 90-day term of this MOU, respectively. If the actual term of this MOU is greater or less than 90 days, the "take or pay" amount of water will be proportionally adjusted. Santa Fe Springs and Pico Rivera acknowledge that the "take or pay" amounts of water is a significant factor in keeping the CBMWD's WQPP operational costs at a reasonable enough level such that CBMWD is able to sell WQPP water at $250 per acre-foot;

11) CBMWD, Whittier, Pico Rivera, and Santa Fe Springs acknowledge that Whittier is not committing to any "take or pay" amount of WQPP water as Whittier has elected to rely on other sources of water to supply its system. Whittier further acknowledges that this non-commitment to a "take or pay" amount of WQPP water does not relieve Whittier of the obligation to purchase up to 4 acre-feet to balance water quantities related to BANKED WATER or DEFICIT WATER as described herein this MOU;

12) The water that is flushed to waste in the process to start-up WQPP, which CBMWD has estimated to be 200 acre-feet, will be charged against the water rights of Pico Rivera and Santa Fe Springs in the amount of 50% and 50%, respectively, of the actual quantity of water that is flushed to waste in the start-up process. CBMWD will reimburse, at cost, to Pico Rivera and Santa Fe Springs the Replenishment Assessment incurred by Pico Rivera and Santa Fe Springs in

amounts equivalent to the actual quantity of water that is flushed to waste in the start-up process. The reimbursement will be based on the WRD Replenishment Assessment rate in effect at that time and shall be in the form of a credit in the monthly water bill. The start-up process is expected to commence on or about June 25, 2007. CBMWD, Whittier, Pico Rivera and Santa Fe Springs acknowledge that no water rights will be charged against Whittier in said flush to waste start-up process;

13) On or about August 31, 2007, CBMWD, Whittier, Pico Rivera, and Santa Fe Springs will jointly assess status of WQPP to determine whether or not the facility stays in operation;

14) Whittier, Pico Rivera, and Santa Fe Springs agree to work with CBMWD to pursue additional grant funding for the operations of WQPP. At a minimum, the level of support shall be in the form of providing a Letter of Support. Any additional support beyond the said minimum is at the sole discretion of each individual city; and

15) CBMWD, Whittier, Pico Rivera, and Santa Fe Springs agree that by September 30, 2007, if there are no changes (i.e. budgetary constraints, no JPA, no new funding sources/partners), WQPP will be demolished according to USBR guidelines.

Except as provided herein, the provisions of Agreement Nos. 1167, 1180, and 1168 are affirmed.

SIGNATURES ON THE FOLLOWING PAGE

In witness whereof, the parties hereto have caused this MOU to be executed the date first written above.

CITY OF PICO RIVERA

_____ Date: _____
Chuck Fuentes, City Manager

CITY OF SANTA FE SPRINGS

F. W. Latham Date: 6/25/07
Fred Latham, City Manager

CITY OF WHITTIER

_____ Date: _____
Steve Helvey, City Manager

CENTRAL BASIN MUNICIPAL WATER DISTRICT

_____ Date: _____
Art Aguilar, General Manager

Amendment No. 6
to
Memorandum of Understanding (MOU)
Among
the Central Basin Municipal Water District, City of Whittier, City of Pico Rivera, and City of Santa Fe Springs
Regarding Continued Operation of the Water Quality Protection Plan

As of July 1, 2012, the Central Basin Municipal Water District (hereinafter "CBMWD"), City of Whittier (hereinafter "Whittier"), City of Pico Rivera (hereinafter "Pico Rivera"), and City of Santa Fe Springs (hereinafter "Santa Fe Springs") hereby agree to the obligations set forth in this Memorandum of Understanding.

Purpose:

CBMWD, Whittier, Pico Rivera, and Santa Fe Springs (jointly referred to as "Parties", and individually as "Party") desire to continue operation of the Water Quality Protection Plan (hereinafter "WQPP") under Obligations as described below.

Definitions:

BANKED WATER shall mean the positive difference between the amount of WQPP water provided to Whittier and the combined amount of water transferred Santa Fe Springs as part of the WQPP Project.

DEFICIT WATER shall mean the negative difference between the amount of WQPP water provided to Whittier and the combined amount of water transferred to Santa Fe Springs as part of the WQPP Project.

Obligations:

1) CBMWD, Whittier, Pico Rivera and Santa Fe Springs agree that the term of this MOU will be for six (6) months.

2) CBMWD and Whittier agree to amend the provisions of Agreement No. C 1167 "Central Basin Water Quality Protection Plan", dated January 1, 2002, to be consistent with the Obligations described in this MOU, and agree that the term of Agreement No. C 1167 will be extended for six months.

3) CBMWD and Pico Rivera agree to amend the provisions of Agreement No. C 1180 "Central Basin Water Quality Protection Plan", dated December 17, 2001, to be consistent with the Obligations described in this MOU, and agree that the term of Agreement No. C 1180 will be extended for six months.

4) CBMWD and Santa Fe Springs agree to amend the provisions of Agreement No. C 1168 "Central Basin Water Quality Protection Plan", dated November 20, 2001, to be consistent with the Obligations described in this MOU, and agree that the term of Agreement No. C 1168 will be extended for six months.

5) CBMWD will make all reasonable efforts to operate WQPP to deliver a "target effluent flow rate" of 2,900 gpm (measured as an average over a 24-hour, 7-day

a week basis). CBMWD will change this "target effluent flow rate" only: 1) upon the written request (electronic mail is sufficient) by Santa Fe Springs; or 2) if CBMWD, Pico Rivera, Santa Fe Springs or Whittier deems it necessary for operational reasons. CBMWD, Whittier, Pico Rivera, and Santa Fe Springs acknowledge that due to the nature of operating a water system, there will be some variance between the "target effluent flow rate" and the actual effluent flow rate.

6) Whittier and Pico Rivera have no desire to purchase WQPP water during the term of this MOU. Whittier will, however, purchase up to 4 acre-feet, if needed, in order to balance water quantities as a result of the transfer of BANKED WATER or DEFICIT WATER as described herein. CBMWD, Whittier, Pico Rivera, and Santa Fe Springs acknowledge that there will be BANKED WATER or DEFICIT WATER, but never both simultaneously.

7) In the event that there is BANKED WATER at the end of this MOU, Santa Fe Springs will take and pay for the BANKED WATER. CBMWD, Whittier, Pico Rivera, and Santa Fe Springs acknowledge that it is not practical to transfer the exact amount of water. As a result, Whittier will purchase up to 4 acre-feet of water, if needed, in order to balance water quantities.

8) In the event that there is DEFICIT WATER at the end of this MOU, CBMWD will deposit additional WQPP water in an amount equal to or up to 4 acre-feet above the quantity of DEFICIT WATER. Alternatively, Whittier, at its sole discretion, and at no cost to CBMWD, Santa Fe Springs, or Pico Rivera, may decline taking the additional WQPP water and cover the DEFICIT WATER out of Whittier's water supply.

9) Santa Fe Springs will pay to CBMWD $250 per acre-foot for WQPP water. Whittier, Santa Fe Springs and Pico Rivera acknowledge that CBMWD will utilize funding from the WQPP reserve account, which is held by CBMWD, to subsidize the cost of each AF of water down to $250 per AF for the 180-day term of this MOU. Any subsidy of Santa Fe Springs's WQPP water that is paid out of the WQPP reserve account shall be paid only out of Santa Fe Springs's share of the WQPP reserve account and shall not, in any amount, decrease Pico Rivera's or Whittier's share of funds in the WQPP reserve account. Pico Rivera's and Whittier's share of funds in the WQPP reserve account shall not be applied towards the subsidy of Santa Fe Spring's WQPP water costs.

10) Based on an estimated total of 1,000 acre-feet of WQPP water to be provided by CBMWD, Santa Fe Springs agrees to "take or pay" WQPP water in the amount of not less than 475 acre-feet per 90 days during the 180-day term of this MOU and not more than 500 AF. If the actual term of this MOU is greater or less than 180 days, the "take or pay" amount of water will be proportionally adjusted. Santa Fe Springs acknowledges that the "take or pay" amount of water is a significant factor in keeping CBMWD's WQPP operational costs at a reasonable enough level such that CBMWD is able to sell WQPP water at $250 per acre-foot.

11) CBMWD, Whittier, Pico Rivera, and Santa Fe Springs acknowledge that Whittier and Pico Rivera are not committing to any "take or pay" amount of WQPP water, as Whittier and Pico Rivera have elected to rely on other sources of water to

supply their systems. Whittier further acknowledges that this non-commitment to a "take or pay" amount of WQPP water does not relieve Whittier of the obligation to purchase up to 4 acre-feet to balance water quantities related to BANKED WATER or DEFICIT WATER as described herein this MOU.

12) On or about November 1, 2012, CBMWD, Whittier, Pico Rivera, and Santa Fe Springs will jointly assess status of WQPP to determine whether or not the facility stays in operation.

13) Whittier, Pico Rivera, and Santa Fe Springs agree to work with CBMWD to pursue additional grant funding for the operations of WQPP. At a minimum, the level of support shall be in the form of providing a Letter of Support. Any additional support beyond the said minimum is at the sole discretion of each individual city.

Additional Provisions

1. Indemnification. To the full extent permitted by law, each Party shall indemnify, defend and hold harmless the other Parties against any and all claims, demands, lawsuits, causes of action, losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from or arising out of the indemnifying Party's performance of this MOU. Each Party shall not, however, be obligated to indemnify or defend any other Party for claims, demands, lawsuits, causes of action, losses, costs, or expenses arising (in whole or in part) due to the negligence or willful misconduct of the other Party.

2. Severability. If any part of this MOU is found to be null and void, or is otherwise stricken, the rest of this MOU shall remain in force.

3. Notice. All notices, demands, consents and other communications required in the performance of the Parties' obligations in this MOU shall be in writing and shall be deemed properly given and received when actually given and received or three business days after mailing, if sent by registered or certified mail, postage prepaid, addressed to the party to receive the notice at the following addresses:

To Pico Rivera:	Art Cervantes, Director of Public Works City of Pico Rivera PO Box 1016 Pico Rivera, CA 90660
To Whittier:	Dan Wall, Assistant Director of Public Works City of Whittier 13230 East Penn Street Whittier, CA 90602
To Santa Fe Springs:	Noe Negrete, Director of Public Works City of Santa Fe Springs 11710 Telegraph Road Santa Fe Springs, CA 90670

To Central Basin Municipal Water District:

David Hill, Manager of Water Resources & Planning
Central Basin Municipal Water District
6252 Telegraph Road
Commerce, CA 90040,

4. Governing Law. This MOU shall be governed and construed in accordance with the laws of the State of California.

5. No Third Party Beneficiaries. The rights, interests, duties and obligations defined within this MOU are intended for the specific Parties hereto as identified in the preamble of this MOU. Notwithstanding anything stated to the contrary in this MOU, it is not intended that any rights or interests in this MOU benefit or flow to the interest of any third parties.

6. Compliance with Laws. In providing the services required under this MOU, the Parties shall at all times comply with all applicable laws, including, but not limited, the law of the United States and the State of California.

7. Governing Law. This MOU shall be construed in accordance with and governed by the laws of the State of California. In the event of litigation between the Parties, venue in state trial courts shall lie exclusively in the County of Los Angeles. In the event of litigation in a U.S. District Court, exclusive venue shall lie in the Central District of California.

8. Severability. If any provision of this MOU is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provision(s) nevertheless will continue in full force and effect without being impaired or invalidated in any way.

9. Nonwaiver of Terms, Rights and Remedies. Waiver by either Party of any conditions of performance shall not be a waiver of any other condition of performance.

10. Headings. Paragraph headings are only for convenience and shall not be used to construe meaning or intent.

11. Entire Agreement; Modifications. This MOU shall constitute the entire agreement by the Parties, and supersedes all prior proposals, agreements, and understandings between the Parties and may not be modified or terminated orally. No attempted waiver of any of the provisions herein, nor any change, amendment or modification to this MOU shall be effective unless made in writing and signed by both Parties.

Except as provided herein, the provisions of Agreements C1167, C1180, and C1168 are affirmed.

[SIGNATURES ON THE FOLLOWING PAGE]

In witness whereof, the parties hereto have caused this MOU to be executed on the date first written above.

CITY OF PICO RIVERA

Ronald Bates, City Manager

CITY OF SANTA FE SPRINGS

Thaddeus McCormack, City Manager

CITY OF WHITTIER

Jeffrey W. Collier, City Manager

CENTRAL BASIN MUNICIPAL WATER DISTRICT

Art Aguilar, General Manager

In witness whereof, the parties hereto have caused this MOU to be executed on the date first written above.

CITY OF PICO RIVERA

_____

Ronald Bates, City Manager

CITY OF SANTA FE SPRINGS

_____

Thaddeus McCormack, City Manager

CITY OF WHITTIER

_____

Jeffrey W. Collier, City Manager

CENTRAL BASIN MUNICIPAL WATER DISTRICT

_____

Art Aguilar, General Manager

In witness whereof, the parties hereto have caused this MOU to be executed on the date first written above.

CITY OF PICO RIVERA

Ronald Bates, City Manager

CITY OF SANTA FE SPRINGS

Thaddeus McCormack, City Manager

CITY OF WHITTIER

Jeffery Collier, City Manager

CENTRAL BASIN MUNICIPAL WATER DISTRICT

Art Aguilar, General Manager

See Item 3A

8A

MINUTES OF THE ADJOURNED MEETING OF THE SANTA FE SPRINGS CITY COUNCIL

MARCH 12, 2013

1. CALL TO ORDER
Mayor Moore called the meeting to order at 5:44 p.m.

2. ROLL CALL
Present: Councilmembers Rios and Rounds, Mayor Pro Tem Trujillo, Mayor Moore
Excused: Councilmember González
Also present: Thaddeus McCormack, City Manager/City Clerk; Jose Gomez, Assistant City Manager/Director of Finance; Wayne Morrell, Director of Planning; Noe Negrete, Director of Public Works; Dino Torres, Director of Police Services; Maricela Balderas, Director of Community Services; and Mike Crook, Fire Chief

3. INVOCATION
Councilmember Rounds gave the Invocation.

4. PLEDGE OF ALLEGIANCE
Mayor Pro Tem Trujillo led the Pledge of Allegiance.

5. FY 2011-12 CAFR Overview and Discussion
Recommendation: That the City Council receive and file the information provided.

Jose Gomez gave a presentation of the Comprehensive Annual Financial Report (CAFR).

6. ORAL COMMUNICATIONS
There being no one in the audience, Oral Communications were not held.

7. ADJOURNMENT
Mayor Moore adjourned the meeting at 7:26 p.m.

_____
Richard J. Moore, Mayor

ATTEST:

_____
Anita Jimenez, CMC
Deputy City Clerk

_____
Date

IDA

MINUTES OF THE REGULAR MEETINGS OF THE SANTA FE SPRINGS HOUSING SUCCESSOR, SUCCESSOR AGENCY AND CITY COUNCIL

March 14, 2013

1. CALL TO ORDER

Mayor Moore called the meetings to order at 6:09 p.m.

2. ROLL CALL

Present: Councilmembers González, Rios, Rounds, Mayor Moore

Mayor Pro Tem Trujillo arrived at 6:14 p.m.

Also Present: Thaddeus McCormack, City Manager; Steve Skolnik, City Attorney; Jose Gomez, Assistant City Manager/Director of Finance; Maricela Balderas, Director of Community Services; Mike Crook, Fire Chief; Noe Negrete, Director of Public Works; Wayne Morrell, Director of Planning; Dino Torres, Director of Police Services

3. PRESENTATION

Valley View Avenue Grade Separation Project – Status Update

Noe Negrete reported on the various work stages of the detour and "shoofly" during the 81 hour closure, which began February 21 and completed on February 25, 2013. The first train on the new bridge is anticipated to be scheduled on November 21, 2013, and completion of the structure is October 21, 2014. Also, Phases 1 and 2 are now completed and 85% of all utilities are completed. A total of $837,680 in approved Change Orders was reported. Progress Payments totaling $10,998,451 have been paid to date. Work anticipated for next quarter includes shoring, install drilled piles, construction of retaining walls, and property walls.

Mr. Negrete extended his gratitude to the Whittier Police Department and the La Mirada Police for their coordination of traffic. Councilmember González shared that Councilmember Mueller of the City of La Mirada commended staff and how well the project is progressing.

CITY COUNCIL

4. CITY MANAGER REPORT

The Los Angeles County Board of Supervisors on Tuesday, voted to defer the Clean Beaches/Clean Water parcel tax. Instruction was given to County Public Works to make changes to the Measure and bring back suggestions. It will not go to a Prop 218 vote, but an actual vote of the electorate in 2014. Noe Negrete will be asked to give an update at the next City Council meeting on the MS Storm Water permit and the financial obligation it would entail. Colleagues are working for a regional effort for cost efficiency. Also, Gateway Area City Managers are attempting to coordinate a meeting with

10B

Supervisor Knabe and his staff to discuss alternate funding sources and how to get the Regional Water Quality Control Board to be more rational in its regulatory measures that will eventually impact cities.

Councilmember González commented that this is a pro-business city. The City needs to continue to advocate on their behalf and also must be cost-efficient.

5. CONSENT AGENDA

Approval of Minutes

A. Minutes of the February 14, 2013 Regular City Council Meeting
Recommendation: That the City Council approve the minutes as submitted.

B. Minutes of the March 5, 2013 Adjourned City Council Meeting
Recommendation: That the City Council approve the minutes as submitted.

Mayor Pro-Tem Trujillo moved the approval of Item 5A and B; Councilmember Rounds seconded the motion, which passed unanimously. Councilmember Rios abstained from voting.

NEW BUSINESS

6. Presentation and Consideration of the city's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2012

Recommendation: That the City Council receive and file the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2012.

Mayor Pro Tem Trujillo moved the approval of Item 6; Councilmember Rounds seconded the motion, which passed unanimously.

7. Presentation of Fiscal Year 2010-11 Certificate of Achievement for Excellence in Financial Reporting (CAFR Award) to the City Council

Recommendation: The Mayor may wish to call upon Jose Gomez, Assistant City Manager/Director of Finance, to assist with the presentation of the award to the City Council.

Jose Gomez announced that the City is recipient of the Government CAFR Award for the prior fiscal year. Mr. Gomez called upon Kathy Lai, audit partner with the firm of Macias, Gini & O'Connell LLP, on behalf of Linda Hurley to make the presentation.

The City submits to the Government Finance Officer's Association (GFOA) for consideration the certificate of achievement for excellence in financial reporting. CAFR includes three primary sections, introduction section, financial section, and a statistical section. Local governments are only required to complete the financial section. GFOA has developed criteria in preparing the additional sections that go above the minimum

reporting requirements. The City of Santa Fe Springs has deemed it of great importance to complete all three sections as an act of transparency and full disclosure to the public.

Ms. Lai presented the 2011 GFOA Certificate of Achievement for Excellence in Financial Reporting to the City Council, Jose Gomez, and Travis Hickey.

Councilmember González moved the approval of Item 7; and Councilmember Rounds seconded the motion, which carried unanimously.

8. Retrospective Deposit Payment to the California Joint Powers Insurance Authority (CJPIA)

Recommendation: That the City Council appropriate funds from the General Fund reserves to the Fiscal Year 2012-13 budget for the payment of $742,281 in Retrospective Deposits to the California JPIA and authorize the City Manager to take any action necessary.

Jose Gomez gave a summary. This is a one-time payment and is an accumulative total of several years. Annual contribution is approximately $1.4 million for liability and workers' compensation per year. An update will be given in about two years.

City Manager Thaddeus McCormack commented that payments are based on size of payroll and five-year record of experience. Moving forward the City will adjust accordingly.

Councilmember González inquired if Mr. Gomez is stilled involved in the JPIA. As Treasurer of the Finance Officers Committee, Mr. Gomez advocates on behalf of the city and other city members. The Advisory Board addresses issues affecting members and make recommendations to the Executive Board.

Councilmember Rounds moved the approval of Item 8; Mayor Pro Tem Trujillo seconded the motion, which passed unanimously.

9. Approval to Amend the Beautification Committee Bylaws

Recommendation: That the City Council approve an amendment to the Beautification Committee Bylaws to define Committee quorum as being 50% + 1 of active membership.

Mayor Pro-Tem Trujillo moved the approval of Item 9; Councilmember Rios seconded the motion, which passed unanimously.

10. Resolution No. 9405 – Request for Revision of Parking Restriction on Placita Place and Navojoa Place West of Pioneer Boulevard

Recommendation: That the City Council adopt Resolution No. 9405, which would limit the parking of vehicles to 10 minutes between 6:30 a.m. and 6:00 p.m. Mondays thru Fridays along the north side of Placita Place and the south side of Navojoa Place from Pioneer Boulevard to a point 300 feet west of Pioneer Boulevard.

Councilmember González moved the approval on Item 10, Item 11, and Item 12. City Council unanimously agreed to the motion and passed unanimously.

11. Clarke Estate Enhancement Project: Synthetic Turf (10211 Pioneer Boulevard) – Final Progress Payment

Recommendation: That the City Council approve the Final Progress Payment (less 5% Retention) to Asphalt, Fabric & Engineering, Inc. of signal Hill, California, in the amount of $65,341.62 for the subject project.

SEE ITEM NO. 10

12. Alcohol Sales Conditional Use Permit Case No. 57

Recommendation: That the City Council approve Alcohol Sales Conditional Use Permit (ASCUP) Case No. 57 subject to the conditions of approval contained within this report and with a compliance review in one (1) year, by March 11, 2014, to ensure that the use is operating in strict compliance with the conditions of approval.

SEE ITEM NO. 10

The Mayor recessed the meetings at 6:40 p.m.

Mayor Moore reconvened the meetings at 7:06 p.m.

13. INVOCATION
Councilmember Rios gave the Invocation.

14. PLEDGE OF ALLEGIANCE
The pledge was led by the Youth Leadership Committee.

INTRODUCTIONS

15. Representatives from the Youth Leadership Committee
Members of the Youth Leadership Committee introduced themselves.
Chair Wendy Pasillas, Vice-Chair Secretary Gaby Rodriguez, Secretary Ariana Gonzalez, Marissa Gonzalez, and Andrea Valencia.

16. Representatives from the Chamber of Commerce

Curtis Mello of HERAEUS Metals

17. ANNOUNCEMENTS

Maricela Balderas announced that the Library will be featuring Sandy Lynn's Extravaganza and Petting Zoo on Thursday, April 4, 2013, from 3:30-4:30 p.m. This is a free program for children and families. Also, Spring Day Camp at Little Lake Park for ages 5-11 years old will be held on Monday, April 5, from 9:00 a.m. – 3:00 p.m. Children must bring a sack lunch. For more information contact the Parks & Recreation Division.

PRESENTATIONS

18. Presentation to Julian and Kevin Pacheco for Achievement of Eagle Scout Rank

Mayor Moore called upon Lourdes Aragon, Assistant Scout Leader, to introduce the recipients of Eagle rank.

19. Proclaiming the Week of March 18, 2013 as "Diversity Week" in Commemoration of the 2013 Diversity Summit Program and to Honor the Rich Cultural Diversity within Santa Fe Springs

Mayor Moore called upon Rick Brown who gave an overview of the Diversity Summit Program. The Program promotes greater understanding and tolerance of social, cultural, ethnic, religious, and gender differences found in our community and local schools. This year's program will feature speaker Keith Hawkins of Real Inspirations, Inc. who will engage local area middle and high school students at several assemblies as follows:

Tuesday, March 19. 2013
Santa Fe High School Assembly at 8:00 a.m. and 10 a.m.
Betty Wilson Center Workshop at 12:00 - 2:30 p.m.

Wednesday, March 20, 2013
St. Paul High School Assembly at 8:00 a.m.
Santa Fe Christian School Sanctuary Assembly for student body and 6th grade students from Lakeview Middle School at 10:00 a.m.;
Betty Wilson Center Workshop following involving the middle school age students.

Other upcoming diversity programs include: National Chavez Center for the Day of Service in Tehachapi on April 3, 2013. The City Council is invited to attend; Museum of Tolerance on May 20 – 24, 2013. All Santa Fe Springs 10th grade students will participate as part of their curriculum related to the Holocaust.

Rick Brown acknowledged Vice-Principal Griselda Castro of Santa Fe High School; Dr. William Crean, Principal, Lake Center Middle School; Roberta Argott, Public Relations Coordinator, St. Paul High School; and Tammy Hill, Teacher, Santa Fe Springs Christian School.

APPPOINTMENTS TO BOARDS, COMMITTEES, COMMISSIONS

20. Committee Appointments

Councilmember Rios appointed Precious Ramirez to the Youth Leadership Committee. Councilmember Rounds appointed Lawrence Ordaz to the Youth Leadership Committee. Mr. Moore appointed Manny Zevallos as liaison of the Planning Commission to the Heritage Arts Advisory Committee.

21. ORAL COMMUNICATIONS

Mayor Moore opened Oral Communications at 7:23 p.m.

There were no Oral Communications.

Mayor Moore closed Oral Communications at 7:24 p.m.

22. EXECUTIVE TEAM REPORTS

Noe Negrete commended the Fleet Department for restoring a baseball field trailer just in time for opening day, which was held last weekend. Staff spent $2,500.

Jose Gomez thanked the City Council for their acknowledgement. He reported that the latest audit is complete.

Mayor Pro Tem acknowledged David Zearbaugh for his assistance at the City Council meetings.

Councilmember Rios congratulated the Boy Scout Eagle Scout recipients for their achievements.

Future Agendas

Mayor Moore requested that Dino Torres, Director of Police Services give a presentation on the latest statistics report at the next meeting.

23. ADJOURNMENT

At 7:28 p.m., Mayor Moore adjourned the meetings to Tuesday, March 26 at 5:00 p.m.

See Item 3A

10C

ORDINANCE FOR PASSAGE

Ordinance No. 1042 – An ordinance of the City of Santa Fe Springs, amending Title 15 of the Code of Ordinances of City, "the Zoning Ordinance" of the City, by placing certain properties within the city into the R-3-PD, "Multi-Family Residential–Planned Development" Zone. The subject 2.67-acre site consists of three existing parcels located at 9830 Jersey Avenue (APN: 8005-002-059), 9841 Alburtis Avenue (APN: 8005-002-016) and 9851 Alburtis Avenue (APN: 8005-002-058). See attached aerial photograph. (Keana Development, LLC)

RECOMMENDATION

That the City Council waive further reading and adopt Ordinance No. 1042 adopting the proposed change of zone.

BACKGROUND

Ordinance No. 1042, passed its first reading at the March 26, 2013 City Council meeting. Below is the substance of the agenda report for the Proposed Ordinance, as it appeared at the City Council meeting of March 26, listed under New Business as "Zone Change Case No. 131/Ordinance No. 1042."

BACKGROUND

The Ordinance, if adopted would make certain changes to the change pertains to a proposed The subject site is made up of three (3) separate parcels measuring approximately 2.67 acres and is located east of Jersey Avenue, north of Telegraph Road, and west of Alburtis Avenue at 9830 Jersey Avenue and 9841-51 Alburtis Avenue (APNs: 8005-002-059, 8005-002-016, 8005-002-058), in the ML (Limited Manufacturing Administration and Research) Zone and within the Consolidated Redevelopment Project Area. The subject site is currently developed with six (6), one-story buildings (approximately 65,000 sq. ft.) consisting of eighteen (18) separate rentable units that are currently used for various light manufacturing/warehouse uses. It should be noted that all of the leases are now month-to-month tenancies.

The applicant, Keana Development LLC, is proposing to demolish the entire site and develop a new 50-unit residential condominium project. The site, however, currently does not have the zoning or the land use designation for residential development. The entire 2.67± acres is currently zoned ML, Limited Manufacturing Administration and Research, with a General Plan Land Use Map designation of "Business Park." The General Plan Guidelines published by the State Office of Planning and Research require all projects, actions or programs to be consistent with the General Plan; thus for residential development to occur, the zoning and land designation of the Project Area must be changed to allow for residential project on the subject site.

Report Submitted By: Cuong Nguyen
Planning and Development Department

Date of Report: April 4, 2013

As a result, the applicant is requesting approval to change the existing zoning designation from ML, Limited Manufacturing Administration and Research to R-3-PD, Multiple-Family Residential-Planned Development. Concurrent with the Zone Change request, the applicant is also requesting approval for a General Plan Amendment (GPA). It should be noted that a Conditional Use Permit (CUP) and a Vesting Tentative Tract Map (VTTM) have been approved by the Planning Commission and currently remain in effect, but is contingent upon your approval the subject Zone Change and aforementioned General Plan Amendment.

PREVIOUS ACTIONS BY PLANNING COMMISSION

On October 26, 2009, the Planning Commission held a Public Hearing on Zone Change Case No. 131, General Plan Amendment Case No. 23, Conditional Use Permit Case No. 694, Vesting Tentative Tract Map Case No. 070726, and also considered the related environmental documents (Initial Study/Mitigated Negative Declaration) (see attached Planning Commission staff reports).

Zone Change Case No. 131

A request for approval to change the zone designation for properties located at 9830 Jersey Avenue and 9841-51 Alburtis Avenue from "ML" (Limited Manufacturing Administration and Research) to "R-3-PD" (Multi-Family Residential – Planned Development).

Action taken:

10/26/2009 - Based on the facts presented to the Planning Commission, and any testimony during the public hearing, the Planning Commission unanimously recommended that the City Council approve Zone Change Case No. 131.

General Plan Amendment Case No. 23

A request for approval of a General Plan Amendment to change the General Plan land use designation for properties located at 9830 Jersey Avenue and 9841-51 Alburtis Avenue from "Business Park" to "Multi-Family Residential".

Action taken:

10/26/2009 - Based on the facts presented to the Planning Commission, and any testimony during the public hearing, the Planning Commission unanimously recommended that the City Council approve General Plan Amendment Case No. 23.

Conditional Use Permit Case No. 694

A request for approval of a Conditional Use Permit to allow the construction of a new 50-unit residential condominium project (approximately 107,384 sq. ft) with a pool, clubhouse (approximately 1,099 sq. ft.), parking (100 covered resident parking spaces

and 19 open guest parking stalls) on a 2.67± acre property located at 9830 Jersey Avenue and 9841-51 Alburtis Avenue.

Action(s) taken:
10/26/2009 - Based on the facts presented to the Planning Commission, and any testimony during the public hearing, the Planning Commission unanimously approved Conditional use Permit Case No. 694.

10/25/2010 – The Planning Commission approved a one-year time extension.

10/10/2011 - The Planning Commission approved a one-year time extension.

11/13/2012 - The Planning Commission approved a one-year time extension.

Vesting Tentative Tract Map Case No. 070726
A request for approval of a Vesting Tentative Tract Map to consolidate three existing parcels measuring approximately 2.67± acres into one parcel and create an airspace subdivision of 50 residential condominium units for 12 buildings

Action Taken:
10/26/2009 - Based on the facts presented to the Planning Commission, and any testimony during the public hearing, the Planning Commission unanimously approved Vesting Tentative Tract Map Case No. 070726. Although Tentative Maps are typically valid for only two (2) years, it should be noted that through the passage of SB 1185 (2008 – Lowenthal), AB 333 (2009 – Fuentes), and AB 208 (2011 – Fuentes), the expiration date for the subject map was affectively extended an additional 5 years until 10/26/2016.

PREVIOUS ACTIONS BY CITY COUNCIL
On November 9, 2009, the City Council held a Public Hearing on Zone Change Case No. 131 and General Plan Amendment Case No. 23. Following discussion by City Council and after hearing testimony from two current business owners from the site and two adjacent property owners, the council took action to continue the case to the November 24th meeting (see attached staff report and minutes from November 9, 2009 City Council meeting).

Following the meeting, a petition in opposition to the project was started by an existing tenant of the subject property. The petition was signed by 101 individuals and submitted to city staff (see petition signatures attached). Upon receipt of the petition, staff immediately informed the applicant of the oppositions to their project. As a result, the applicant requested that the case be taken off the City Council agenda so that they could resolve the dispute with their tenants. The case was not placed on the November 24th City Council agenda. In fact, the matter has been tabled until now due to the

challenging economic conditions, and more specifically a weak housing market, during these past few years.

Since 2009, the following has occurred:

- The applicant has converted all leases to month-to-month tenancies.
- The applicant has provided their tenants with advance notice of their intentions to move forward with the development project (see attached letter dated November 1, 2012 from applicant's property manager).
- As stated in their November 1st letter, the applicant has committed to doing the following:
  - Assist and guide the tenants in their re-location.
  - Provide tenants with financial assistance of 30-days to 90-days rent concession (based on length of tenancy).
  - Keep tenants well-informed and updated as the process moves forward.
- Staff re-noticed the public hearing. Although state law only requires that property owners are given legal notice of the public hearing; because of the known opposition towards this project, staff sent the public hearing notice to both property owners and tenants within 500 feet of the exterior boundaries of the property. The public hearing was also posted in Santa Fe Springs City Hall, the City Library and Town Center Hall on March 13, 2013.
- The public hearing notice was published in a newspaper of general circulation (Whittier Daily News) on March 15, 2013.

ZONING ORDINANCE REQUIREMENTS

Section 155.825 of the Zoning Regulations stipulates that, in considering any request for a change of zone, the City Council shall satisfy itself that the following conditions prevail before recommending that the change be granted:

1. That there is a real need in the community for more of the types of uses permitted by the zone requested than can be accommodated in the areas already zoned for such use.

2. That the property involved in the proposed change of zone is more suitable for the uses permitted in the proposed zone than for the uses permitted in the present zone classification.

3. That the proposed change of zone would not be detrimental in any way to persons or property in the surrounding area, nor to the community in general.

4. That the proposed change of zone will not adversely affect the master plan of the city.

FINDINGS

1. *That there is a real need in the community for more of the types of uses permitted by the zone requested than can be accommodated in the areas already zoned for such use.*

There is a need in the community for additional housing, particularly housing for single wage earners and first-time homebuyers. Santa Fe Springs is a predominantly industrial community, with most of its residential neighborhoods built out in the 1950's. Approximately ten percent of the City's 5,500 acres is zoned for residential uses, and virtually all of those areas are now fully developed.

The City is also expected to experience future growth in population and employment; thus necessitating the need for the additional dwelling units which would be permitted by the zone change request. Table 1 outlines The Southern California Association of Government, (SCAG), population, housing and employment forecast for the City.

Table 1

City of Santa Fe Springs

Population, Housing and Employment Forecast

Year	Population	Housing Units	Employment
2005	17,547	4,995	60,833
2010	18,263	5,201	64,732
2015	19,113	5,451	65,703
2020	19,949	5,702	66,617

Source: SCAG 2004 RTP Growth Forecast, website:

http://www.scag.ca.gov/forecast/downloads/excel/RTP07_CityLevel.xls

As seen in the table on the previous page, between 2005 and 2020, the population is projected to increase by 2,402 individuals, housing is projected to increase by 206 units, and employment is projected to increase by 3,900 jobs. With projected increase in population and employment, coupled with the residentially zoned areas of the City being fully developed, there is a definite need for additional residential development in the City. The 50 units associated with this project would be a welcomed contribution towards the anticipated housing needs.

2. *That the property involved in the proposed change of zone is more suitable for the uses permitted in the proposed zone than for the uses permitted in the present zone classification.*

Feasibility studies have been performed by potential developers/buyers to determine the type of development that would be most favorable for the site. The studies concluded that the highest and best use of the site is a multi-family residential development. A multi-family residential development would be compatible with the surrounding land uses. A multi-family residential development would provide a less intensive land use on the site. Given the close proximity of other single and multiple family units, a less intensive land use would be considered more desirable. Additionally, the infrastructure already exists to support a residential development. Moreover, the City's Housing Element has identified the need for additional residential housing based on the long term demand for residential development in the City.

3. *That the proposed change of zone would not be detrimental in any way to persons or property in the surrounding area, nor to the community in general.*

The proposed Zone Change would not be detrimental to persons or property in the surrounding area. In fact, the zone change and related project will result in the following benefits: (1) Encourage and promote owner-occupancy of homes; (2) Fulfill regional housing needs as identified by SCAG; (3) Address the housing shortage in the City by adding an additional 50 condominium units; (4) promote a job/housing balance by locating attractive housing in proximity to employment centers and to convenient freeway access; and (5) provide a project that incorporates high-quality landscaping and aesthetics, creating a more beautiful and livable neighborhood environment.

4. *That the proposed change of zone will not adversely affect the master plan of the city.*

The General Plan is the *master plan of the city*. The General Plan provides the overall direction for the future development of the City. It is a comprehensive planning document that addresses the many aspects of community life in the City of Santa Fe Springs. It is a long range plan in that it seeks to provide for the needs of the community into the future. The General Plan is also flexible enough to respond to the changing needs and concerns of those who live, work and frequent Santa Fe Springs.

The General Plan consists of seven mandatory elements, including: 1) Land Use; 2) Housing; 3) Open Space; 4) Conservation; 5) Safety; 6) Circulation and 7) Noise. There is no evidence to suggest that the proposed Zone Change will *adversely affect the master plan of the city.*

The following table (Table 2) illustrates how the proposed Change of Zone will be consistent with the goals and policies of the General Plan.

Table 2
General Plan Consistency Analysis

General Plan Element	*Policy*	**Project Consistency**
Land Use	**15.1** Encourage and promote owner-occupancy of homes.	**Consistent:** 50 new condominium units will be constructed.
	9.4 Encourage the grouping of adjoining small or odd shaped parcels in order to create more viable development.	**Consistent:** Three Assessor's Parcels (APNs: 8005-002-059, 8005-002-016 and 8005-002-058) will be combined to form the project site.
Housing	**2.3** Continue to provide for flexibility in the density and mix of land uses through the Planned Development overlay, and encourage the development of higher density, affordable housing in this zone.	**Consistent:** The proposed condominium project involves a zone change request to change the zone designation of the site from "ML" (Limited Manufacturing Administration and Research) to "R-3-PD" (Multi-Family Residential – Planned Development). The applicant is also planning to offer/designate a few units for affordable housing.
Open Space/ Conservation	**2.3** Promote the development of open space and recreational facilities within commercial, industrial, and residential developments.	**Consistent:** In addition to approx. 100 to 170 sq. ft. of private open space (patio/balcony), approx. 5,000 square feet of public open space (community area with clubhouse, pool and spa) will be provided throughout the development.
Safety	**5.3** Review all new developments with regards to urban fire risks.	**Consistent:** In addition to meeting current Fire Code regulations for the construction of the proposed buildings, the project has been designed to provide adequate emergency access throughout the site.
Circulation	**3.7** Minimize pedestrian and vehicular conflicts.	**Consistent:** Sidewalks setback from the curb face will be provided along both Jersey Avenue and Alburtis Avenue. In addition, on-site walkways will be placed away from proposed driveways.
Noise	**3.2** Continue to minimize the impacts of construction noise on adjacent land uses through limiting the permitted hours of activity.	**Consistent:** During construction, all construction activities will be consistent with the permitted hours established in the City's noise ordinance.

STAFF REMARKS

Based on the reasons enumerated in the proposed findings, Staff believes that Zone Change Case No. 131 satisfies the criteria for the subject change of zone request. Although the project had experienced some opposition when it was originally presented in November of 2009, staff believes the opposition was mainly due to the lack of communication between the applicant and their tenants. Staff believes the applicant's newfound commitment to keep their tenants well-informed, coupled with their promise to assist and guide tenants in their re-location, has helped changed the position of those tenants whom were previously opposed to the project. To date, staff has not received any inquiries, or more importantly, opposition to the subject proposal in response to the public hearing notices.

Thaddeus McCormack
City Manager

Attachments:
Aerial Photograph
Ordinance No. 1042

Report Submitted By: Cuong Nguyen
Planning and Development Department

Date of Report: April 4, 2013

AERIAL PHOTOGRAPH



NORTH

CITY OF SANTA FE SPRINGS

Jersey / Alburtis Condominium Development

Report Submitted By: Cuong Nguyen
Planning and Development Department

Date of Report: April 4, 2013

ORDINANCE NO. 1042

AN ORDINANCE OF THE CITY OF SANTA FE SPRINGS AMENDING TITLE 5 OF THE CODE OF ORDINANCES OF THE CITY, "THE ZONING ORDINANCE" OF THE CITY, BY PLACING CERTAIN PROPERTIES WITHIN THE CITY INTO THE R-3-PD, "MULTI-FAMILY RESIDENTIAL-PLANNED DEVELOPMENT" ZONE (ZONE CHANGE CASE NO. 131, FROM M-L TO R-3-PD ZONE).

THE CITY COUNCIL OF THE CITY OF SANTA FE SPRINGS DOES ORDAIN AS FOLLOWS:

Section 1. Attached hereto and, by this reference, made a part hereof, is a map entitled "Exhibit A – Summary of Changes." The property which is the subject of this Ordinance is shown on said map as currently being in the M-L, Limited Manufacturing, zone.

Section 2. Title 15 of the Code of Ordinances of the City of the City of Santa Fe Springs, which chapter is the Zoning Ordinance of the City, is amended by placing the property shown upon Exhibit A as being in the R-3-PD, Multi-Family Residential – Planned Development, zone.

Section 3. The City Clerk shall certify to the adoption of this Ordinance, and shall cause the same to be posted in at least three (3) public places in the City, such posting to be completed not later than fifteen (15) days after passage hereof.

PASSED and ADOPTED this 11th day of April, 2013 by the following roll call vote.

AYES:

NOES:

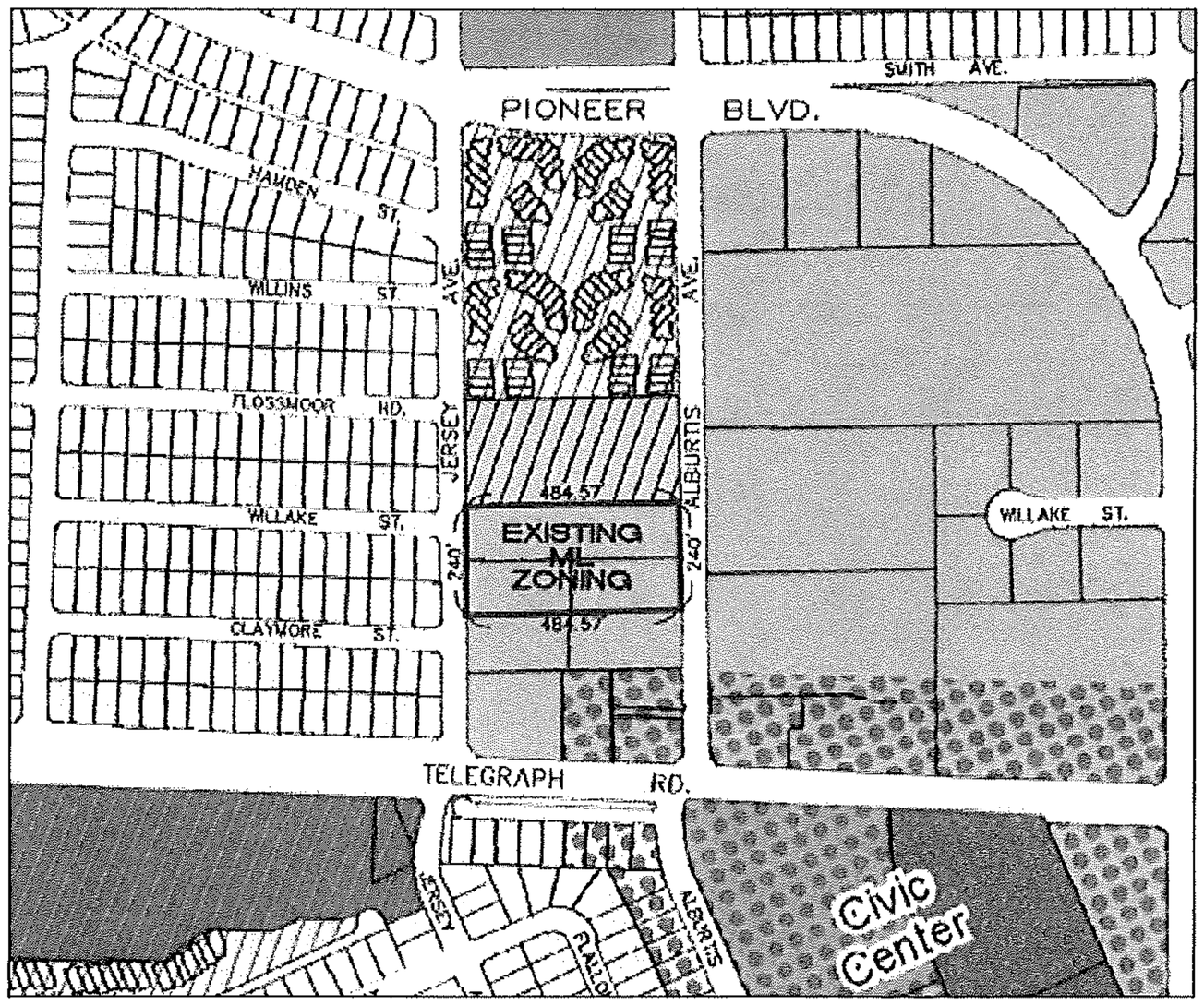
ABSENT:

_____
MAYOR

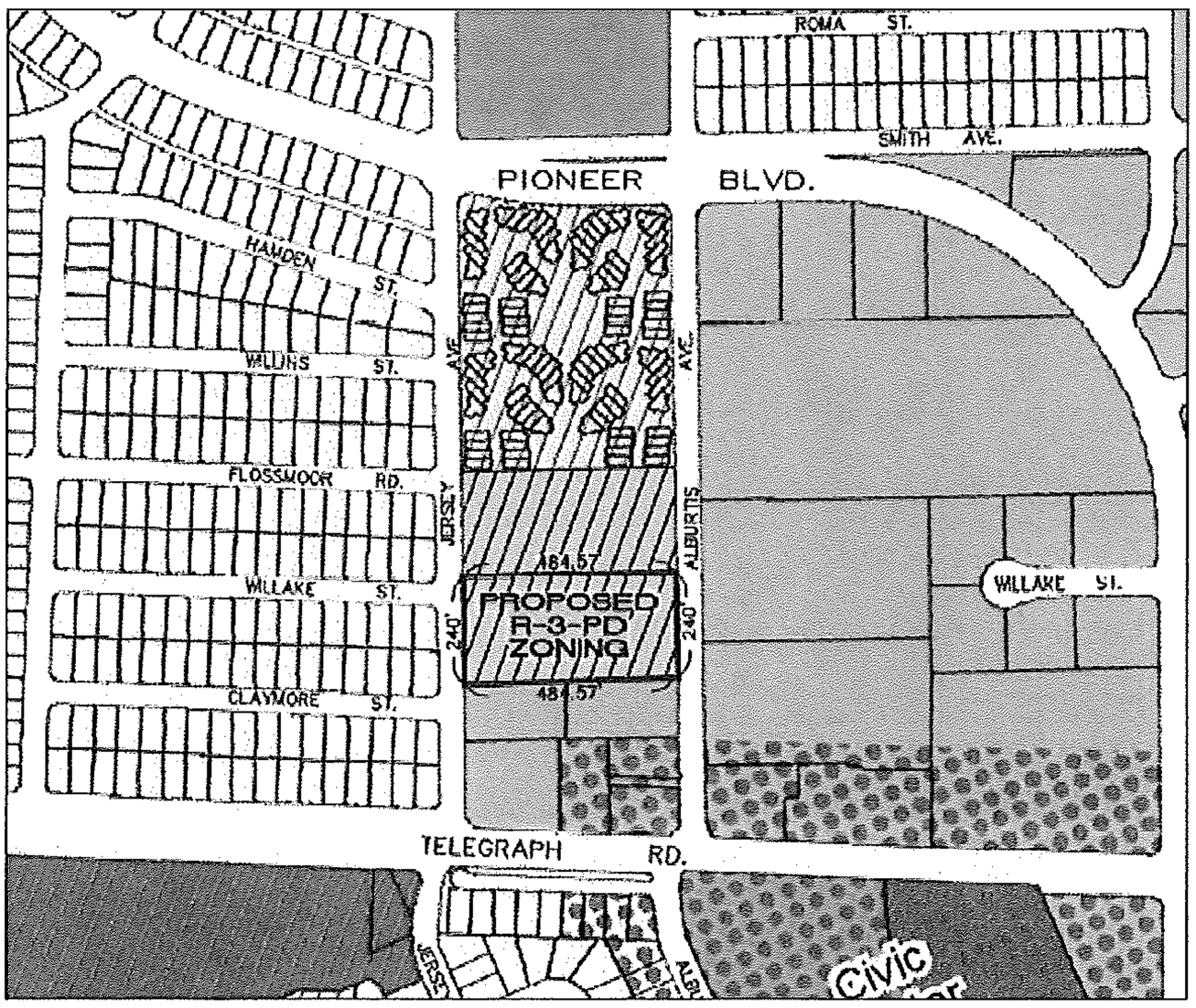
ATTEST:

_____
DEPUTY CITY CLERK

Exhibit A
Summary of Changes



Existing Zoning Map



Proposed Zoning Map

City of Santa Fe Springs

City Council Meeting — April 11, 2013

NEW BUSINESS

National Pollutant Discharge Elimination Systems (NPDES) – Municipal Permit Status Update

RECOMMENDATION

This report is for informational purposes only and does not require any action by the Council.

BACKGROUND

Staff will make a presentation to inform the City Council as to the current status of the NPDES municipal permit, commonly known as the Municipal Separate Storm Sewer System (MS4). Staff will also discuss the relation to the Clean Beaches, Clean Water Measure to the MS4 permit.

Thaddeus McCormack
City Manager

Attachments:
None

Report Submitted By: Noe Negrete, Director
Department of Public Works

Date of Report: January 31, 2013

NEW BUSINESS

I-5 Pre-construction Mitigation Phase II - Telegraph Road, Orr & Day Road, Pioneer Boulevard and Florence Avenue "Resurfacing & Reconstruction" – Authorization to Advertise

RECOMMENDATION

That the City Council take the following actions:

1. Authorize the I-5 Pre-construction Mitigation Phase II Project to be included in the Capital Improvement Program

2. Approve the Plans and Specifications; and

3. Authorize the City Engineer to advertise for construction bids.

BACKGROUND

The City Council, at their meeting of November 22, 2011, approved the Agreement with the I-5 Consortium Cities Joint Powers Authority for the Use of Measure R Highway Program Design and Construction Funding. This Agreement covered the rehabilitation of Local Agency roadways anticipated to be impacted by the I-5 Freeway widening and improvement project.

Within Santa Fe Springs, per the Agreement, the four roadways to be rehabilitated include:

Telegraph Road, from San Gabriel River to Pioneer Boulevard;
Orr & Day Road, from Florence Avenue to Telegraph Road;
Pioneer Boulevard, from Lakeland Road to Telegraph Road; and
Florence Avenue, from Orr & Day Road to Norwalk Boulevard

At this time, staff is requesting authorization to advertise the Project for bids for the rehabilitation of these four roadways. Work includes removal and replacement of deteriorated curb and gutter and localized sidewalk; modification and re-construction of new curb ramps; removal and reconstruction of median noses; grind the existing roadway, removal and replacement of deteriorated pavement, placement of an asphalt concrete pavement cap on the roadway; removal and replacement of existing in pavement flashers at two crosswalks; and signing and striping.

To mitigate the potential disruption of the work to adjacent schools, businesses and residential properties, the work will be segmented into two Phases. The first Phase consists of work on Orr & Day Road and Florence Avenue, and the second Phase, includes work on Pioneer Boulevard and Telegraph Road. Additionally, certain components of the work will only be allowed to occur at night or on weekends, to

lessen impacts to through traffic using these roadways. And finally, the work is being scheduled and phased so that the work has minimal impact to Santa Fe High School.

The total estimated cost of the street rehabilitation project, including construction, engineering, inspection, and contract change orders, is $2,756,100.

The project specifications are complete and the Public Works Department is ready to advertise for construction bids for this project, upon City Council approval of the plans and specifications. A copy of the plans and specifications is on file with the City Clerk and is available for public review.

FISCAL IMPACT

The City of Santa Fe Springs will be reimbursed up to $2,756,186.89 by the Los Angeles Metropolitan Transportation Authority (MTA). Local funds will be needed only to make initial payments to the Contractor in advance of reimbursement. Any cost overruns will be the responsibility of the City. The Project must be completed and all funds disbursed by June 30, 2014.

INFRASTRUCTURE IMPACT

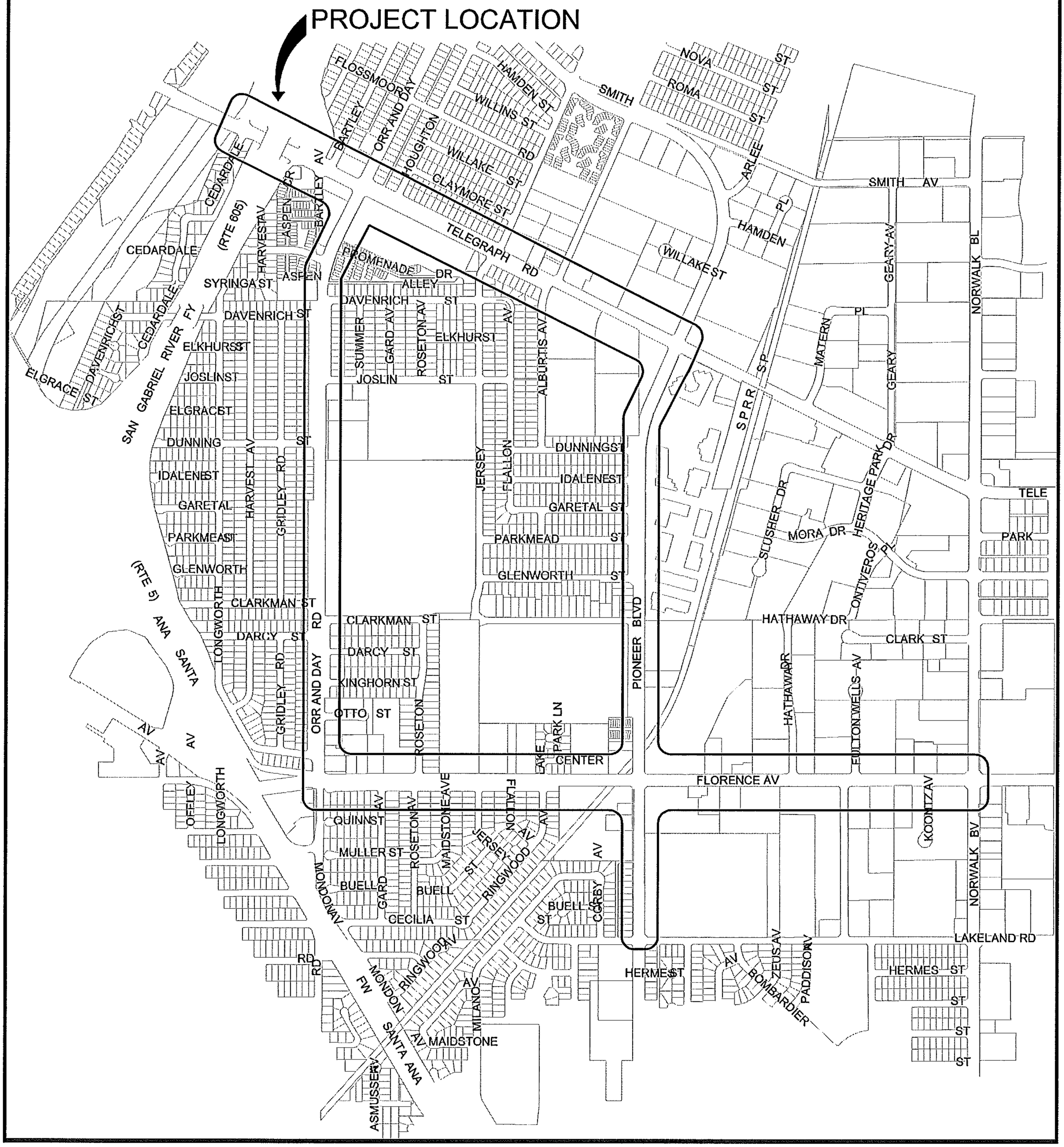
The rehabilitation work will provide for roadways with improved drainage and ride-ability as well as improved pedestrian access along the sidewalks that serve the area. These roadways will serve as major detour roads during the construction of the I-5 Freeway widening project.

Thaddeus McCormack
City Manager

Attachment:
Location Map
Subrecipient Agreement with the I-5 Consortium Cities JPA

Report Submitted By: Noe Negrete, Director
Department of Public Works

Date of Report: April 4, 2013



LOCATION MAP

NO SCALE

SUBRECIPIENT AGREEMENT BETWEEN
THE CITY OF SANTA FE SPRINGS AND THE I-5 CONSORTIUM
CITIES JOINT POWERS AUTHORITY

THIS SUBRECIPIENT AGREEMENT ("Agreement") is made and entered into this 22nd day of November, 2011 ("Effective Date") by and between the CITY of SANTA FE SPRINGS, a California municipal corporation ("Santa Fe Springs" or "Subrecipient City") and the I-5 CONSORTIUM CITIES JOINT POWERS AUTHORITY, a California Joint Powers entity ("the Consortium").

RECITALS

A. The Consortium has entered into that certain Measure R Highway Program Design and Construction Funding Agreement ("Grant Agreement") with the Los Angeles County Metropolitan Transportation Authority ("MTA"), by which the Consortium will receive fourteen million, one hundred sixty-eight thousand, one hundred seven dollars ($14,168,107.00) for the I-5 South pre-construction mitigation project ("Project"). The Grant Agreement is attached hereto as Exhibit A and incorporated herein by reference.

B. The Consortium has entered into a subrecipient agreement with the City of La Mirada ("La Mirada" or "Subrecipient City"), titled "Subrecipient Agreement Between the City of La Mirada and the I-5 Consortium Cities Joint Powers Authority," effective as of December 13, 2011, to complete a certain portion of the design and construction of the Project as described in Attachment C to the Grant Agreement.

C. The Consortium has entered into a subrecipient agreement with the City of Norwalk ("Norwalk" or "Subrecipient City"), titled "Subrecipient Agreement Between the City of Norwalk and the I-5 Consortium Cities Joint Powers Authority," effective as of November 15, 2011, to complete a certain portion of the design and construction of the Project as described in Attachment C to the Grant Agreement.

D. The Consortium has entered into a subrecipient agreement with the City of Downey ("Downey" or "Subrecipient City"), titled "Subrecipient Agreement Between the City of Downey and the I-5 Consortium Cities Joint Powers Authority," effective as of November 22, 2011, to complete a certain portion of the design and construction of the Project as described in Attachment C to the Grant Agreement.

E. Together, Norwalk, La Mirada, Santa Fe Springs, and Downey shall be referred to as "Subrecipients" or "Subrecipient Cities."

F. The Consortium wishes to contract with the Subrecipients at a total cost of fourteen million, one hundred sixty-eight thousand, one hundred seven dollars ($14,168,107.00) ("Funds") for the design and construction of all portions and phases of the Project as described in Attachment C to the Grant Agreement.

G. Santa Fe Springs desires to provide design and construction services to implement its share of the Project.

NOW, THEREFORE, the parties hereto agree as follows:

1. SUBRECIPIENT OBLIGATIONS

1.1 Implementation of Sub-Projects. Santa Fe Springs hereby agrees to coordinate, perform and complete the design and construction of the improvements identified as Project Numbers 9, 10, 16, and 17 in Attachment C of the Grant Agreement ("Santa Fe Springs Projects").

1.2 Use of MTA Funds. Santa Fe Springs hereby agrees to use the Funds solely to implement the Santa Fe Springs Projects pursuant to all of the terms and conditions of this Agreement and the applicable terms and conditions of the Grant Agreement. The Funds shall be used solely to reimburse the actual expenses incurred by Santa Fe Springs to implement the Santa Fe Springs Projects.

1.3 Compliance with Grant Agreement. Santa Fe Springs shall perform its respective obligations under the Grant Agreement. In the event that MTA determines Santa Fe Springs has breached its obligations under the Grant Agreement, Santa Fe Springs will be solely responsible for complying with any MTA demands, determinations, fines, or other such actions or penalties initiated by MTA because of the breach. No non-breaching Subrecipient City, non-participating cities, or the Consortium as a whole shall be in any way responsible for satisfying any MTA demands made in response to a breach of the Grant Agreement by Santa Fe Springs. If Santa Fe Springs is found in breach of the Grant Agreement, it shall remain obligated under this Agreement and remain responsible to fulfill its obligations under this Agreement, including those obligations under Section 1.1.

1.4 Compliance with Law. Santa Fe Springs shall perform the Santa Fe Springs Projects as detailed under Section 1.1 of this Agreement in accordance with all ordinances, resolutions, statutes, rules, and regulations of any federal, state or local government agency having jurisdiction at the time service is rendered.

2. DISBURSEMENT OF FUNDS

2.1 Maximum Amount of Funds. Upon compliance with the requirements set forth herein, Consortium shall make the following reimbursements to Santa Fe Springs:

(a) For the Santa Fe Springs Projects, the Consortium shall reimburse Santa Fe Springs an amount not to exceed two million, seven hundred fifty-six thousand, one hundred eighty-six and eighty-nine cents ($2,756,186.89), which shall constitute the Consortium's full obligation to Santa Fe Springs and other Consortium

service providers, unless the Consortium receives additional funds from MTA for the completion of the Santa Fe Springs Projects or unless the Consortium opts to shift funds currently allocated under the Grant Agreement from other projects identified in the Grant Agreement to the Santa Fe Springs Projects. In such case, the parties shall amend the Agreement to reflect the additional sum and, if applicable, the additional services Santa Fe Springs shall provide. If the funds are insufficient to complete the Santa Fe Springs Projects, Santa Fe Springs shall secure and provide such additional non-Grant funds necessary to complete the Santa Fe Springs Projects. Reimbursement, if any, by the Consortium is conditioned upon receipt of such funds by the Consortium from MTA and obtaining all required approvals from MTA, including, but not limited to, environmental clearances. If MTA funds are not forthcoming from MTA for any reason, the Consortium shall not have any obligation to reimburse Santa Fe Springs through any other source of Consortium funds.

2.2 Cost Overruns. At no time shall the Consortium or a non-participating member city be liable for any cost associated with the Project, including the Santa Fe Springs Projects. In the event that MTA Funds are not forthcoming from MTA for any reason, or if the funds allocated to Santa Fe Springs are insufficient to cover costs for the Santa Fe Springs Projects in any way, the member cities of the Consortium that are not named as Subrecipients under this Agreement will not be held liable for any costs. Santa Fe Springs will be solely responsible for any costs associated with the Santa Fe Springs Projects in the event that MTA Funds are not forthcoming for any reason, or in the event that the funds allocated to Santa Fe Springs are insufficient to cover costs for the Santa Fe Springs Projects in any way.

2.3 Method of Payment. The Consortium shall make reimbursements to Santa Fe Springs upon Santa Fe Springs's submittal of, and Consortium's approval of: (i) a detailed invoice; and (ii) the program performance reports required by the Grant Agreement. To the extent the Funds actually have been received from MTA, the Consortium shall pay Santa Fe Springs for all expenses stated on the invoice, which are approved by Consortium pursuant to this Agreement no later than two weeks after receipt of payment from MTA, provided the program performance reports are also timely submitted and approved.

3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Santa Fe Springs shall commence, prosecute, and complete the Santa Fe Springs Projects as detailed under Section 1.1 of this Agreement within the time periods established in Section 9 of the Grant Agreement, unless extensions of such time periods have been approved in writing by the Consortium. The Santa Fe Springs Projects must be completed and all Funds must be distributed no later than June 30, 2014, as required by Section 9 of the Grant

Agreement. Notwithstanding any provisions in this Agreement to the contrary, any Funds not distributed by June 30, 2014, are subject to lapse.

3.3 Force Majeure. The time period(s) specified for performance of the work under this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of Santa Fe Springs, including, but not limited to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riot, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the Consortium and MTA, if Santa Fe Springs shall, within ten (10) days of the commencement of such delay, notify the Consortium Representative in writing of the causes of the delay.

3.4 Term. This Agreement is effective as of the Effective Date written above, and shall be terminated when all of the following have occurred, unless earlier terminated in accordance with Section 7.2: (i) the entirety of the Project has been completed, (ii) all audits and reports have been submitted by Santa Fe Springs to the Consortium pursuant to the Grant Agreement and MTA requirements, and (iii) MTA has released final disbursement to Consortium and Santa Fe Springs has received final disbursement of Funds from Consortium pursuant to this Agreement; or by June 30, 2014, whichever event occurs first. In the event that the June 30, 2014 deadline is extended pursuant to any agreement between the Subrecipients, the new deadline shall take the place of "June 30, 2014" in the preceding sentence.

3.5 Reversion of Assets Upon the expiration or sooner termination of this Agreement, Santa Fe Springs shall transfer to the Consortium: (i) any and all Funds on hand that Santa Fe Springs is not already obligated to pay to others for the Santa Fe Springs Projects; and (ii) any accounts receivable attributable to the use of the Funds that Santa Fe Springs is not already obligated to pay to others for the Santa Fe Springs Projects.

4. COORDINATION OF WORK

4.1 Subrecipient Representative. The Subrecipient Representative for Santa Fe Springs shall be the City Manager of Santa Fe Springs or such person as may be designated by the City Manger of Santa Fe Springs in writing. The Consortium shall refer any decisions which must be made by Santa Fe Springs to the Subrecipient Representative. Any approval of Santa Fe Springs required hereunder shall mean the approval of the Subrecipient Representative, unless the Subrecipient Representative shall inform the Consortium that the decision must be made by the Santa Fe Springs City Council.

4.2 Consortium Representative. The Consortium Representative shall be the Executive Director, or such person as may be designated by the Executive Director in writing. It shall be Santa Fe Springs's responsibility to ensure that the Consortium Representative is kept informed of the progress of the performance of the

services and Santa Fe Springs shall refer any decisions, which must be made by Consortium to the Consortium Representative. Any approval of Consortium required hereunder shall mean the approval of the Consortium Representative, unless the Consortium Representative shall inform Santa Fe Springs that the decision must be made by the Board of Directors.

4.3 Independent Contractor. Santa Fe Springs is, and shall at all times remain as to Consortium, to the other Subrecipients, and to all member cities of the Consortium not named as Subrecipients under this Agreement, a wholly independent contractor. Santa Fe Springs shall have no power to incur any debt, obligation, or liability on behalf of Consortium, on behalf of another Subrecipient City, or on behalf of any member city of the Consortium not named as a Subrecipient City under this Agreement. Neither Consortium not any of its agents shall have control over the conduct of Santa Fe Springs or any of Santa Fe Springs's employees, except as set forth in this Agreement. Santa Fe Springs shall fully comply with the worker's compensation laws regarding the City of Santa Fe Springs and Santa Fe Springs's employees. Santa Fe Springs further agrees to indemnify and hold Consortium, the other Subrecipient Cities, and all member cities of the Consortium not named as Subrecipients under this Agreement harmless from any failure of Santa Fe Springs to comply with applicable workers compensation laws.

5. MANDATORY LIABILITY COVERAGE

5.1 General Liability Coverage. Santa Fe Springs shall obtain, at its sole cost and keep in full force and effect during the term of this Agreement, commercial general liability coverage in the amount of one million dollars ($1,000,000.00) per occurrence for bodily injury, personal injury, and property damage.

5.2 Professional Liability Coverage Santa Fe Springs shall require errors and omissions liability insurance appropriate for each of the professions engaged by Santa Fe Springs in the engineering and design of the Santa Fe Springs Projects in the amount of one million dollars ($1,000,000.00) per occurrence and two million dollars ($2,000,000.00) annual aggregate.

5.3 Memorandum of Coverage. Santa Fe Springs shall file with Consortium upon the execution of this Agreement, a memorandum of coverage issued by the California Joint Powers Insurance Authority which shall provide that no cancellation, major change in coverage, expiration, or nonrenewal will be made during the term of this Agreement, without thirty (30) days written notice to the Consortium prior to the effective date of such cancellation, or change in coverage.

5.4 Subrecipient City Insurance. The general liability coverage shall provide (i) that the coverage shall extend to the Consortium, and each of its officers, agency, employees, and volunteers and (ii) that the coverage shall operate as primary coverage.

5.5 Coverage Requirements. Santa Fe Springs shall require each consultant or contractor retained by Santa Fe Springs to implement the Santa Fe Springs Projects to obtain liability coverage at least as comprehensive as required under Section 5.1-5.4 hereunder and shall require the Consortium and its officers, agents, employees, and volunteers to be named as additional named insured on such coverage. Santa Fe Springs shall also require each consultant and contractor to obtain Worker's Compensation coverage at not less than the minimum required under California law.

6. RECORDS AND REPORTS

6.1 Reports. Santa Fe Springs shall prepare and submit detailed invoices regarding the Santa Fe Springs Projects to the Consortium on a monthly basis. The Joint Powers Authority Engineer (or his or her designee) shall prepare and submit monthly progress reports on behalf of Santa Fe Springs, which shall be submitted to MTA, the Subrecipients' city managers, and the Subrecipients' elected officials, to fulfill the Consortium's reporting obligations under the Grant Agreement.

7. ENFORCEMENT OF CONTRACT

7.1 Applicable Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California and the United States, as applicable. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of Los Angeles, State of California, the United States District, or any other appropriate court in Los Angeles County, and Santa Fe Springs covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

7.2 Termination. Consortium may terminate this Agreement if Consortium receives notice from MTA that the Grant Agreement has been terminated by giving thirty (30) days notice to Santa Fe Springs. The Consortium shall reimburse Santa Fe Springs for all costs incurred prior to the termination date, in accordance with Part II, Section 2 of the Grant Agreement.

7.3 Waiver. Waiver by any party of any of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement.

7.4 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default, or any other default by the other parties.

7.5 Legal Action. In addition to any other rights or remedies, any party may take legal action, in law or in equity, to cure, correct, or remedy any default, to recover damages for any default, to complete specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

7.6 Attorneys' Fees. If any party to this Agreement is required to initiate or defend or is made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to actual attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other costs for investigating such action, taking depositions and discovery and all other costs incurred in such litigation.

8. INDEMNIFICATION

8.1 Neither Consortium nor any officer or employee thereof, nor any member of the Consortium which is not named as a Subrecipient City in this Agreement, shall be responsible for any damage or liability occurring by reason of anything done or committed to be done by Santa Fe Springs, its officers, agents, employees, contractors and subcontractors under this Agreement. Santa Fe Springs shall fully indemnity, defend, and hold harmless from and against any liability and expenses, including without limitation, defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of risk of property, any environmental obligation, any legal fees, and any claims for damages of any nature whatsoever arising out of this Agreement, including without limitation: (i) misuse of the Funds by Santa Fe Springs, or its officers, agents, employees, contractors or subcontractors; (ii) breach of Santa Fe Springs's obligations under this Agreement; or (iii) any act or omission of Santa Fe Springs, or its officers, agents, employees, contractors or subcontractors in the performance of the work or the provision of services, in connection with this Agreement and, without limitation, implementation of the Santa Fe Springs Projects.

9. MISCELLANEOUS PROVISIONS

9.1 Notices. Any notices, bills, invoices or reports required by this Agreement shall be given by first class U.S. mail or by personal service. Notices shall be deemed received on (i) the day of delivery if delivered by hand or overnight courier service during Santa Fe Springs's and Consortium's regular business hours or by facsimile before or during regular business hours; or (ii) on the third business day following deposit in the United States mail, postage prepaid, to the addresses heretofore set forth in the Agreement, or to such other addresses as the parties may, from time to time, designate in writing pursuant to the provisions of this section. All notices shall be delivered the parties and Subrecipients at the following addresses:

If to Norwalk:

City Clerk
City of Norwalk
12700 Norwalk Boulevard
Norwalk, California 90650
Fax: (562) 929-5773

With a copy to:

Michael Egan, City Manager
City of Norwalk
12700 Norwalk Boulevard
Norwalk, California 90650
Fax: (562) 929-5773

If to La Mirada:

City Clerk
City of La Mirada
13700 La Mirada Boulevard
La Mirada, California 90638
Fax: (562) 943-1463

With a copy to:

Tom Robinson, City Manager
City of La Mirada
13700 La Mirada Boulevard
La Mirada, California 90638
Fax: (562) 943-1463

If to Santa Fe Springs:

City Clerk
City of Santa Fe Springs
11710 Telegraph Road
Santa Fe Springs, California 90670
Fax: (562) 868-7112

With a copy to:

Thaddeus McCormack, City Manager
City of Santa Fe Springs
11710 Telegraph Road
Santa Fe Springs, California 90670
Fax: (562) 868-7112

If to Downey:

City Clerk
City of Downey
11111 Brookshire Ave.
Downey, California 90241
Fax: (562) 923-6388

With a copy to:

Gerald Caton, City Manager
City of Downey
11111 Brookshire Ave.
Downey, California 90241
Fax: (562) 923-6388

If to Consortium:

I-5 Consortium Cities Joint Powers Authority
12700 Norwalk Boulevard
P.O. Box 1030
Norwalk, California 90651-1030
Fax: (626) 737-8495

9.2 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.3 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties, and non shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

9.4 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrants that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement, on behalf of said party; (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) entering into this Agreement does not violate any provision of any other agreement to which said party is bound.

9.5 Exhibits; Precedence. All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated here by reference, the provisions of this Agreement shall prevail.

IN WITNESS WHEREOF, the parties have signed this document as of the date written in the introductory paragraph.

CITY OF SANTA FE SPRINGS

By: _____
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

_____
Steven N. Skolnik
City Attorney

I-5 CONSORTIUM CITIES JOINT POWERS AUTHORITY

By: _____
Executive Director

ATTEST:

By: _____

APPROVED AS TO FORM:

_____
Best Best & Krieger LLP
Special Counsel for the Authority

NEW BUSINESS

Proposed League of California Cities Bylaws Amendments

RECOMMENDATION

That the City Council discuss and provide direction to staff on the City's position on the two proposed amendments to the League Bylaws, as outlined in the alternative actions below.

BACKGROUND

The City received a letter from the League of California Cities requesting the City vote on two amendments to the League's Bylaws. The amendments are being proposed by the League and were approved by the League's Board of Directors at its February meeting. The proposed amendments to the Bylaws would provide that:

1. Resolutions submitted to the League for presentation to the General Assembly must be concurred in by at least five (5) or more cities or by city officials from at least five (5) or more cities; and
2. The League Board may take a position on a statewide ballot measure by a 2/3rd vote of those Directors present. Currently, the Board may take positions with a simple majority vote.

The League's transmittal letter indicates that the Board's purpose in submitting these amendments is to encourage members to seek concurrence from other cities and city officials that the subject of a proposed resolution is of substantial importance and broad interest to cities, and to ensure Board positions represent a broad consensus of the Directors. The language of the proposed measures is attached to this staff report. Following Council action, the Deputy City Clerk will fill out the ballot and return it to the League before the deadline of April 19, 2013.

ALTERNATIVES

The City Council has the following alternatives to consider:

1. Submit a "yes" vote to adopt two amendments to the League of California Cities Bylaws.
2. Submit a "no" vote on one or more of the proposed amendments; or
3. Provide staff with alternative direction.

Thaddeus McCormack
City Manager

Attachments
March 5, 2013 Letter from League
Current Relevant Bylaws
Proposed Amendments
Ballot

Report Submitted By: Anita Jimenez, Deputy City Clerk Date of Report: April 4, 2013

LEAGUE OF CALIFORNIA CITIES

1400 K Street, Suite 400 • Sacramento, California 95814
Phone: 916.658.8200 Fax: 916.658.8240
www.cacities.org

March 5, 2013

To: League Membership
From: Chris McKenzie, Executive Director
Re: Proposed Amendments to League Bylaws

At its February meeting, the League's Board of Directors approved submitting two amendments to the League's Bylaws to the membership. The proposed amendments would amend the Bylaws to provide that:

1. Resolutions submitted to the League for presentation to the General Assembly must be concurred in by at least five or more cities or by city officials from at least five or more cities.
2. The League Board may take a position on a statewide ballot measure by a 2/3rd vote of those Directors present. Currently, the Board may take positions with a simple majority vote.

The Board's purpose in submitting the first proposed amendment is to encourage members to seek concurrence of other cities and city officials that the subject of a proposed resolution is a substantial one and of broad interest and importance to cities. The Board's purpose in submitting the second proposed amendment is to ensure that when the Board considers a position on possibly controversial statewide ballot measures, the Board's ultimate decision represents a broad consensus of the Directors.

The language of the proposed amendments is provided in the attached Resolution. To be approved, the Bylaws require each amendment must receive a 2/3rd vote of those members voting. To consult the League's Bylaws: go to www.cacities.org. The link is at the bottom of the page.

As provided in the League's Bylaws, the Board of Directors is submitting these amendments to the membership for approval by mail ballot. Please return the enclosed ballot, signed by an authorized city official, **by April 19, 2013**.

Ballots may be submitted by email to: **ballots@cacities.org**.

By mail to:

League of California Cities
Attn: Ballots
1400 K Street, 4th Floor
Sacramento, CA 95814

Section 4: Notice of Meetings.

(a) General. Notice shall be given to all Member Cities of the time and place of all regular and special meetings by faxing or mailing a written notice at least fifteen days prior to each meeting, or by publishing a notice of the meeting at least two weeks prior to the meeting in an official publication of the League; provided, however, that failure to receive such notice does not invalidate any proceedings at such meeting.

(b) Special Notice Requirements for Special Meetings. Any notice of the calling of a special meeting shall specify the purpose of the special meeting in such detail to enable Member Cities to determine whether they should attend. In the event a special meeting is requested by five percent or more of the Member Cities, the notice shall also set forth the text of any proposed resolution(s).

Section 5: Parliamentarian.

The League President shall appoint a Parliamentarian to resolve procedural issues at the League's General Assembly and in Resolutions Committee meetings.

Section 6: Credentials.

Designated voting delegates must register with the Credentials Committee. The League President shall appoint a three-person Credentials Committee no later than the first day of the General Assembly. In case of dispute, this committee determines the right of a member to participate.

Article VI: Resolutions

Section 1: Role and Scope of Resolutions.

Resolutions adopted by the League's General Assembly and such League Board policies as are not inconsistent with such resolutions constitute League policy. All resolutions shall be germane to city issues.

Section 2: Origination.

Resolutions may originate from city officials, city councils, regional divisions[6], functional departments[7], policy committees, or the League Board or by being included in a petition signed by designated voting delegates of ten percent of the number of Member Cities.

---

[6] "Regional divisions" are defined in Article IX of these bylaws.

[7] "Functional departments" are defined in Article X of these bylaws.

Section 15: Policy Changes.

Any policy established by the League's General Assembly may be changed by the League's Board upon ratification of such proposed change by a majority of the regional divisions representing a majority of Member Cities within the time period specified by the League Board.

Article VIII: Officers

Section 1: Identity.

The officers of the League are a President, a First Vice-President, a Second Vice-President/Treasurer, an Immediate Past President, and an Executive Director.

Section 2: Duties of League Officers.

(a) President. The President presides at all League Board meetings and all General Assemblies. The President has such other powers and duties as may be prescribed by these bylaws or the League Board.

(b) First Vice-President. The First Vice-President carries on the duties of the President in the President's temporary absence or incapacity. The First Vice-President has such other powers and duties as may be prescribed by these bylaws or the League Board.

(c) Second Vice-President/Treasurer. The Second Vice-President/Treasurer carries on the duties of the President in the President's and First Vice-President's temporary absence or incapacity. The Second Vice-President/Treasurer has such other powers and duties as may be prescribed by these bylaws or the League Board.

Section 3: Election.

The League Board elects the League's President, First Vice-President and Second Vice-President for terms of one year.[16] The election occurs at the League Board's meeting at the Annual Conference.

[16] *See* Cal. Corp. Code § 7151(c)(5) (suggesting bylaws address this issue).

<u>PROPOSED</u> RESOLUTION RELATING TO LEAGUE BYLAWS AMENDMENTS

WHEREAS, the League of California Cities is a nonprofit mutual benefit corporation under California law and, as such, is governed by corporate bylaws; and

WHEREAS, the League's Board of Directors periodically reviews the League's bylaws for issues of clarity, practicality, compliance with current laws, and responsiveness to membership interests; and

WHEREAS, the League Board of Directors at its February 7-8, 2013 meeting approved submitting the following amendments to the League's bylaws to the League's membership by mailed ballot:

1. Article VI, section 2 of the League's bylaws is amended to read as follows:

"Resolutions may originate from city officials, city councils, regional divisions, functional departments, policy committees, or the League Board or by being included in a petition signed by designated voting delegates of ten percent of the number of Member Cities. <u>Except for petitioned resolutions, all other resolutions must be submitted to the League with documentation that at least five or more cities, or city officials from at least five or more cities, have concurred in the resolution."</u>

2. A new Article VII, section 16 is added to the League's bylaws to read as follows:

"<u>Section 16: Positions on Statewide Ballot Measures.</u>

<u>Notwithstanding any other provision of these bylaws, the League Board may take a position on a statewide ballot measure by a 2/3rd vote of those Directors present</u>."

Now, therefore, be it

RESOLVED, that the League Board of Directors at its April 24-25, 2013 meeting in Sacramento, California, after a canvass of mailed ballots, has determined that the above amendments to the League bylaws have been approved by a 2/3rd vote of those Member Cities voting. These amendments shall take effect 60 days after the approval of this resolution.

////////

Ballot on Bylaws Amendments

City of _____

Does your city vote to approve the amendment of article VI, section 2 of the League's bylaws relating to submission of resolutions to the League's General Assembly as set forth in the Proposed Resolution and incorporated by reference in this ballot?

- ❑ Yes
- ❑ No

Does your city vote to approve the addition of article VII, section 16 to the League's bylaws relating to the League Board vote threshold for taking positions on statewide ballot measures as set forth in the Proposed Resolution and incorporated by reference in this ballot?

- ❑ Yes
- ❑ No

Ballot returned by:

_____ City Official Name

_____ City Official Title

Please return this ballot by **April 19, 2013** to:

League of California Cities
Attn: Ballots
1400 K Street, 4th Floor
Sacramento, CA 95814

or by email to: ballots@cacities.org

or by fax to: (916) 658-8240

Thanks in advance for your participation in this important decision.

NEW BUSINESS

Resolution No. 9409 – Approval of the 2013 Water Revenue Bonds Issuance

RECOMMENDATION

That the City Council adopt Resolution No. 9409 approving the issuance and delivery by the Santa Fe Springs Water Utility Authority of the 2013 Water Revenue Bonds, approving a first amendment to the Water Enterprise Lease Agreement, an Indenture of Trust, Escrow Agreement, Bond Purchase Contract, and a Preliminary Official Statement and authorizing official actions and execution of documents related thereto.

BACKGROUND

At the March 26, 2013 City Council Meeting, Staff presented information regarding the currently available opportunity to refund approximately $4.2 million in existing 2003 Water Revenue Bonds. There were two options presented: 1) refunding the existing bonds and capturing the present-value interest savings (approximately $580,000) and 2) refunding the existing bonds and issuing new bonds, therefore accessing additional bond proceeds (approximately $2 million in total).

The Council indicated its preference for the refunding with the access to "new money" given the City's water utility infrastructure needs and the current low-interest rate bond market. The lack of viable funding alternatives given the State's elimination of redevelopment and the impracticality of a "pay as you go" funding mechanism were also considerations.

REFUNDING OPTION

The refunding with the "new money" bond option extends the debt term beyond the maturity date of the 2003 bonds (2033). Under this scenario in today's interest rate environment, approximately $6.8 million in bonds would be issued to refund the existing $4.2 million in outstanding bonds and make available about $2 million in proceeds. This issue would have an interest rate of 4.03% over a 30-year period, through 2043. Over the life of the bond, $12.7 million in principal and interest would be paid. Over the next 30 years, this is about $5.32 million more than the $7.38 million to be paid for the existing bonds.

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

Below is a table summarizing the various components of the existing 2003 bond and the proposed 20013 bonds:

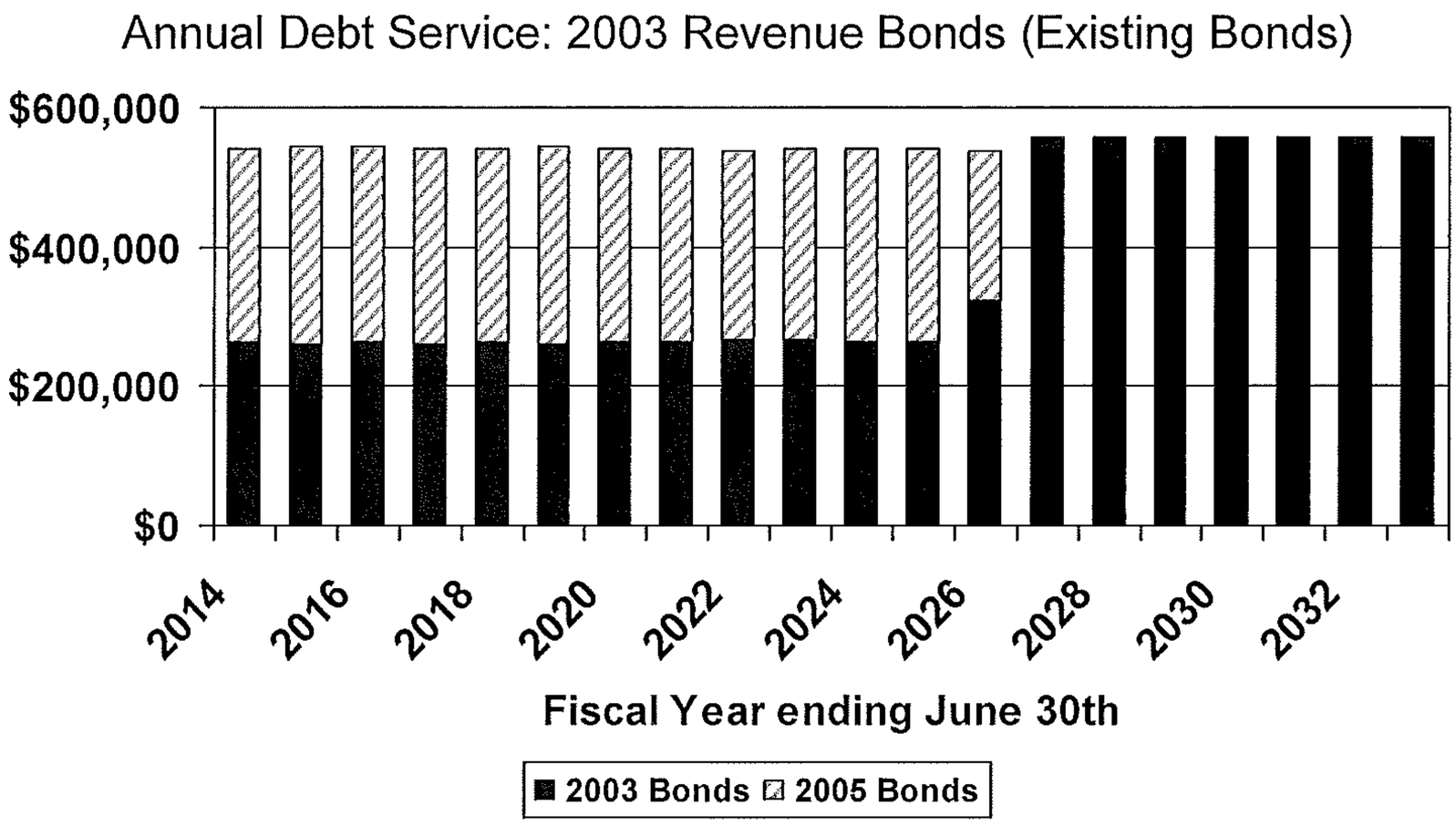
Item	Current: 2003 Bonds *	Refunding + "New Money"
Bond Amount (consists of:) Serial Bonds Term Bonds	$4.2 million $670,000 $3.55 million	$6.8 million $2.45 million $4.37 million
Interest Rate	4.5%	4.03%
Term	20 years	30 years
Maturity Date	May 2033	May 2043
Total Debt Service to be paid (Principal + Interest)	$7.38 million	$12.7 million
Proceeds	-----	$2.077 Million

* Remaining Terms

Please refer to Exhibit A for detailed information regarding the proposed bonds.

DEBT SERVICE PAYMENTS: CURRENT BONDS

Combined, annual debt service payments for the existing 2003 and 2005 Bonds remain steady in the mid-$500,000 range through 2033. See chart below. With the 2005 Bonds fully maturing in 2026, the 2003 Bonds were structured to have higher debt service payments after this date (between 2027 through 2033).



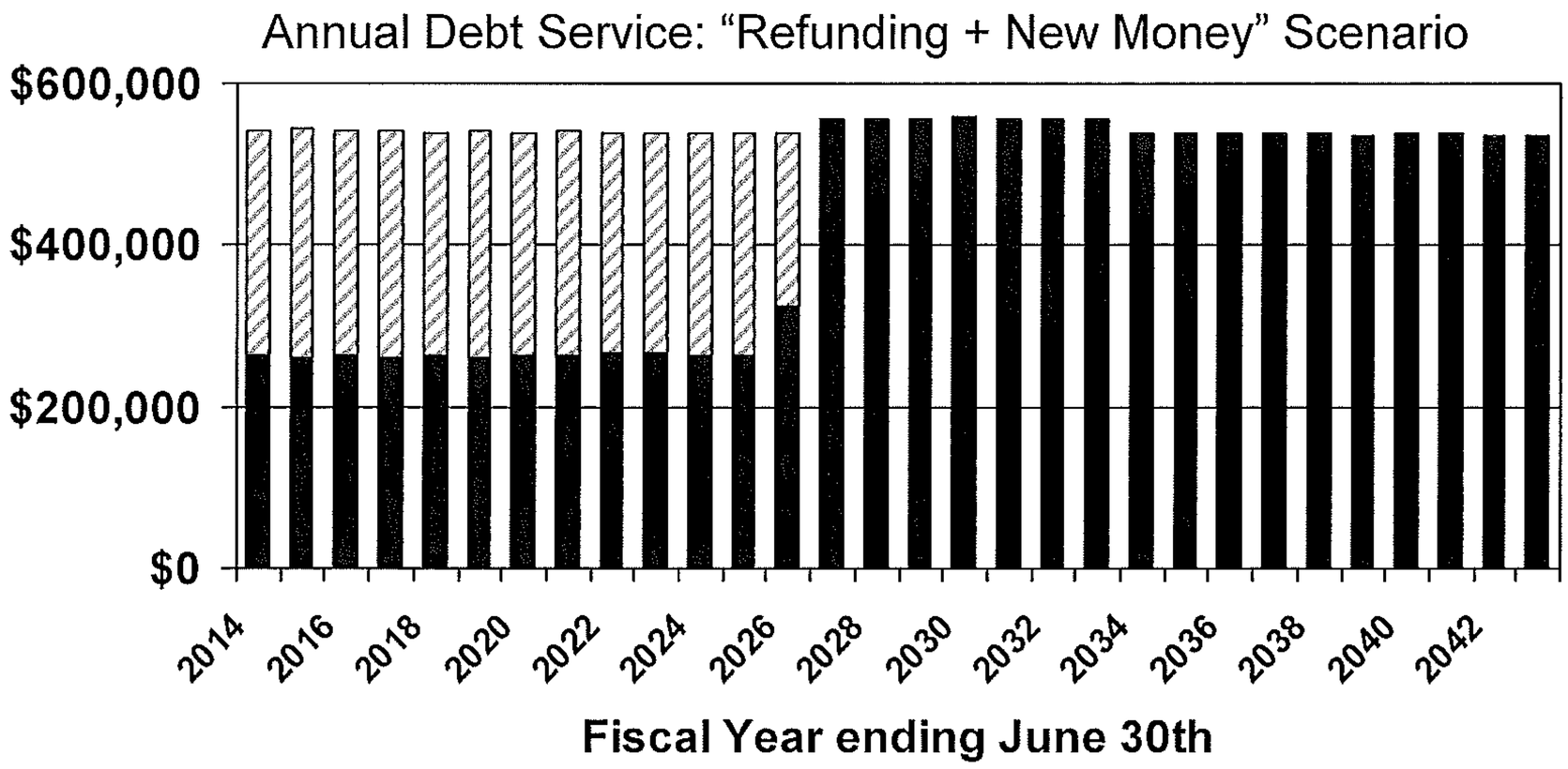
Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

As detailed in the City's Comprehensive Annual Financial Report (CAFR), the $4.2 million in outstanding 2003 Water Revenue Bonds is comprised of serial bonds ($670,000) and term bonds ($3.55 million). They are the specific investment instruments utilized by the bond underwriters in 2003 to structure a bond issue that is appealing to the institutional and retail investment communities. The City's annual debt service payments coincide with individual maturity dates of the serial and term bonds. As previously discussed, the "call" feature of the existing bonds allows for the redemption of the bonds without having to pay a premium.

DEBT SERVICE PAYMENTS: REFUNDING + "NEW MONEY" OPTION

Opting to refund the existing bonds and access the "new money" presents a similar annual debt service profile as currently maintained. See chart below. It, too, works in concert with the 2005 Bonds. The notable difference between this option and the current scenario is the additional ten years to the term of the bonds.



The proposed $6.8 million in proposed 2013 Water Revenue Bonds is comprised of serial bonds ($2.45 million) and term bonds ($4.37 million). The bonds have a "call" feature similar to the one in the existing bonds. It would allow for the new bonds to be redeemed starting in May 2023.

CAPITAL IMPROVEMENT PROJECTS (CIPs)

As mentioned at the previous meeting, there are numerous water infrastructure CIPs that will require funding. At or near the top of the CIP priorities is the completion of the New Water Well in Zone 2. It requires about $3.9 million in funding over the next two years. Its completion will allow for lower water production costs and less reliance on purchased water from Central Basin. In addition to this project and about $9.5 million

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

in infrastructure projects being independently funded by the I-5 Freeway Expansion JPA, there are approximately $5 million in water infrastructure CIPs to be considered by City Council for construction over the next six years. Staff is currently working with the Council Subcommittee to refine the comprehensive list of CIPs to include for recommendation to the City Council in the near future.

FINANCING TEAM AND COSTS OF ISSUANCE

If the City proceeds with the bond refunding process, it is imperative to have the proper team assembled as it requires a number of highly specialized professionals. Staff is working with Stifel Nicolaus (bond underwriters - previously known as Stone & Youngberg) and Jones Hall (bond counsel). They have provided excellent service in the past, maintaining a unique understanding of the City's fiscal circumstances and overall bond market environment.

Fees associated with the cost of issuance are estimated at approximately $184,000. These amounts consist of $75,500 for bond counsel, $68,100 for bond underwriters (known as "underwriter's discount" - 1% of the bond issuance amount), $27,500 in issuance closing costs, and $12,500 in underwriter's counsel costs. Under any scenario, the amounts would be payable on completion of the refinancing and paid from the bond proceeds. These amounts have already been incorporated in the bond proceed scenarios presented. Overall, the issuance fees are reasonable and consistent with other bonds of this size.

BOND ISSUANCE AUTHORIZATION AND RELATED DOCUMENTS

The attached resolution allows for the issuance of bonds not to exceed $7.5 million with an interest cost not greater than 4.75%. Although unlikely to change significantly, the terms provide for a fluctuation in market conditions without changing the annual debt service obligation over the life of the bond issue. In addition to the authorizing resolution, there are a number of related documents accompanying this item.

It is anticipated that the 2013 Water Revenue Bonds will be issued in early May 2013. The bond proceeds will then be transferred to a City account.

Thaddeus McCormack
City Manager

Attachments:

- Exhibits A – Sources and Uses of Funds
- Resolution No. 9409
- Preliminary Official Statement
- Indenture of Trust
- 2003 Bonds Escrow Deposit and Trust Agreement
- First Amendment to Water Enterprise Lease Agreement

Report Submitted by: Jose Gomez
Finance & Administrative Services

Date of Report: April 5, 2013

EXHIBIT A

SOURCES AND USES OF FUNDS

Santa Fe Springs Public Finance Authority
Refunding: 2003 Water Revenue Bonds, Series A
****
Assumed Underlying Rating: A+ by S&P
Estimated Interest Rates as of March 21, 2013

Dated Date	05/09/2013
Delivery Date	05/09/2013

Sources:	
Bond Proceeds:	
Par Amount	6,810,000.00
Net Original Issue Discount	-211,637.45
	6,598,362.55
Other Sources of Funds:	
Debt Service Reserve Fund	416,761.24
	7,015,123.79

Uses:	
Project Fund Deposits:	
Project Fund	2,077,276.24
Refunding Escrow Deposits:	
Cash Deposit	4,224,624.28
Other Fund Deposits:	
Debt Service Reserve Fund	529,623.27
Delivery Date Expenses:	
Cost of Issuance	115,500.00
Underwriter's Discount	68,100.00
	183,600.00
	7,015,123.79

Notes:
- Uses prior bonds' DSRF as a source going into escrow.
- Assumes $540,000 revenue cap 2034-2043.

BOND SUMMARY STATISTICS

Santa Fe Springs Public Finance Authority
Refunding: 2003 Water Revenue Bonds, Series A
****
Assumed Underlying Rating: A+ by S&P
Estimated Interest Rates as of March 21, 2013

Dated Date	05/09/2013
Delivery Date	05/09/2013
First Coupon	11/01/2013
Last Maturity	05/01/2043
Arbitrage Yield	4.029946%
True Interest Cost (TIC)	4.100560%
Net Interest Cost (NIC)	4.018057%
All-In TIC	4.222631%
Average Coupon	3.835923%
Average Life (years)	22.553
Par Amount	6,810,000.00
Bond Proceeds	6,598,362.55
Total Interest	5,891,543.04
Net Interest	6,171,280.49
Total Debt Service	12,701,543.04
Maximum Annual Debt Service	558,006.26
Average Annual Debt Service	423,698.62
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	10.000000
Total Underwriter's Discount	10.000000
Bid Price	95.892255

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	2,445,000.00	96.512	3.385%	16.771
Term Bond 2043	4,365,000.00	97.105	4.000%	25.792
	6,810,000.00			22.553

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,810,000.00	6,810,000.00	6,810,000.00
+ Accrued Interest			
+ Premium (Discount)	-211,637.45	-211,637.45	-211,637.45
- Underwriter's Discount	-68,100.00	-68,100.00	
- Cost of Issuance Expense		-115,500.00	
- Other Amounts			
Target Value	6,530,262.55	6,414,762.55	6,598,362.55
Target Date	05/09/2013	05/09/2013	05/09/2013
Yield	4.100560%	4.222631%	4.029946%

BOND PRICING

Santa Fe Springs Public Finance Authority
Refunding: 2003 Water Revenue Bonds, Series A
****
Assumed Underlying Rating: A+ by S&P
Estimated Interest Rates as of March 21, 2013

Bond Component	Maturity Date	Amount	Rate	Yield	Price		Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:										
	05/01/2014	10,000	2.000%	0.520%	101.441					144.10
	05/01/2016	5,000	4.000%	0.960%	108.903					445.15
	05/01/2018	5,000	4.000%	1.420%	112.356					617.80
	05/01/2020	5,000	4.000%	2.030%	112.756					637.80
	05/01/2021	5,000	4.000%	2.310%	112.248					612.40
	05/01/2022	5,000	4.000%	2.510%	111.909					595.45
	05/01/2023	10,000	3.000%	2.700%	102.608					260.80
	05/01/2024	5,000	3.000%	2.870%	101.120	C	2.880%	05/01/2023	100.000	56.00
	05/01/2025	5,000	3.000%	3.040%	99.600					-20.00
	05/01/2026	65,000	3.125%	3.160%	99.629					-241.15
	05/01/2027	300,000	3.125%	3.470%	96.203					-11,391.00
	05/01/2028	310,000	3.250%	3.580%	96.199					-11,783.10
	05/01/2029	320,000	3.325%	3.630%	96.326					-11,756.80
	05/01/2030	335,000	3.375%	3.690%	96.051					-13,229.15
	05/01/2031	340,000	3.500%	3.740%	96.878					-10,614.80
	05/01/2032	355,000	3.500%	3.780%	96.231					-13,379.95
	05/01/2033	365,000	3.500%	3.820%	95.555					-16,224.25
		2,445,000								-85,270.70
Term Bond 2043:										
	05/01/2043	4,365,000	4.000%	4.170%	97.105					-126,366.75
		6,810,000								-211,637.45

Dated Date	05/09/2013	
Delivery Date	05/09/2013	
First Coupon	11/01/2013	
Par Amount	6,810,000.00	
Original Issue Discount	-211,637.45	
Production	6,598,362.55	96.892255%
Underwriter's Discount	-68,100.00	-1.000000%
Purchase Price	6,530,262.55	95.892255%
Accrued Interest		
Net Proceeds	6,530,262.55	

BOND DEBT SERVICE

Santa Fe Springs Public Finance Authority
Refunding: 2003 Water Revenue Bonds, Series A
****
Assumed Underlying Rating: A+ by S&P
Estimated Interest Rates as of March 21, 2013

Dated Date	05/09/2013
Delivery Date	05/09/2013

Period Ending	Principal	Coupon	Interest	Debt Service
05/01/2014	10,000	2.000%	251,218.00	261,218.00
05/01/2015			256,727.50	256,727.50
05/01/2016	5,000	4.000%	256,727.50	261,727.50
05/01/2017			256,527.50	256,527.50
05/01/2018	5,000	4.000%	256,527.50	261,527.50
05/01/2019			256,327.50	256,327.50
05/01/2020	5,000	4.000%	256,327.50	261,327.50
05/01/2021	5,000	4.000%	256,127.50	261,127.50
05/01/2022	5,000	4.000%	255,927.50	260,927.50
05/01/2023	10,000	3.000%	255,727.50	265,727.50
05/01/2024	5,000	3.000%	255,427.50	260,427.50
05/01/2025	5,000	3.000%	255,277.50	260,277.50
05/01/2026	65,000	3.125%	255,127.50	320,127.50
05/01/2027	300,000	3.125%	253,096.26	553,096.26
05/01/2028	310,000	3.250%	243,721.26	553,721.26
05/01/2029	320,000	3.325%	233,646.26	553,646.26
05/01/2030	335,000	3.375%	223,006.26	558,006.26
05/01/2031	340,000	3.500%	211,700.00	551,700.00
05/01/2032	355,000	3.500%	199,800.00	554,800.00
05/01/2033	365,000	3.500%	187,375.00	552,375.00
05/01/2034	365,000	4.000%	174,600.00	539,600.00
05/01/2035	380,000	4.000%	160,000.00	540,000.00
05/01/2036	395,000	4.000%	144,800.00	539,800.00
05/01/2037	410,000	4.000%	129,000.00	539,000.00
05/01/2038	425,000	4.000%	112,600.00	537,600.00
05/01/2039	440,000	4.000%	95,600.00	535,600.00
05/01/2040	460,000	4.000%	78,000.00	538,000.00
05/01/2041	480,000	4.000%	59,600.00	539,600.00
05/01/2042	495,000	4.000%	40,400.00	535,400.00
05/01/2043	515,000	4.000%	20,600.00	535,600.00
	6,810,000		5,891,543.04	12,701,543.04

BOND SOLUTION

Santa Fe Springs Public Finance Authority
Refunding: 2003 Water Revenue Bonds, Series A
****
Assumed Underlying Rating: A+ by S&P
Estimated Interest Rates as of March 21, 2013

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
05/01/2014	10,000	261,218	261,218	263,093	1,875	100.71760%
05/01/2015		256,728	256,728	260,838	4,110	101.60092%
05/01/2016	5,000	261,728	261,728	263,528	1,800	100.68774%
05/01/2017		256,528	256,528	260,948	4,420	101.72301%
05/01/2018	5,000	261,528	261,528	263,308	1,780	100.68062%
05/01/2019		256,328	256,328	260,383	4,055	101.58196%
05/01/2020	5,000	261,328	261,328	262,393	1,065	100.40753%
05/01/2021	5,000	261,128	261,128	264,068	2,940	101.12589%
05/01/2022	5,000	260,928	260,928	265,505	4,578	101.75432%
05/01/2023	10,000	265,728	265,728	266,665	938	100.35281%
05/01/2024	5,000	260,428	260,428	262,500	2,073	100.79581%
05/01/2025	5,000	260,278	260,278	263,250	2,973	101.14205%
05/01/2026	65,000	320,128	320,128	323,750	3,623	101.13158%
05/01/2027	300,000	553,096	553,096	556,000	2,904	100.52500%
05/01/2028	310,000	553,721	553,721	556,250	2,529	100.45668%
05/01/2029	320,000	553,646	553,646	555,500	1,854	100.33482%
05/01/2030	335,000	558,006	558,006	558,750	744	100.13329%
05/01/2031	340,000	551,700	551,700	555,750	4,050	100.73409%
05/01/2032	355,000	554,800	554,800	556,750	1,950	100.35148%
05/01/2033	365,000	552,375	552,375	556,500	4,125	100.74678%
05/01/2034	365,000	539,600	539,600	540,000	400	100.07413%
05/01/2035	380,000	540,000	540,000	540,000		100.00000%
05/01/2036	395,000	539,800	539,800	540,000	200	100.03705%
05/01/2037	410,000	539,000	539,000	540,000	1,000	100.18553%
05/01/2038	425,000	537,600	537,600	540,000	2,400	100.44643%
05/01/2039	440,000	535,600	535,600	540,000	4,400	100.82151%
05/01/2040	460,000	538,000	538,000	540,000	2,000	100.37175%
05/01/2041	480,000	539,600	539,600	540,000	400	100.07413%
05/01/2042	495,000	535,400	535,400	540,000	4,600	100.85917%
05/01/2043	515,000	535,600	535,600	540,000	4,400	100.82151%
	6,810,000	12,701,543	12,701,543	12,775,725	74,182	

SUMMARY OF BONDS REFUNDED

Santa Fe Springs Public Finance Authority
Refunding: 2003 Water Revenue Bonds, Series A
****
Assumed Underlying Rating: A+ by S&P
Estimated Interest Rates as of March 21, 2013

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2003 Revenue Bonds, 03RB_A:					
SERIAL	05/01/2014	4.100%	55,000.00	05/09/2013	100.000
	05/01/2015	4.200%	55,000.00	05/09/2013	100.000
	05/01/2016	4.300%	60,000.00	05/09/2013	100.000
	05/01/2017	4.400%	60,000.00	05/09/2013	100.000
	05/01/2018	4.500%	65,000.00	05/09/2013	100.000
	05/01/2019	4.600%	65,000.00	05/09/2013	100.000
	05/01/2020	4.750%	70,000.00	05/09/2013	100.000
	05/01/2021	4.750%	75,000.00	05/09/2013	100.000
	05/01/2022	4.800%	80,000.00	05/09/2013	100.000
	05/01/2023	4.900%	85,000.00	05/09/2013	100.000
TERM1	05/01/2028	5.000%	1,140,000.00	05/09/2013	100.000
TERM2	05/01/2033	5.000%	2,410,000.00	05/09/2013	100.000
			4,220,000.00		

SAVINGS

Santa Fe Springs Public Finance Authority
Refunding: 2003 Water Revenue Bonds, Series A
****
Assumed Underlying Rating: A+ by S&P
Estimated Interest Rates as of March 21, 2013

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 05/09/2013 @ 4.0299456%
05/01/2014	263,092.50	261,218.00	1,874.50	1,440.24
05/01/2015	260,837.50	256,727.50	4,110.00	3,324.34
05/01/2016	263,527.50	261,727.50	1,800.00	1,122.42
05/01/2017	260,947.50	256,527.50	4,420.00	3,293.56
05/01/2018	263,307.50	261,527.50	1,780.00	978.47
05/01/2019	260,382.50	256,327.50	4,055.00	2,710.82
05/01/2020	262,392.50	261,327.50	1,065.00	318.59
05/01/2021	264,067.50	261,127.50	2,940.00	1,647.07
05/01/2022	265,505.00	260,927.50	4,577.50	2,703.47
05/01/2023	266,665.00	265,727.50	937.50	128.50
05/01/2024	262,500.00	260,427.50	2,072.50	830.79
05/01/2025	263,250.00	260,277.50	2,972.50	1,330.75
05/01/2026	323,750.00	320,127.50	3,622.50	1,639.88
05/01/2027	556,000.00	553,096.26	2,903.74	1,131.24
05/01/2028	556,250.00	553,721.26	2,528.74	823.19
05/01/2029	555,500.00	553,646.26	1,853.74	377.33
05/01/2030	558,750.00	558,006.26	743.74	-258.10
05/01/2031	555,750.00	551,700.00	4,050.00	1,308.19
05/01/2032	556,750.00	554,800.00	1,950.00	214.99
05/01/2033	556,500.00	552,375.00	4,125.00	1,128.49
05/01/2034		539,600.00	-539,600.00	-234,415.28
05/01/2035		540,000.00	-540,000.00	-225,351.75
05/01/2036		539,800.00	-539,800.00	-216,396.30
05/01/2037		539,000.00	-539,000.00	-207,563.84
05/01/2038		537,600.00	-537,600.00	-198,867.53
05/01/2039		535,600.00	-535,600.00	-190,319.01
05/01/2040		538,000.00	-538,000.00	-183,632.55
05/01/2041		539,600.00	-539,600.00	-176,913.35
05/01/2042		535,400.00	-535,400.00	-168,611.12
05/01/2043		535,600.00	-535,600.00	-162,016.33
	7,375,725.00	12,701,543.04	-5,325,818.04	-1,937,892.83

Savings Summary

Dated Date	05/09/2013
Delivery Date	05/09/2013
PV of savings from cash flow	-1,937,892.83
Less: Prior funds on hand	-416,761.24
Plus: Refunding funds on hand	2,606,899.51
Net PV Savings	252,245.44

ESCROW COST

Santa Fe Springs Public Finance Authority
Refunding: 2003 Water Revenue Bonds, Series A
****
Assumed Underlying Rating: A+ by S&P
Estimated Interest Rates as of March 21, 2013

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
05/09/2013		4,224,624.28	4,224,624.28
	0	4,224,624.28	4,224,624.28

RESOLUTION NO. 9409

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA FE SPRINGS APPROVING THE ISSUANCE AND DELIVERY BY THE SANTA FE SPRINGS WATER UTILITY AUTHORITY OF ITS SANTA FE SPRINGS WATER UTILITY AUTHORITY 2013 WATER REVENUE BONDS, APPROVING A FIRST AMENDMENT TO WATER ENTERPRISE LEASE AGREEMENT, AN INDENTURE OF TRUST, AN ESCROW AGREEMENT, A BOND PURCHASE CONTRACT AND A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF DOCUMENTS RELATED THERETO

WHEREAS, the Santa Fe Springs Water Utility Authority (the "Authority") is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of July 1, 2009, by and between the City of Santa Fe Springs (the "City") and the Community Development Commission of the City of Santa Fe Springs and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of financing and refinancing public capital improvements of the Authority; and

WHEREAS, to acquire public capital improvements (the "2003 Improvements") of benefit to the City's water system and facilities (the "Enterprise") the City entered into an Installment Sale Agreement (the "2003 Installment Sale Agreement"), dated as of October 1, 2003, by and between the City and the Santa Fe Springs Public Financing Authority (the "Financing Authority") and, to finance the 2003 Improvements for sale to the City, the Financing Authority issued its 2003 Water Revenue Bonds, Series A, in the principal amount of $4,265,000 (the "2003 Financing Authority Bonds"), secured by installment payments to be made by the City pursuant to the 2003 Installment Sale Agreement; and

WHEREAS, in order to achieve interest rate savings, the City desires to cause the repayment in full of the 2003 Installment Sale Agreement and, thereby, refund in full and defease the 2003 Financing Authority Bonds, as provided in the 2003 Bonds Escrow Deposit and Trust Agreement, dated as of May 1, 2013, by and among the Authority, the Santa Fe Springs Public Financing Authority and U.S. Bank National Association, as trustee (the "Escrow Agreement"); and

WHEREAS, to refinance certain public capital improvements (the "2005 Improvements") of benefit to the Enterprise the City entered into an Installment Sale Agreement (the "2005 Installment Sale Agreement"), dated as of May 1, 2005, by and between the City and the Financing Authority and, to refinance the 2005 Improvements for sale back to the City, the Financing Authority issued its 2005 Water Revenue Bonds, Series A, in the principal amount of $3,705,000 secured by installment payments to be made by the City pursuant to the 2005 Installment Sale Agreement; and

WHEREAS, the City leased the City's Enterprise to the Authority pursuant to that certain Water Enterprise Lease Agreement, dated as of July 1, 2009 (the "Lease"), by and between the Authority and the City; and

WHEREAS, to assist the City in repaying the 2003 Installment Sale Agreement and to finance additional public capital improvements of benefit to the Enterprise (the "2013 Improvements"), the Authority has determined to issue its Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds (the "2013 Bonds") in the aggregate principal amount of not to exceed $7,500,000 pursuant to an Indenture of Trust, dated as of May 1, 2013, by and among the Authority, the City and the U.S. Bank National Association, as trustee (the "Indenture"); and

WHEREAS, the debt service on the 2013 Bonds will be payable by the Authority from Net Revenues (as defined in the Indenture) of the Enterprise on a parity with the installment payments under the 2005 Installment Sale Agreement payable by the Authority, on behalf of the City, and it is necessary to amend the Lease to provide for the payment of debt service on the 2013 Bonds as an additional obligation of the Authority and the City under the Lease Agreement, as provided in the First Amendment To Water Enterprise Lease Agreement, dated as of May 1, 2013, by and between the City and the Authority (the "First Amendment to Water Enterprise Lease Agreement"); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), proposes to submit an offer to purchase the Bonds in form on file with the City Clerk (the "Bond Purchase Contract") and in connection with the offering thereof, the Authority has caused to be prepared an Official Statement (the "Official Statement") describing the Enterprise and the Bonds; and

WHEREAS, the City Council desires to approve the First Amendment to Water Enterprise Lease Agreement, the Indenture, the Escrow Agreement, the Bond Purchase Contract and the Preliminary Official Statement and the Final Official Statement, and for such purpose has, with the aid of its staff, reviewed such documents, including such review of the Official Statement as is necessary to assure proper disclosure of all material facts relating to the Bonds that are within the personal knowledge of the respective Councilmembers and the staff;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF THE SANTA FE SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council hereby approves the issuance of the Bonds by the Authority in the aggregate principal amount of not to exceed $7,500,000.

Section 2. The City Council hereby approves the Indenture in substantially the form filed with the City Clerk. The Mayor, the Mayor Pro Tem, the City Manager and the City Director of Finance and Administrative Services [(each, a "Authorized Officer"), are hereby authorized to execute the Indenture in substantially the form filed with the City Clerk, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The City Council hereby approves the First Amendment to Water Enterprise Lease Agreement, in substantially the form filed with the City Clerk. Any Authorized Officer is hereby authorized to execute the Third Amendment to Lease in substantially the form filed with the City Clerk, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The City Council hereby approves the Escrow Agreement, in substantially the form filed with the City Clerk. Any Authorized Officer is hereby authorized to execute the Escrow Agreement in substantially the form filed with the City Clerk, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The City Council hereby approves the Preliminary Official Statement relating to the Bonds, substantially in the form filed with the City Clerk, with such revisions, amendments and completions as may be approved by a Authorized Officer with the advice of Disclosure Counsel, in order to make the Preliminary Official Statement substantially final as of its date, except for the omission of certain information, as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations ("Rule 15c2-12"), and any certificate relating to the finality of the Official Statement under Rule 15c2-12. Any Authorized Officer is authorized and directed to execute and deliver a final Official Statement and amendments and updates thereto, as appropriate, in substantially the form hereby approved, with such additions and changes as may be approved by Disclosure Counsel and the Authorized Officer executing the same, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The City Council hereby approves the Bond Purchase Contract providing for the sale of the Bonds to the Underwriter, in substantially the form filed with the City Clerk. Any Authorized Officer is hereby authorized to execute the Bond Purchase Contract, in substantially the form filed with the City Clerk, with such revisions, amendments and completions as may be approved by a Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof, provided that, the Bond Purchase Contract shall provide for (i) a true interest cost on the Bonds not greater than 4.75% and, (ii) an Underwriter's discount on the Bonds not greater than 1.0%.

Section 7. The Mayor, the Mayor Pro Tem, the City Manager, the City Director of Finance and Administrative Services, the Deputy City Clerk, the City Attorney, and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including the publication of any notices necessary or desirable in connection with the sale of the Bonds, and execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, deem necessary or advisable in order to consummate the lawful issuance sale and delivery of the Bonds, the refunding of the 2003 Bonds and the consummation of the transactions as described herein.

Section 8. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

PASSED, APPROVED AND ADOPTED this 11th day of April, 2013, at a regular meeting of the City Council by the following vote:

AYES:

NOES:

ABSENT:

_____
Mayor

ATTEST:

_____
Deputy City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 12, 2013

NEW ISSUE - FULL BOOK-ENTRY **RATING: _____**

See "RATINGS"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2013 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, the interest on the 2013 Bonds is exempt from California personal income taxes. See "TAX MATTERS."

**$_____*
SANTA FE SPRINGS WATER UTILITY AUTHORITY
2013 Water Revenue Bonds**

Dated: Date of Delivery **Due: May 1, as shown on inside cover**

Authority for Issuance. The bonds captioned above (the "2013 Bonds") are being issued by the Santa Fe Springs Water Utility Authority (the "Authority") under a resolution adopted by the Board of Directors of the Authority on April 11, 2013, and a resolution adopted by the City Council of the City of Santa Fe Springs (the "City") on April 11, 2013. The 2013 Bonds are issued under an Indenture of Trust dated as of May 1, 2013 (the "Indenture"), by and among the Authority, the City and U.S. Bank National Association, as trustee (the "Trustee"). See "THE 2013 BONDS – Authority for Issuance."

Security for the 2013 Bonds. The 2013 Bonds are special obligations of the Authority, payable solely from "Net Revenues" of the water utility enterprise (the "Enterprise") that the Authority leases from the City, and amounts on deposit in the funds and accounts established under the Indenture as and to the extent provided in the Indenture. See "SECURITY FOR THE 2013 BONDS."

Use of Proceeds. The 2013 Bonds are being issued to provide funds to (i) prepay an installment sale obligation of the City and a related series of bonds of the Santa Fe Springs Public Financing Authority, (ii) finance improvements to the Enterprise, (iii) fund a deposit to a debt service reserve fund for the 2013 Bonds, and (iv) pay the costs of issuing the 2013 Bonds. See "FINANCING PLAN."

Existing Parity Debt. The 2013 Bonds will be secured by and payable from Net Revenues on a parity basis with an existing installment payment obligation of the City (as described more completely in this Official Statement, the "2005 Installment Payments").

Future Parity Debt Parity Debt. Additional series of bonds and other parity obligations may be issued in the future that are payable from Net Revenues on a parity with the 2013 Bonds and the 2005 Installment Payments, subject to the conditions contained in the Indenture. See "SECURITY FOR THE 2013 BONDS."

Bond Terms; Book-Entry Only. The 2013 Bonds will bear interest at the rates shown on the inside cover, payable semiannually on May 1 and November 1 of each year, commencing on November 1, 2013, and will be issued in fully registered form without coupons in the denomination of $5,000 or any integral multiple of $5,000. The 2013 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2013 Bonds will not receive certificates representing their interests in the 2013 Bonds. Payments of the principal of, premium, if any, and interest on the 2013 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2013 Bonds. See "THE 2013 Bonds – General Provisions."

The "Record Date" for the 2013 Bonds is the fifteenth calendar day of the month preceding each Interest Payment Date.

Redemption. The 2013 Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity. See "THE 2013 BONDS – Redemption."

Limited Obligation. The 2013 Bonds are not secured by a legal or equitable pledge of, or charge, or lien, or encumbrance upon, any of the property of the Authority or the City, or any of the income of the Authority or the City, except the Net Revenues of the Enterprise and amounts on deposit in the funds and accounts established under the Indenture as and to the extent provided in the Indenture.

MATURITY SCHEDULE
(see inside cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2013 BONDS. INVESTMENT IN THE 2013 BONDS INVOLVES RISKS THAT MAY NOT BE APPROPRIATE FOR SOME INVESTORS. SEE "BOND OWNERS' RISKS."

The 2013 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the Authority by Jones Hall, as Disclosure Counsel. Fulbright & Jaworski L.L.P is acting as counsel to the Underwriter. Certain legal matters will be passed upon for the Authority and the City by the City Attorney of the City of Santa Fe Springs. It is anticipated that the 2013 Bonds, in book-entry only form, will be available through the facilities of DTC in New York, New York, on or about _____, 2013.

[Stifel logo]

The date of this Official Statement is: _____, 2013

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* Preliminary; subject to change.

MATURITY SCHEDULE

$_____ Serial Bonds
(Base CUSIP†: _____)

Maturity (May 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

$_____ ____% Term Bond due May 1, _____, Yield: _____%, Price: _____
CUSIP† No. _____

$_____ ____% Term Bond due May 1, _____, Yield: _____%, Price: _____
CUSIP† No. _____

† Copyright 2013, CUSIP Global Services, and a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of of American Bankers Association by S&P Capital IQ. Neither the Authority, the City nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

SANTA FE SPRINGS WATER UTILITY AUTHORITY
CITY OF SANTA FE SPRINGS

Authority Board of Directors
City Council

Richard J. Moore, *President, Mayor*
Juanita A. Trujillo, *Vice President, Mayor Pro Tem*
Luis M. González, *Director, Council Member*
Laurie Rios, *Director, Council Member*
William K. Rounds, *Director, Council Member*

City and Authority Staff

Thaddeus McCormack, *City Manager/ Authority Executive Director*
Jose A. Gomez, *Director of Finance and Administrative Services/Authority Treasurer*
Travis Hickey, *Assistant Director of Finance & Administrative Services*
Noe Negrete, P.E., *Director of Public Works, City Engineer*
Anita Jimenez, *City Clerk*
Steven N. Skolnik, *City Attorney*

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

Trustee and Escrow Agent

U.S. Bank National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2013 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2013 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Enterprise since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2013 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2013 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the 2013 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2013 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2013 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

REGIONAL MAP

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OFFICIAL STATEMENT

$_____*
SANTA FE SPRINGS WATER UTILITY AUTHORITY
2013 Water Revenue Bonds

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the meanings given in the Indenture (as defined below). See "APPENDIX A – Summary of Certain Provisions of the Indenture."

Authority for Issuance. The bonds captioned above (the "**2013 Bonds**") are being issued by the Santa Fe Springs Water Utility Authority (the "**Authority**") under the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584), of Chapter 5, Division 7, Title 1 of the California Government Code (the "**Bond Law**"), a resolution adopted by the Board of Directors of the Authority (the "**Board of Directors**") on April 11, 2013, and a resolution adopted by the City Council of the City of Santa Fe Springs (the "**City**") on April 11, 2013.

The 2013 Bonds are issued under an Indenture of Trust dated as of May 1, 2013 (the "**Indenture**"), by and among the Authority, the City and U.S. Bank National Association, as trustee (the "**Trustee**").

See "THE 2013 BONDS – Authority for Issuance" and "THE AUTHORITY AND THE LEASE."

Purpose of the 2013 Bonds. The 2013 Bonds are being issued to provide funds to:

(i) prepay certain amounts payable by the City (the "**2003 Installment Payments**") under an Installment Sale Agreement, dated as of October 1, 2003 (the "**2003 Installment Sale Agreement**") and a related series of bonds of the Santa Fe Springs Public Financing Authority,
(ii) finance improvements to the Enterprise (as defined below),

* Preliminary; subject to change.

(iii) fund a deposit to a debt service reserve fund for the 2013 Bonds, and
(iv) pay the costs of issuing the 2013 Bonds.

See "FINANCING PLAN."

Security for the 2013 Bonds. The 2013 Bonds are special obligations of the Authority, payable solely from "**Net Revenues**" of the water system and facilities that the Authority leases from the City (the "**Enterprise**"), and amounts on deposit in the funds and accounts established under the Indenture as and to the extent provided in the Indenture. See "SECURITY FOR THE 2013 BONDS."

"Net Revenues" are generally defined in the Indenture as all of the "**Gross Revenues**" derived by the City or the Authority from ownership or operation of the Enterprise or otherwise arising from the Enterprise, with certain exceptions described in this Official Statement, minus the amount required to pay all "**Operation and Maintenance Costs**" of the Enterprise. See "SECURITY FOR THE 2013 BONDS."

Enterprise. The Enterprise consists of the entire water treatment, production, storage and distribution system owned or operated by the City and the Authority, including but not limited to all facilities, properties and improvements at any time owned or operated by the City or the Authority for the collection, treatment and supply of water to residents served thereby, whether within or without the City, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the City or the Authority.

In 2009, the City leased the Enterprise to the Authority, but the City manages the Enterprise on behalf of the Authority. See "THE AUTHORITY AND THE LEASE."

Existing Parity Debt. The 2013 Bonds will be secured by and payable from Net Revenues on a parity basis with an existing installment payment obligation of the City (the "**2005 Installment Payments**") pursuant to an Installment Sale Agreement, dated as of May 1, 2005 (as amended as described below, the "**2005 Installment Sale Agreement**"). In connection with execution and delivery of the 2005 Installment Sale Agreement, the City caused the Santa Fe Springs Public Financing Authority to issue its $3,705,000 2005 Water Refunding Revenue Bonds, Series A (the "**2005 Bonds**"). See "SECURITY FOR THE 2013 BONDS."

The City and the Authority amended the Installment Sale Agreement pursuant to a First Amendment to 2005 Installment Sale Agreement, dated as of July 1, 2009, to permit the lease of the Enterprise by the City to the Authority. See "THE AUTHORITY AND THE LEASE" for a description of the lease of the Enterprise by the City to the Authority.

Future Parity Debt. Additional series of bonds and other parity obligations may be issued in the future that are payable from Net Revenues on a parity with the 2005 Installment Payments and the 2013 Bonds, subject to the conditions contained in the Indenture. See "SECURITY FOR THE 2013 BONDS."

Rate Covenant. Under the Indenture, the Authority and the City are generally required to fix, prescribe, revise and collect rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year that are sufficient to yield Net Revenues for the Enterprise at least equal to 120% of the total Debt Service payments and payments on

Parity Obligations coming due and payable in that Fiscal Year. See "SECURITY FOR THE 2013 BONDS – Rate Covenants."

Reserve Account. Under the Indenture, a portion of the 2013 Bond proceeds will be used to establish a debt service reserve (the "**Reserve Account**") for the 2013 Bonds. The Reserve Account will be held and maintained by the Trustee. In connection with the execution and delivery of the 2005 Installment Sale Agreement, the City caused proceeds of the 2005 Bonds to fund a separate debt service reserve fund for the 2005 Bonds. See "SECURITY FOR THE 2013 BONDS – Reserve Account."

Risks of Investment. The 2013 Bonds are repayable only from certain money available to the Authority from the Enterprise. For a discussion of some of the risks associated with the purchase of the 2013 Bonds, see "BOND OWNERS' RISKS."

Limited Obligation. The 2013 Bonds are not secured by a legal or equitable pledge of, or charge, or lien, or encumbrance upon, any of the property of the Authority or the City, or any of the income of the Authority or the City, except the Net Revenues of the Enterprise and amounts on deposit in the funds and accounts established under the Indenture as and to the extent provided in the Indenture.

FINANCING PLAN

Refunding Plan

The Authority will apply a portion of the proceeds from the sale of the 2013 Bonds to establish an irrevocable escrow to pay and prepay the 2003 Installment Payments and to pay and redeem the 2003 Bonds.

A portion of the proceeds of the 2013 Bonds will be deposited with the Trustee, acting as escrow agent (the "**Escrow Agent**") under the 2003 Bonds Escrow Deposit and Trust Agreement dated as of May 1, 2013 (the "**Escrow Agreement**"), by and among the City, the Authority and the Escrow Agent.

The amounts deposited from the proceeds of the 2013 Bonds, together with certain other available moneys, will be held by the Escrow Agent under the Escrow Agreement and invested in **[confirm:** United States Treasury Securities—State and Local Government Series (SLGS),**]** the principal of and interest on which, when received, will be sufficient to pay principal of and interest due on the 2003 Bonds on _____, 2013 and to pay the redemption price of the 2003 Bonds maturing on and after May 1, 2014 upon their call and redemption on _____, 2013. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

The Project

The Authority intends to use a portion of the proceeds from the sale of the 2013 Bonds to finance the cost of the "**Project**," which will consist of certain capital improvements to the Enterprise.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2013 Bonds are as follows:

Sources:	
Principal Amount	
Plus Net Original Issue Premium/*Less* Original Issue Discount	
Plus Funds Related to 2003 Bonds	
Total Sources	
Uses:	
Deposit to Cost of Issuance Fund (1)	
Deposit to Reserve Account	
Transfer to Escrow Fund (2)	
Deposit to Project Fund (3)	
Underwriter's Discount	
Total Uses	

(1) Represents funds to be used to pay Costs of Issuance, which include legal fees, printing costs, rating agency fees and other expenses relating to the issuance of the 2013 Bonds.

(2) Will be used to pay and prepay the 2003 Installment Payments and to pay and redeem the 2003 Bonds. See "– Refunding Plan" above.

(3) Represents funds to be used to finance the costs of the Project. See "– The Project" above.

Debt Service Schedule

The table below sets forth the scheduled 2005 Installment Payments, which are payable on a parity basis with the 2013 Bonds, and the scheduled debt service for the 2013 Bonds. The table assumes no optional redemption of the 2005 Bonds or the 2013 Bonds.

Bond Year Ending May 1	2005 Installment Payments	Principal	Interest	Total
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
Total				

THE 2013 BONDS

Authority for Issuance

The 2013 Bonds are being issued under the Indenture, the Bond Law, a resolution adopted by the Board of Directors of the Authority on April 11, 2013, and a resolution adopted by the City Council of the City on April 11, 2013.

General Bond Terms

Bond Terms. The 2013 Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000. The 2013 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

Payments of Interest. Interest on the 2013 Bonds will be payable on May 1 and November 1 of each year to maturity, beginning November 1, 2013 (each an "**Interest Payment Date**").

Record Date. The "**Record Date**" for the 2013 Bonds is the fifteenth calendar day of the month preceding each Interest Payment Date.

Book-Entry Only System. The 2013 Bonds will be executed, sold, and delivered in fully registered form, without coupons. The 2013 Bonds will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("**DTC**"), New York, New York, as the initial securities depository for the 2013 Bonds. Ownership interests in the 2013 Bonds may be purchased in book-entry form only. Purchasers of the 2013 Bonds will not receive physical bonds representing their ownership interests in the 2013 Bonds purchased.

Principal and interest payments with respect to the 2013 Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to its Participant for subsequent disbursement to the beneficial owners of the 2013 Bonds. See "APPENDIX F – DTC and the Book-Entry Only System."

So long as the 2013 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the "owners" mean Cede & Co., and not the purchasers or Beneficial Owners of the 2013 Bonds. See "APPENDIX F – DTC and the Book-Entry Only System."

Calculation of Interest. Interest on the 2013 Bonds will be calculated based on a 360-day year comprised of twelve 30-day months.

Each 2013 Bond will bear interest from the Interest Payment Date next preceding its date of authentication, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before October 15, 2013, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any 2013 Bond, interest thereon is in default, such 2013 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Redemption of 2013 Bonds

Optional Redemption. The 2013 Bonds maturing on or after May 1, _____ are subject to optional redemption, as a whole or in part on any date prior to the maturity thereof, at the option of the Authority, on or after May 1, _____, from funds derived by the Authority from any source, at a redemption price equal to the principal amount of the 2013 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

Mandatory Sinking Account Redemption. The 2013 Bond maturing on May 1, _____ is a Term Bond (the "**_____ Term Bond**"). The _____ Term Bond is subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on May 1 in each year, commencing May 1, _____, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the _____ Term Bond has been redeemed through optional redemption as described above, the total amount of Sinking Account payments to be made subsequent to such redemption will be reduced in an amount equal to the principal amount of the _____ Term Bond so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as designated in a written notice filed by the Authority with the Trustee.

_____ Term Bond

Sinking Account Redemption Date (May 1)	Sinking Account Payments

Purchase in Lieu of Mandatory Sinking Account Redemption. In lieu of mandatory sinking account redemption, the Trustee may apply amounts in the Sinking Account to the purchase of Term Bonds 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 may be directed by the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Term Bonds, as set forth in a Written Request of the Authority.

The par amount of Term Bonds so purchased by the Authority in any twelve-month period immediately preceding any Mandatory Sinking Account Redemption date in the table above will be credited towards and will reduce the principal amount of Term Bonds required to be redeemed on the succeeding Principal Payment Date.

General Redemption Terms

Selection of 2013 Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2013 Bonds, the Trustee will select the 2013 Bonds to be redeemed from all 2013 Bonds (or such portion not previously called for redemption), pro rata by maturity or, at the election of the Authority set forth in a Written Request of the Authority, filed with the Trustee, from such maturities as the Authority

determines, and by lot within a maturity in any manner which the Trustee, in its sole discretion, deems appropriate and fair. Any such determination shall be deemed conclusive. For purposes of such selection, the Trustee will treat each 2013 Bond as consisting of separate $5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond.

Notice of Redemption. Notice of redemption will be mailed by first class mail, postage prepaid, not less than 30 nor more than 60 days before any redemption date, to respective Owners of any 2013 Bonds designated for redemption at their addresses appearing on the Registration Books, and by first class mail, facsimile or electronic mails, to the Securities Depositories and to the Information Services.

Neither the failure to receive any redemption notice nor any defect therein will affect the proceedings for redemption or the cessation of accrual of interest from and after the redemption date.

However, while the 2013 Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Authority and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the 2013 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2013 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.

Cancellation of Redemption Notice. The Authority has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the 2013 Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Trustee will mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Effect of Redemption. If notice of redemption is duly given as set forth in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2013 Bonds (or portions thereof) so called for redemption are held by the Trustee, on the redemption date designated in the redemption notice, the 2013 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2013 Bonds so called for redemption will cease to accrue, the 2013 Bonds (or portions thereof) called for redemption will cease to be entitled to any benefit or security under the Indenture, and the Owners of the 2013 Bonds called for redemption will have no rights in respect thereof except to receive payment of the redemption price thereof.

SECURITY FOR THE 2013 BONDS

This section provides summaries of the security for the 2013 Bonds, and certain provisions of the Indenture. See "APPENDIX A – Summary of Certain Provisions of the Indenture" for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in Appendix A.

Pledge of Net Revenues

General. The 2013 Bonds are special obligations of the Authority, payable solely from Net Revenues of the Enterprise and from amounts on deposit in the funds and accounts established under the Indenture as and to the extent provided in the Indenture.

Under the Indenture, all of the Net Revenues and any other amounts held in any of the funds or accounts under the Indenture, are irrevocably pledged, charged and assigned to the punctual payment of the principal of and interest on the 2013 Bonds and any Additional Bonds and to the punctual payment of any Parity Obligations, and except as otherwise provided in the Indenture, the Net Revenues and such other funds may not be used for any other purpose so long as any of the 2013 Bonds or any Additional Bonds remain Outstanding.

This pledge, charge and assignment constitutes a first lien on the Net Revenues and such other moneys for the payment of the principal of and interest on the 2013 Bonds, any Additional Bonds and any Parity Obligations in accordance with the terms of the Indenture.

All Net Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will be paid by the Authority to the Trustee pursuant to the Indenture.

Limited Obligation of the Authority. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE 2013 BONDS OR INTEREST THEREON. THE 2013 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE NET REVENUES OF THE ENTERPRISE AND THE AMOUNTS ON DEPOSIT UNDER THE INDENTURE TO THE EXTENT PROVIDED IN THE INDENTURE.

Net Revenues. The Indenture defines "**Net Revenues**" for any Fiscal Year as an amount equal to all of the "**Gross Revenues**" received with respect to such Fiscal Year, minus the amount required to pay all "**Operation and Maintenance Costs**" becoming payable with respect to that Fiscal Year.

Gross Revenues. The Indenture defines "**Gross Revenues**" to mean all gross charges received for, and all other gross income and receipts derived by the City or the Authority from, the ownership and operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to investment earnings thereon and "**Refundable Credits**" (the amounts (if any) which are payable to the issuer of Build America Bonds by the federal government under Section 6431 of the Internal Revenue Code of 1986, as amended (the "**Code**), which the issuer of such Build America Bonds elects to receive under Section 54AA(g)(1) of the Code, or the amounts payable to an issuer by the federal government as a subsidy with respect to the payment of debt service on obligations of the issuer under any similar provisions of the Code that may subsequently be enacted).

"Gross Revenues" excludes:

(a) connection charges,

(b) the proceeds of any ad valorem property taxes levied for the purpose of paying general obligation bonds of the City relating to the Enterprise, and

(c) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City levied for the purpose of paying special assessment bonds or special tax obligations of the City or the Authority relating to the Enterprise.

Operation and Maintenance Costs. The Indenture defines "**Operation and Maintenance Costs**" to mean the reasonable and necessary costs and expenses paid by the City for maintaining and operating the Enterprise, including but not limited to:

(a) costs of acquisition of water to be supplied to the Enterprise,

(b) costs of electricity and other forms of energy supplied to the Enterprise,

(c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order and

(d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Enterprise.

"Operation and Maintenance Costs excludes:

(i) debt service payable on obligations incurred by the City or the Authority with respect to the Enterprise, including but not limited to the Annual Payments, Installment Payments and payments on any additional Parity Obligations,

(ii) depreciation, replacement and obsolescence charges or reserves therefor, and

(iii) amortization of intangibles or other bookkeeping entries of a similar nature.

Allocation of Gross Revenues

Under the Indenture, the Authority will covenant to deposit all of the Gross Revenues immediately upon receipt in the Revenue Fund. The Revenue Fund was previously established by the City and is held by the City, on behalf of the Authority, pursuant to the Lease.

The Authority will, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable.

On or before the fifth Business Day preceding each Interest Payment Date, all remaining moneys in the Revenue Fund will be set aside by the Authority in the following respective special funds in the following order and withdrawn only for the purposes described below:

(i) to the Trustee for deposit into the Bond Fund the amount equal to (i) the aggregate amount of interest coming due and payable on the 2013 Bonds and any Additional Bonds on the next succeeding Interest Payment Date; plus (ii) one-half of the aggregate amount of the principal coming due and payable on the next succeeding Principal Payment Date, which payments will be made on a parity basis with the 2005 Installment Payments and any outstanding Parity Obligations ; and

(ii) to the Trustee for deposit in the Reserve Account, the amount, if any, required to restore the balance in the Reserve Account to the Reserve Requirement, which deposits must be made on a parity with the requirements of any reserve fund established for any Parity Obligations.

Amounts remaining in the Revenue Fund immediately after making these transfers will be released to the Authority free and clear of the lien of the Indenture, to be used by the Authority for any lawful purpose, including but not limited to making lease payments under the Lease.

Covenant Regarding Net Revenues

Under the Indenture, the Authority will agree to manage, conserve and apply the Net Revenues on deposit in the Revenue Fund in such a manner that all deposits required to be made under the Indenture as described above will be made at the times and in the amounts so required.

Covenants of the Authority and the City Regarding Punctual Payment

Under the Indenture the Authority agrees to punctually pay or cause to be paid the principal of and interest on all the 2013 Bonds and any Additional Bonds in strict conformity with the terms of the 2013 Bonds and any Additional Bonds and of the Indenture, according to their true intent and meaning, but only out of Net Revenues and other assets pledged for such payment as provided in the Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture.

If for any reason the Authority is unable to perform its covenants and agreements under the Indenture, because of premature termination of the Lease or otherwise, the City agrees, on behalf of the Authority, to punctually pay or cause to be paid the principal of and interest on all the 2013 Bonds and any Additional Bonds in strict conformity with the terms of the 2013 Bonds and any Additional Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in the Indenture, and the City will, on behalf of the Authority, faithfully observe and perform all of the conditions, covenants and requirements of the Indenture.

Bond Fund

On or about the fifth Business Day preceding each date on which interest on or principal of the 2013 Bonds and any Additional Bonds becomes due and payable, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which

the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) ***Interest***. The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2013 Bonds and Additional Bonds then Outstanding.

(b) ***Principal***. The Trustee will deposit in the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus, deposit to the Sinking Account, the aggregate amount of the mandatory Sinking Account payment required to be paid for Outstanding Term Bonds on the next succeeding Principal Payment Date, until the balance in those accounts are equal to the respective aggregate amounts of such principal and mandatory Sinking Account payments.

(c) ***Reserve Replenishment***. The Trustee will deposit in the Reserve Account the amount, if any, required to restore the balance in the Reserve Account to the Reserve Requirement.

(d) ***Excess***. The Trustee will transfer any remaining amounts in the Bond Fund to the Authority for any lawful use with respect to the Enterprise.

Reserve Account

Establishment. Under the Indenture, a Reserve Account will be established to secure the 2013 Bonds. Within the Reserve Account, the Trustee will establish a 2013 Bonds Subaccount.

At the Closing, the Trustee will deposit the amount of $_____ into the Reserve Account, which is equal to the initial Reserve Requirement (as defined below).

Reserve Requirement. The "**Reserve Requirement**" is defined in the Indenture, as of any date of calculation, as an amount equal to the least of: (i) 100% of the Maximum Annual Debt Service on the Bonds for the then current or every subsequent Bond Year, (ii) 125% of average Annual Debt Service on the Bonds for the then current and every subsequent Bond Year, and (iii) 10% of the issue price (as defined pursuant to section 148 of the Code) of the Bonds. "Bonds" is defined in "- Issuance of Additional Bonds" below.

Application of Reserve Account. All amounts in the Reserve Account will be used and withdrawn by the Trustee solely for the following purposes:

(a) paying interest on or principal of the 2013 Bonds and any Additional Bonds, when due and payable to the extent that moneys deposited in the Interest Account or Principal Account, respectively, are not sufficient for that purpose,

(b) paying the redemption price of Term Bonds to be redeemed through mandatory sinking account redemption if amounts on deposit in the Sinking Account are not sufficient for that purpose, and

(c) making the final payments of principal of and interest on the 2013 Bonds and any Additional Bonds.

On the date on which all 2013 Bonds and any Additional Bonds are retired under the Indenture, all moneys then on deposit in the Reserve Account will be withdrawn by the Trustee and paid to the Authority for use by the Authority for any lawful purpose.

If as of the first day of the month preceding any Interest Payment Date there is any deficiency in the Reserve Account (whether due to a payment therefrom or due to the fluctuation in market value of securities credited thereto, or otherwise), the Trustee will promptly notify the Authority in writing of the amount of such deficiency and the Authority will pay to the Trustee the amount of such deficiency as provided in the Indenture.

Semiannually, on or before each Interest Payment Date, the Trustee will value the Reserve Account at fair market value and any amounts on deposit in the Reserve Account in excess of the Reserve Requirement will be transferred to the Interest Account of the Bond Fund.

Rate Covenants

The Authority will make the following covenants in the Indenture with respect to charges for the Enterprise:

Covenant Regarding Gross Revenues. The Authority and the City are required to fix, prescribe, revise and collect rates, fees and charges for the Enterprise as a whole for the services and improvements furnished by the Enterprise during each Fiscal Year that are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues that are sufficient to pay the following amounts in the following order of priority:

(i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year;

(ii) (A) Debt Service payments as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service payments are payable from the proceeds of the Bonds (including the 2013 Bonds and any Additional Bonds) or from any other source of legally available funds of the Authority that have been deposited with the Trustee for such purpose prior to the commencement of such Fiscal Year and;

(B) The Installment Payments and the principal of and interest on any other Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Installment Payments or such principal and interest on other Parity Obligations are payable from the proceeds of the Bonds or Parity Obligations, or from any other source of legally available funds of the City or the Authority which have been deposited with the Trustee for such purpose prior to the commencement of such Fiscal Year;

(iii) the amount, if any, required to restore the balance in the Reserve Account to the full amount of the Reserve Requirement or the reserve fund established with respect to any Parity Obligations; and

(iv) all other payments required to meet any other obligations of the Authority that are charges, liens, encumbrances upon, or which are otherwise payable, from Gross Revenues during such Fiscal Year.

Covenant Regarding Net Revenues. In addition, the Authority and the City are required to fix, prescribe, revise and collect (or cause to be fixed, prescribed, revised and collected) rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year that are sufficient to yield Net Revenues for the Enterprise at least equal to 120% of the total Debt Service payments on the 2013 Bonds and any Additional Bonds, the 2005 Installment Payments and the payments on any Parity Obligations coming due and payable in that Fiscal Year.

For purposes of this covenant, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (1) any transfers into the Revenue Fund in that Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues, as described below, and (2) any deposits into the Rate Stabilization Fund in that Fiscal Year are deducted from the amount of Net Revenues, but only to the extent such deposits are made from Gross Revenues received by the Authority during that Fiscal Year.

Rate Stabilization Fund

Establishment and Funding. Under the Indenture, the Authority or the City has the right at any time after payment in full of the 2005 Installment Payments to establish a fund to be held by either of them and administered in accordance with the Indenture for the purpose of stabilizing the rates and charges imposed by the Authority and the City with respect to the Enterprise. The Authority and the City do not currently maintain a Rate Stabilization Fund for the Enterprise.

From time to time Authority and the City, or either of them, may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Debt Service payments.

The Rate Stabilization Fund will be accounted for as a separate fund, although amounts credited to it may be commingled with other funds of the Authority or the City, as applicable.

Application. The Authority or the City, as applicable, may, but are not be required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit or cause to be deposited, as the case may be, such amounts in the Revenue Fund in any Fiscal Year for the purpose of paying Debt Service payments or payments on Parity Obligations coming due and payable in such Fiscal Year.

Amounts so transferred from the Rate Stabilization Fund to the Revenue Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year (except as otherwise provided in the Indenture), and will be applied for the purposes of the Revenue Fund. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not otherwise secure Debt Service payments or payments on Parity Obligations.

All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the Authority or the City, be applied for any other lawful purposes. The Authority and City has the right at any time to withdraw any or all amounts deposited by the Authority or the City, as applicable, in and remaining on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the Authority or the City, as applicable.

Issuance of Additional Bonds

In addition to the 2013 Bonds, the Authority may, by Supplemental Indenture, issue Additional Bonds payable from Gross Revenues on a parity with the 2013 Bonds and secured by a lien upon and pledge of Net Revenues equal to the lien and pledge securing the 2013 Bonds. "**Bonds**" is defined to include the 2013 Bonds and any Additional Bonds.

The Authority may issue and the Trustee may authenticate and deliver the Additional Bonds, in such principal amount and for such lawful purpose or purposes (including refunding of any Bonds issued hereunder and then Outstanding) as may be determined by the Authority in the Supplemental Indenture, but only upon compliance with the specific conditions set forth in the Indenture, which are conditions precedent to the issuance of any Additional Bonds, as follows:

(a) The Authority may not be in default under the Indenture or any Supplemental Indenture or under the 2005 Installment Sale Agreement.

(b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the Authority for the most recent completed Fiscal Year for which audited financial statements are available, or for any more recent consecutive 12 month period selected by the Authority at its option, in either case verified by a certificate or opinion of an Independent Account or Independent Fiscal Consultant, plus the Additional Revenues, must be at least equal 120% of the amount of Maximum Annual Debt Service with respect to the Bonds, Installment Payments and all Parity Obligations then outstanding (including the Additional Bonds then proposed to be issued or incurred).

For purposes of the previous paragraph, the amount of any Refundable Credits that the Authority expects to receive in a Fiscal Year shall be excluded from the amount of Gross Revenues for such Fiscal Year, but shall be included as a credit against the applicable amount of principal of and interest on the Additional Bonds or any other Parity Obligations coming due in such Fiscal Year.

The Authority may add to Net Revenues moneys transferred from the Rate Stabilization Fund to the Revenue Fund during that Fiscal Year, *except* that the calculation of Net Revenues may not include transfers from the Rate Stabilization Fund to the extent that such additional moneys would be required to cause Net Revenues to equal or exceed 100% of Annual Debt Service for outstanding Bonds, including the proposed Additional Bonds, for that Fiscal Year.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds must require that the Reserve Account be increased, if and to the extent necessary, promptly upon the receipt of the proceeds of the sale of such Additional Bonds to an amount at least equal to the Reserve Requirement; provided, however, that

this increase may be provided by one or more Qualified Reserve Account Credit Instruments. This deposit may be made from such proceeds or any other source, as provided in the Supplemental Indenture. In addition, the Supplemental Indenture may establish a subaccount in the Reserve Account with respect to such Additional Bonds in order to satisfy the requirements of the Code or of a credit provider.

(d) Such Additional Bonds must be payable as to principal annually on May 1 of each year in which principal falls due and must be payable as to interest semiannually on May 1 and November 1 of each year, provided that the first installment of interest may be payable on either May 1 or November 1 and must be for a period of not longer than twelve months as specified in the Supplemental Indenture.

(e) The Authority must deliver to the Trustee a Written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds described in paragraphs (a), (b), (c) and (d) above have been satisfied.

Issuance of Parity Obligations

The Authority may issue or incur Parity Obligations (which term is defined in the Indenture to mean "leases, loan agreements, installment sale agreements, bonds, notes or other obligations issued or incurred by the Authority or the City, that have a lien on the Net Revenues on a parity with the 2005 Installment Payments and the Bonds), other than Additional Bonds (which must be issued as described above) during the term of the Bonds only if:

(a) No Event of Default has occurred and is continuing under the Indenture and any Supplemental Indenture or under the 2005 Installment Sale Agreement.

(b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the Authority for the most recent completed Fiscal Year for which audited financial statements are available, or for any more recent consecutive 12 month period selected by the Authority at its option, in either case verified by a certificate or opinion of an Independent Accountant or Independent Fiscal Consultant, plus the Additional Revenues, at least equal 120% of the amount of Maximum Annual Debt Service with respect to the Bonds and all Parity Obligations then outstanding (including the Parity Obligations then proposed to be issued or incurred);

For purposes of the previous paragraph, the amount of any Refundable Credits that the Authority expects to receive in a Fiscal Year will be excluded from the amount of Gross Revenues for such Fiscal Year, but will be included as a credit against the applicable amount of Installment Payments and principal of and interest on such Parity Obligations or any other Parity Obligations coming due in such Fiscal Year.

The Authority may add to Net Revenues moneys transferred from the Rate Stabilization Fund to the Revenue Fund during that Fiscal Year, *except* that the calculation of Net Revenues may not include transfers from the Rate Stabilization Fund to the extent that such additional moneys would be required to cause Net Revenues to equal or exceed 100% of Annual Debt Service for outstanding Bonds and any Parity Obligations, including the proposed Parity Obligations, for that Fiscal Year.

(c) Upon the issuance of such Parity Obligations a reserve fund must be established for such Parity Obligations in an amount at least equal to the lesser of (i) Maximum Annual Debt Service on such Parity Obligations or (ii) the maximum amount permitted under the Internal Revenue Code of 1986, as amended.

(d) The City must deliver to the Trustee a written certificate certifying that these conditions have been met.

"Additional Revenues" is defined in the Indenture to mean, with respect to the issuance of any Parity Obligations, any or all of the following amounts:

(a) An allowance for Net Revenues from any additions or improvements to or extensions of the Enterprise to be made with the proceeds of such Parity Obligations and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year or for any more recent consecutive 12 month period selected by the Authority, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36 month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a qualified independent engineer employed by the Authority; and

(b) An allowance for Net Revenues arising from any increase in the charges made for service from the Enterprise which has become effective (or adopted but not yet effective) prior to the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year or for any more recent consecutive twelve (12) month period selected by the Authority, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or twelve (12) month period, all as shown by the certificate or opinion of an Independent Accountant or Independent Fiscal Consultant employed by Authority.

Eminent Domain Proceeds

Any amounts received as awards as a result of the taking of all or any part of the Enterprise by the lawful exercise of eminent domain, at the election of the Authority (evidenced by a Written Certificate of the Authority filed with the Trustee and the Authority) must either (a) be used for the lease, acquisition or construction of improvements and extension of the Enterprise, or (b) be applied to redeem the 2013 Bonds and any Additional Bonds on a pro rata basis with any Parity Obligations.

Casualty Insurance

Under the Indenture the Authority is required to procure and maintain, or cause to be procured and maintained, so long as any Bonds remain Outstanding, but only in the event and to the extent available from reputable insurers at reasonable cost, casualty insurance against loss or damage to any improvements constituting any part of the Enterprise, covering such hazards as are customarily covered with respect to works and property of like character.

This insurance may be subject to deductible clauses which are customary for works and property of a like character. This insurance may be maintained as part of or in conjunction with any other casualty insurance carried by the Authority and may be

maintained in whole or in part in the form of self-insurance by the Authority, subject to the provisions of the Indenture, or in the form of the participation by the Authority in a joint powers agency or other program providing pooled insurance.

All amounts collected from insurance against accident to or destruction of any portion of the Enterprise must be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise, and to the extent not so applied or to the extent the Authority determines it is not economically feasible or in the best interests of the Authority to so repair, rebuild or replace such damaged or destroyed portion of the Enterprise, must be applied to redeem the 2013 Bonds and any Additional Bonds pro rata with other Parity Obligations.

THE CITY

The City of Santa Fe Springs

General. The City of Santa Fe Springs encompasses approximately nine square miles of which approximately 84% is zoned for commercial and industrial purposes with the balance zoned for residential uses. The City is located in the southern portion of Los Angeles County and is approximately 13 miles southeast of downtown Los Angeles.

Santa Fe Springs, a general law city and was incorporated in 1957. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. The City Council is composed of five members elected bi-annually at large to four-year alternating terms. The Mayor is selected by the City Council from amongst its members. Santa Fe Springs employs a staff of approximately 160 full-time employees and 150 part-time employees under the direction of the City Manager.

Professional Staff. The professional staff of the City presently includes the following:

Thaddeus McCormack, City Manager. Mr. McCormack began working for the City of Santa Fe Springs as an Administrative Intern in 1998, and was appointed City Manager in February 2011. He has worked in a variety of operational areas of the City, including Transportation, Waste Management, Public Information, and special projects. Prior to becoming City Manager he held the positions of Administrative Assistant, Management Analyst, Assistant to the City Manager, and Assistant City Manager. He earned a Bachelor's Degree in Political Science with an emphasis in Public Administration from Cal State Long Beach and later a Master's Degree in Political Science from Cal State Fullerton.

Jose Gomez, Assistant City Manager/Director of Finance & Administrative Services. Mr. Gomez has served the City since December 2006 as Director of Finance and Administrative Services. He was appointed Assistant City Manager in July 2012. Previously, he held a variety of positions including Finance Director over a 16 year period for the City of Paramount. Mr. Gomez earned a Bachelor's Degree in Business Administration from Loyola Marymount University and a Master's Degree in Business Administration from Cal State Long Beach.

Noe Negrete, P.E., Director of Public Works. Mr. Negrete has served the City since 2007 and was appointed as Director of Public Works in July 2012. Prior to joining the City, Mr. Negrete spent 9 years working in the private sector, predominantly working on transportation and underground utility projects. He holds a Bachelor of Science Degree in Civil Engineering from the Santa Clara University and is a licensed professional civil engineer in the State of California.

Travis Hickey, C.P.A., Assistant Director of Finance & Administrative Services. Mr. Hickey has served the City of Santa Fe Springs as Assistant Director of Finance and Administrative Services since May 2011. Prior to joining the City, Mr. Hickey spent 14 years working in the private sector performing annual financial and compliance audits of California municipalities and special districts. Mr. Hickey earned a Bachelor's Degree in Business Administration from California State University San Bernardino and is a licensed certified public accountant in the State of California.

THE AUTHORITY AND THE LEASE

General

Formation. The Authority is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "**Joint Powers Act**"). The City and the Community Development Commission of the City of Santa Fe Springs (the "**Community Development Commission**"), formed the Authority by the execution of a joint exercise of powers agreement dated as of July 1, 2009.

Purposes. The Authority was created for the purpose of, among other things, of providing for the lease, ownership, operation, management and maintenance of the Enterprise. Under the Bond Law, the Authority has the power to issue bonds to pay the costs of public capital improvements.

Governance. The Authority is governed by a five member Board of Directors comprised of the five members of the City Council of the City.

Lease of Enterprise

Enterprise Lease. Effective July 1, 2009, pursuant to a Water Enterprise Lease Agreement, dated as of July 1, 2009, the City leased all of the assets of the Enterprise to the Authority (the "**Original Lease**"). In connection with the issuance of the Bonds, the City and the Authority will amend the Original Lease pursuant to a First Amendment to Water Enterprise Lease Agreement, dated as of May 1, 2013 (the "**First Amendment**"; together with the Original Lease, the "**Lease**") to provide for the payment of debt service on the 2013 Bonds as an additional obligation of the Authority and the City under the Lease Agreement.

Total Rent. The City agreed to lease the Enterprise to the Authority in consideration for the "**Total Rental**", which is defined in the Lease as the total rent having an aggregate present value, when computed as of the Closing Date, of $61,354,527, as amended by the Authority and the City from time to time. The Authority agrees to make Lease Payments, but only from Surplus Revenues, totaling the Total Rental, with the Lease Payments to be made on the 10th day of each month, in an amount determined by the Authority and the City.

Under the Lease, the Authority pledges all of the "**Surplus Revenues**" to the punctual payment of Lease Payments. "Surplus Revenues" is defined to mean, for any period, an amount equal to all of the Net Revenues, minus (i) the amount required to be paid under the Installment Sale Agreements, (ii) the amount required to pay debt service on any obligations incurred by the Authority with respect to the Enterprise becoming payable during such period (including the 2013 Bonds) and (iii) amounts set aside for capital replacements and improvements.

Term. The term of the Lease commenced on July 1, 2009, and terminates on June 30, 2064. The City and the Authority covenant in the Indenture that, so long as any Bonds remain Outstanding, neither party will cause the Lease to be terminated, and each party will do or cause to be done all further acts and things, in each case, as may be proper or reasonably necessary, to ensure the enforceability of the Lease. The Indenture provides that if the Lease were terminated while any Bonds remain Outstanding, the City will faithfully fulfill all of its

obligations under the Indenture and will have all the rights and benefits contained in the Indenture, including the right to issue Additional Bonds, enter into parity Installment Sale Agreements and issue or incur other Parity Obligations.

Management and Staffing

Water Enterprise Management Agreement. The City and the Authority also entered into a Water Enterprise Management Agreement, dated as of July 1, 2009 (the "**Management Agreement**"), under which certain City employees staff, operate and administer the Enterprise on behalf of the Authority.

Under the Management Agreement, the Authority agrees to pay the City a management fee equal to the actual costs and overhead of the City incurred in connection with the management and operation of the Enterprise, including, but not limited to, salaries, insurance and retirement benefits of employees of the City providing services to the Enterprise including allocated overhead.

Staffing. The City's Department of Public Works is responsible for administration, engineering and maintenance of all municipal improvements, and includes the Water Utility Maintenance and Operations sections that manage and operate the Enterprise. The Maintenance Division employs 42 full-time and 7 part-time employees. The Water Utility Section includes 10 of the Department's full-time employees.

The City's fiscal year 2011-12 personnel costs totaled $36.2 million, of which $2.4 million (or 6.6%) were allocated to the Enterprise. See Appendix B for information about the City's pension obligations and post-retirement medical benefit obligations; the City only allocates miscellaneous employee costs to the Enterprise and does not allocate safety employee costs.

Investments. Surplus funds of the Enterprise are invested in the City's investment portfolio. See Appendix B for information about the City's investment portfolio.

THE ENTERPRISE

General Background

History of the Enterprise. The Enterprise was established in September 1961 when the City's Well No. 1 was drilled. During the next three years, the City installed additional water system facilities, which were financed with existing cash funds including an emergency connection with the City of Whittier's water system. Additional facilities were installed by developers and dedicated to the City.

In 1964 the City sold its 1961 Water Revenue Bonds, Series A (the "**Series A Bonds**") to finance a connection with the Metropolitan Water District of Southern California ("**MWD**"), installation of a well, new transmission facilities and certain other improvements. The Series A Bonds matured in 1994. In 1968, the City sold its 1961 Water Revenue Bonds, Series B (the "**Series B Bonds**") and used the proceeds to finance the acquisition of portions of two existing water systems servicing the City, owned by private water companies and the construction of additional facilities. The City's acquisitions in 1968 also included rights to pump underground water from the local water basin. The Series B Bonds were redeemed on May 1, 1996.

In 1996, the Santa Fe Springs Public Financing Authority, on behalf of the City, issued its 1996 Water Revenue Bonds, Series A in the amount of $4,170,000 (the "**1996 Bonds**") to finance the reimbursement of 700 acre-feet of water rights, accelerate the City's water main replacement program to replace old steel pipelines, purchase a Supervisory Control and Data Acquisition System and construct or rehabilitate various other water treatment, storage and distribution facilities. The 1996 Bonds were refunded and defeased with the proceeds of the 2005 Bonds.

In 2003, the City financed additional improvements to the Enterprise (the "**2003 Improvements**") with the proceeds of the 2003 Bonds. The 2003 Improvements consist principally of water system extensions and upgrades. The Authority is issuing the 2013 Bonds to refund and defease the 2003 Bonds. See "FINANCING PLAN – Refunding Plan" above.

Description of the Enterprise. The Enterprise consists of 108 miles of water mains ranging from 6 to 20 inches. The water mains comprising the Enterprise include non-corrosive asbestos cement pipes, ductile iron, and cement lined and coated steel pipes. The City's ongoing water main replacement program and an active water meter testing and replacement program have resulted in water loss amounts well below industry standards.

The Enterprise includes two 4 million gallon steel reservoirs. One reservoir is located at Foster Road and Marquardt Avenue (Pressure Zone 2) and the other is located at the City's Municipal Services Yard (Pressure Zone 1). Each reservoir has a booster station capable of producing 2,500 gallons per minute to its respective Pressure Zone. The system is monitored by computerized telemetry that constantly monitors pressure, reservoir levels, and flows at MWD service connections and water well flows.

The water distribution system has adequate capacity to deliver the rate of flow required for fire fighting throughout the City.

The Enterprise currently has an 8 million gallon potable storage capacity with the ability to pump 3,200 gallons per minute ("**GPM**") in water well production, reclaimed water and 4 emergency water connections with other agencies, and anticipates adequate water availability

to withstand a 7 to 10 day shutdown of the water it receives from the MWD (see "-Sources of Water" below).

Service Area

The Enterprise presently serves approximately 93% of the City and approximately 349 service connections in the adjacent communities of Downey and Norwalk. The remaining portion of the City is served by San Gabriel Valley Water Company, Orchard Dale Water Company, Park Water Company, Suburban Water Systems, and Golden State Water Company.

Sources of Water

General. The Enterprise has four sources of supply, each of which is discussed more extensively below:

- Ground water that is pumped by the Enterprise from the adjudicated Central Basin. The Water Replenishment District of Southern California ("**WRD**") was established in 1959 to replenish and maintain the Central Basin groundwater sub-basin by purchasing imported water, recharging the basins, and halting sea water intrusion.
- Two connections with the Lower Feeder of the MWD, pursuant to an agreement with Central Basin Municipal Water District ("**CBMWD**")
- Recycled (reclaimed) water from CBMWD
- Water Quality Protection Project ("**WQPP**") - CBMWD operates two wells in the adjacent City of Pico Rivera to pump out contaminated groundwater, which is subsequently treated and delivered to customers, including the Enterprise. The purpose of the WQPP is to clean the plume by continuous pumping and treatment of water.

In addition, the City has an emergency standby connection with the water system of the City of Cerritos that automatically opens to provide supplemental water when water pressure in the Enterprise drops below pre-set levels. The City of Cerritos receives its water from underground wells. There is also an emergency connection with the City of Downey where the City serves a portion of Downey residents.

The Enterprise's groundwater is less expensive and more reliable than its CBMWD surface water.

Central Basin (Groundwater). The City's groundwater pumping rights represent an adjudicated entitlement of 4,036 acre-feet in the adjudicated Central Basin. The watermaster for the Central Basin is the State of California's Department of Water Resources. WRD was formed to replenish and maintain the Central Basin groundwater sub-basin by purchasing imported water, recharging the basin, and halting sea water intrusion. The adjudication of the Central Basin did not address groundwater storage for conjunctive use (i.e., the coordinated and planned management of both surface and groundwater resources in which water is stored in the groundwater basin for later and planned use). Beginning in 2005, the Department of Water Resources initiated a process for developing a water storage plan for the Central Basin, which resulted in a motion filed in the superior court by WRD, California Water Service Company, Golden State Water Company, and the cities of Lakewood, Los Angeles, Huntington Park, Long

Beach, and Vernon with the stated goal of utilizing 330,000 acre-feet of "dewatered space" in the Central Basin to store water for later use. The proposal also contemplates replacing the Department of Water Resources as watermaster with a "participative" watermaster, consisting of three bodies: (i) a water rights panel, consisting of five parties having water rights in the sub-basin, (ii) a storage panel, consisting of the water rights panel and the WRD board and (iii) WRD. The motion was challenged by the Cities of Cerritos, Downey, and Signal Hill, with CBMWD intervening on their behalf, and litigation is ongoing; the cities have also claimed that WRD's replenishment rates did not comply, but should have complied, with Article XIIID. Neither the City nor the Authority is a party to the litigation; although the City and the Authority do not expect the litigation to adversely impact the Enterprise's groundwater pumping rights, the Article XIIID claims, if successful, could obligate WRD to reimburse certain revenue realized from the challenged rates and could result in increased rates going forward.

As shown in Table 1, the City's historical practice has been to annually pump a significant portion of its groundwater rights entitlements. However, as shown in Table 1, the City reduced groundwater pumping beginning in fiscal year 2006-07 because of problems with one of its two wells. In fiscal year 2011-12, the City derived approximately 53.5% of its potable water supply from the Central Basin using only one production well. The City is constructing a new 2,000 GPM production well that is expected to be operational in October 2013; the City expects the new well to allow the City to increase its groundwater production.

According to the WRD's May 4, 2012 Engineering Survey and Report, prior to the adjudication of groundwater rights in the early 1960s, annual production (pumping) reached levels as high as 292,000 AF in the Central Basin, which was more than double the natural safe yield of the Central Basin as determined by the California Department of Water Resources in 1962. Consequently, water levels declined, groundwater was lost from storage, and seawater intruded into the Central Basin. To remedy this problem, the courts adjudicated the Central Basin to put a limit on pumping. The Central Basin adjudication was set at 271,650 acre feet per year ("**AFY**"), although the judgment set a lower "Allowed Pumping Allocation" ("**APA**") of 217,367 AFY to impose stricter control. The adjudicated pumping amounts are greater than the natural replenishment of the groundwater aquifers, creating an annual deficit or annual overdraft. WRD purchases and recharges additional water to make up the overdraft, which is known as artificial replenishment or managed aquifer recharge ("**MAR**"). WRD has the authority to levy a replenishment assessment on all pumping within the WRD to raise the monies necessary to purchase the artificial replenishment water and to fund projects and programs necessary for replenishment and groundwater quality activities.

The "carryover" of unused rights influences the actual amount of production for any given year. The "carryover" for any single year is 20% of the allotted pumping right in the Central Basin. Conversely, the use of rights beyond the annual allotted quantity affects the annual production amount in the opposite manner. During emergency or drought conditions, WRD can allow under certain conditions an additional 17,000 AF of extractions from the Central Basin for a four-month period. This provision has yet to be exercised but offers the potential use of an additional 7.8% pumping in the Central Basin. The Central Basin judgment also contains an additional Drought Carryover provision available to all Central Basin water rights holders after a declaration of a Water Emergency by the WRD Board of Directors. The Drought Carryover allows water rights holders to carryover an additional 35% of their APA (or 35 AF, whichever is larger) beyond the annual 20% described above during the period that the Declared Water Emergency is in effect. The intent of the action is prevent further degradation of the Central Basin by helping to restore groundwater levels and improving the water supply in the

aquifers by providing an incentive to groundwater producers in the Central Basin to reduce pumping for a particular period of time.

In fiscal year 2011-12, the cost for extracting well water was approximately $450 per acre-foot, including a pump tax of $244 per acre-foot paid to WRD. WRD does not separately impose a capital charge on the Enterprise.

The City and the Authority are not aware of any existing limitations on their ability to pump the entire annual entitlement.

CBMWD and MWD (Imported Water). CBMWD is a public agency that purchases imported water from MWD. CBMWD wholesales the imported water to cities, mutual water companies, investor-owned utilities and private companies in southeast Los Angeles County (imported water is transported through the Colorado River Aqueduct system and from Northern California). CBMWD also supplies water used for groundwater replenishment and provides the region with recycled water for municipal, commercial and industrial use. There are a total of 24 cities in CBMWD's service area.

The Enterprise receives CBMWD water from the MWD Weymouth and Diemer Filtration Plants in the Cities of LaVerne and Yorba Linda, respectively. In fiscal year 2011-12, the City received approximately 46.5% of its potable water supply (2,963 AF) from MWD. No supply limitations are anticipated at the present time.

During fiscal year 2011-12, the Enterprise purchased 2,963 acre-feet of water from the CBMWD at a cost of $915 per acre-foot. Based on information provided by MWD and CBMWD, the cost of water purchased from CBMWD increased to $967 per acre-foot in January 2013. Other rate increases typically implemented at the beginning of the fiscal year (July 2013) have not been announced at this time. Set forth is a history of the rates (per acre-foot) charged by CBMWD to the City.

Table 1
CITY OF SANTA FE SPRINGS WATER UTILITY
Historical CBMWD Rates

Fiscal Year	CBMWD Admin. Fee	MWD Pass-Through
2011-12	$70	$744
2010-11	66	701
2009-10	62	579
2008-09	44	508
2007-08	42	478
2006-07	40	453
2005-06	38	443
2004-05	37	418
2003-04	37	408
2002-03	40	431
2001-02	40	431
2000-01	40	431
1999-00	40	431
1998-99	30	431
1997-98	30	431
1996-97	30	426
1995-96	30	426
1994-95	30	412
1993-94	17	385
1992-93	15	322
1991-92	15	261

Source: CBMWD.

On March 10, 2012, CBMWD issued refunding revenue certificates of participation (the "**2010 CBMWD Certificates**"). In connection with issuance of the 2010 CBMWD Certificates, CBMWD prepared an official statement dated February 25, 2010 (the "**CBMWD Official Statement**"). The CBMWD Official Statement includes a discussion of CBMWD's water sources and a variety of factors that affects the availability of water. ***Although the City and the Authority believe CBMWD is the best source of information about CBMWD's water sources, and, therefore, encourages potential investors to review the CBMWD Official Statement, the City and the Authority can provide no assurances as to the accuracy, completeness or timeliness of the CBMWD Official Statement***. The CBMWD Official Statement is available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

On December 27, 2012, MWD issued revenue bonds (the "**2012 MWD Bonds**"). In connection with the issuance of the 2012 MWD Bonds, MWD prepared an official statement dated November 14, 2012 (the "**MWD Official Statement**"). The MWD Official Statement includes a discussion of MWD's water sources and the impact of drought conditions and

environmental restrictions in Appendix A to the MWD Official Statement, which is entitled "The Metropolitan Water District of Southern California". ***Although the City and the Authority believe that MWD is the best source of information about MWD's water sources and operational plans, and, therefore, encourages potential investors to review the MWD Official Statement, the City and the Authority can provide no assurances as to the accuracy, completeness or timeliness of the MWD Official Statement***. The MWD Official Statement is available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

WQPP. In the early 1980s, contaminants were detected in the San Gabriel Valley groundwater supply, and based on the contamination level, the United States Environmental Protection Agency declared the area as a superfund site. The contaminant plume continued to travel south, passing through the Whittier Narrows into the Central Basin area and toward the Montebello Forebay, threatening the local groundwater supplies. The Water Quality Protection Project began operations in December 2004. The facilities are owned by CBMWD and in 2004 began operating under contract with the Whittier Utilities Authority ("**WUA**"). The purpose of the WQPP is to safeguard the Central Basin from contaminants migrating from the Upper San Gabriel Basin by acting as a second line of defense to the Whittier Narrows Operational Unit ("**WNOU**"). The WQPP consists of two wells (one is located in the heart of the contamination plume and the other is located on the leading edge of the plume) and a treatment facility.

In October 2004, CBMWD received its domestic drinking water permit from the California Department of Health Services to distribute the water to the residents of Pico Rivera, Santa Fe Springs and Whittier. Since then, the water has been integrated back into the drinking water system. In fiscal year 2011-12, the Enterprise purchased 2,050 acre feet of water from WQPP at a price of $250 per acre foot.

Recycled Water. In fiscal year 2011-12, the City derived approximately 100% of its recycled water supply from reclaimed water furnished by the CBMWD from a recycled water program of the Los Angeles County Sanitation Districts. In fiscal year 2011-12, the Enterprise purchased 550 acre feet of water from the Los Angeles County Sanitation Districts at a price of $536 per acre foot.

Water Treatment

The Enterprise does not currently operate a surface water treatment facility or desalination plant. The Enterprise receives treated water from CBMWD and chlorinates the groundwater it pumps from the Central Basin.

Demand for Water

The following table shows the historical and projected water usage requirements of the Enterprise for fiscal years 2003-04 through 2012-13. Consumption during this period has been impacted by conservation efforts and the recent nationwide recession, which impacted the Enterprise's commercial and industrial customers. The City expects consumption levels to remain steady and possibly to rise as the economy recovers and local businesses increase their business activity.

The California Water Conservation Act of 2009 sets an overall goal of reducing per capita urban water use by 20% by December 31, 2020 and by 10% by December 31, 2015; the Enterprise is obligated to meet these goals. The City and the Authority do not expect that

compliance with these water conservation targets will be capital-intensive or that the City and the Authority will need to increase rates or incur indebtedness as a result.

Table 1
CITY OF SANTA FE SPRINGS WATER UTILITY
Historical and Projected Water Production
(in acre-feet)

Fiscal Year	MWD/CBMWD Consumption [1]	Ground Water Consumption [2]	WQPP [3]	Reclaimed Water	Total Water Production
2003-04	3,901	3,852	0	782	8,535
2004-05	3,583	2,246	1,224	659	7,712
2005-06	2,597	2,996	1,703	636	7,932
2006-07	4,275	1,922	1,493	784	8,474
2007-08	4,300	1,416	1,616	755	8,087
2008-09	3,841	1,145	1,865	647	7,498
2009-10	3,682	858	1,798	562	6,900
2010-11	3,278	1,071	1,877	503	6,729
2011-12	2,963	1,342	2,089	529	6,923
2012-13 [4]	3,050	1,263	2,050	550	6,913

(1) MWD water furnished to the City through the CBMWD.
(2) Made available through the WRD.
(3) Made available through the City of Whittier.
(4) Actual through January 2013; projected through June 30, 2013.
Source: City of Santa Fe Springs

The following table summarizes the average daily and peak flows for the Enterprise.

Table 2
SANTA FE SPRINGS WATER UTILITY
Average Daily and Peak Water Consumption
(In Acre-Feet)

Fiscal Year	Average Daily Consumption	Peak Weekly Consumption [1]
2003-04	21.2	184.2
2004-05	16.0	181.0
2005-06	15.0	153.9
2006-07	17.1	192.8
2007-08	15.8	166.2
2008-09	13.6	132.0
2009-10	12.5	118.8
2010-11	12.0	115.8
2011-12	11.8	110.0
2012-13 [2]	12.3	113.3

(1) Calculated amount from the highest usage week in each fiscal year.
(2) Actual through January 2013.
Source: City of Santa Fe Springs

Customers of the Enterprise

Number of Accounts. As of June 30, 2012, the Enterprise served 6,083 accounts. The following table sets forth the number of metered accounts and metered water deliveries during fiscal years 2007-08 through 2011-12.

Table 3
SANTA FE SPRINGS WATER UTILITY
Water Consumption, Number of
Metered Accounts and Metered Water Deliveries
For the Fiscal Years 2007-08 through 2011-12

	2007-08	2008-09	2009-10	2010-11	2011-12
Metered Accounts					
Residential	3,840	3,843	3,866	3,954	3,975
Commercial/Industrial/City	1,158	1,163	1,172	1,178	1,179
Fire Service	807	807	812	820	822
Recycled/Reclaimed [1]	103	105	106	107	107
Total Metered Accounts	5,908	5,918	5,956	6,059	6,083
Metered Water Deliveries[2]					
Residential/Commercial/ Industrial/ City	6,066	5,933	5,627	5,762	5,904
Recycled/Reclaimed	755	647	562	503	529
Total Water Deliveries	6,821	6,580	6,189	6,265	6,433

(1) Includes parkway irrigation.
(2) In acre-feet, which represents 325,851 gallons.
Source: City of Santa Fe Springs

Major Water Users. In fiscal year 2011-12, the 10 largest water users accounted for 29% of the water consumption by customers of the Enterprise, based upon actual usage of 6,433 acre-feet, and 27% of actual water revenues. The following table shows for fiscal year 2011-12 the top 10 water users and their annual usage in terms of acre-feet of water consumed.

Table 4
SANTA FE SPRINGS WATER UTILITY
Ten Largest Users of Water
Fiscal Year 2011-12

Customer	Type of Business	Usage Acre-feet (1)	% of Total (2)	Water Sales Revenues (1)	% of Total (3)
Tri-Star Dyeing & Finish	Textile Bleaching/Dyeing	388	6.0%	$ 625,409	5.5%
Queen Division of Shaw Ind.	Carpet Manufacturing	291	4.5	518,335	4.5
Air Products & Chemicals Inc.	Distribution/terminal (chemicals)	275	4.3	481,490	4.2
City of Santa Fe Springs	Municipality (facilities/parks)	284	4.4	348,718	3.0
Safeway Beverage	Warehouse (wholesale/dietary supplements)	174	2.7	302,071	2.6
Golden Springs Development	Real estate development	120	1.9	226,678	2.0
KIK of Southern California	Manufacturer of Household Cleaners	94	1.4	205,655	1.8
All Pure Chemical	Manufacturer of bleach/repackaged chlorine	97	1.5	178,909	1.6
Goodrich Corp	Manufactures pyrolytic graphite	70	1.1	115,260	1.0
G & K Services	Textile Leasing/Industrial Laundry	68	1.0	111,616	1.0
Total		1,861	29.0%	$ 3,114,141	27.1%

(1) Reflects water consumption and revenues for fiscal year 2011-12.
(2) Calculations assume total water consumption of 6,433 acre-feet in fiscal year 2011-12. Figures may not add up due to rounding.
(3) Based on fiscal year 2011-12 water revenue from sales of $11,470,781.
Source: City of Santa Fe Springs

Customer Billing Procedures

The City bills all residential and the majority of commercial/industrial customers for water service and usage on a bi-monthly basis. Larger commercial/industrial customers are billed on a monthly basis. A deposit of $75 and $150 is required for all new residential and commercial accounts, respectively. All water bills are due and payable upon presentation. Upon failure of a water user to pay the water bill in full within 28 days from the date mailed, the bill is deemed delinquent. A delinquent notice is mailed on the 29th day with a $15.00 late charge warning that water service will be discontinued if the delinquency is not paid within 10 days from date of mailing. If the bill is not paid after multiple notifications, water is turned-off and the City will not again furnish water service to such user until all water charges, service charges and a disconnection/reconnection service charge of $30 are paid in full. Water service will not be withheld from a new user because of outstanding charges on the account of the preceding lessee, renter or owner.

Because of the billing and enforcement procedures described above, the Enterprise has not experienced material delinquencies in the payment of bi-monthly bills.

Rate Structure

The current water rates were adopted by the City Council on February 23, 2012, pursuant to Resolution No. 9360 and are summarized below.

Table 5
SANTA FE SPRINGS WATER UTILITY
Water Rates and Charges

Quantity Rates

First 1,800 cubic feet per month	$2.861100 cubic feet
Over 1,800 and up to 3,600 cubic feet/monthly	$3.26/100 cubic feet
Over 3,600 and up to 10,000 cubic feet/monthly	$3.73/100 cubic feet
Over 10,000 and up to 40,000 cubic feet/monthly	$3.82/100 cubic feet
Over 40,000 cubic feet monthly	$3.91/100 cubic feet

Reclaimed Water Rates

First 1,800 cubic feet per month	$2.76/100 cubic feet
Over 1,800 cubic feet & up to 25 acre feet/monthly	$3.11/100 cubic feet
Over 25 and up to 50 acre feet per month	$3.00/100 cubic feet
Over 50 acre feet per month	$2.86/100 cubic feet

Senior Citizen Lifeline Rate

Residential customers who can verify that they meet certain eligibility requirements will receive a 15% discount on the first 1,800 cubic feet of water used each month.

Meter Service Charge: The service charge is applicable to all metered service. It is a readiness-to-serve charge to which is added to the consumption charge, computed at the quantity rates, for water used during the month.

Meter Service Charge	Per Meter Per Month
5/8 x 3/4	$11.20
3/4 inch	11.20
1 inch	14.50
1-1/2 inch	53.65
2 inch	75.00
3 inch	151.00
4 inch	199.00
6 inch	250.00
8 inch	332.00
10 inch	500.00

Fire Service Charge	Per Meter Per Month
2 inch DC	$49.00
4 inch DC	74.00
6 inch DC	92.00
8 inch DC	125.00
10 inch DC	158.00

The table below provides a history of water rate increases during the past 10 fiscal years for a typical household in the City. In fiscal year, the quantity charge generated approximately 39.3% ($4,511,249) of total service charge revenue ($11,470,781).

Table 6
SANTA FE SPRINGS WATER UTILITY
Water Rate Increases

Year	Quantity Charge (1)	Ready-to-Service Charge (2)	Monthly Amount (3)	Percent Increase
2002/03	$1.52	$7.00	$34.36	8.6%
2003/04	1.60	7.00	35.80	4.2
2004/05	1.60	7.00	35.80	0.0
2005-06	1.70	7.35	37.95	6.0
2006-07	1.74	7.35	38.67	1.9
2007-08	1.88	7.90	41.74	7.9
2008-09	2.04	8.60	45.32	8.6
2009-10	2.28	9.20	50.24	10.9
2010-11	2.62	10.30	57.46	14.4
2011-12	2.86	11.20	62.68	9.1

(1) Reflects the quantity charge per ccf for the first 1,800 ccf of water consumed per month, which is the average consumption by single-family residential customers. Comparable increases were implemented for consumption levels in excess of 1,800 ccf per month.

(2) The monthly service charge applies to all metered service and is billed bi-monthly to most customers. The monthly service charge shown is for 5/8" and ¾" meters. It increases as the size of the water meter increases.

(3) Monthly amount reflects the service charge plus the quantity rate times the 1,800 ccf consumption amount. Billing for most accounts (including all residential) is on a bi-monthly basis.

Source: City of Santa Fe Springs

The following table sets forth comparable water rates in the vicinity of the City for a household with average consumption levels of 1,800 ccf of water per month.

Table 7
SANTA FE SPRINGS WATER UTILITY
Comparable Water Charges (1)
as of March 1, 2012

Purveyor	Amount Charged
Park Water Company	$82.00
Golden State Water Company	79.89
City of Norwalk	77.65
City of South Gate	76.46
San Gabriel Valley Water District	76.12
City of Santa Fe Springs [2]	**62.60**
City of Pico Rivera	59.00
Suburban Water Systems – La Mirada	51.73
City of Whittier	51.08
City of Cerritos	44.68
City of Downey	32.60

(1) Includes "ready-to-serve" charge and the variable cost of water for 1,800 ccf of water supplied.
(2) The ready-to-service charge ($11.20) accounts for approximately 18% of the total service charge.
Source: City of Santa Fe Springs

Regulatory Requirements

General. The City and the Authority are not aware of any environmental or regulatory issues that would adversely impact the Enterprise's ability to deliver water.

Drinking Water. The applicable drinking water standards for the Water System are provided in the California Domestic Water Quality and Monitoring Regulations, Title 22 of the California Administrative Code. These regulations incorporate the requirements of the U.S. Environmental Protection Agency in conformance with the Safe Drinking Water Act (PL 93-523). The standards specify water quality sampling frequencies and location as well as maximum concentrations of chemical constituents and are continuously revised and amended.

The Enterprise has not been subject to regulatory enforcement actions in recent history.

Recycled Water. The District's recycled water operations are subject to regulation under Section 402 of the federal Clean Water Act, implementing regulations adopted by the United States Environmental Protection Act, the California Water Code and regulations promulgated by the California Department of Health Services.

Capital Improvement Plan

The following table outlines the current capital improvement plan ("**CIP**"), which covers the period through fiscal year 2018-19.

Table 8
SANTA FE SPRINGS WATER UTILITY
Capital Improvement Plan

Capital Improvement Costs

PROJECT	FY 12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Interstate 5 Expansion – Water Imp.	$4,500,000	$1,000,000	$2,000,000	$1,000,000	$1,000,000		
New Water Well – Zone 2	1,300,000	2,600,000					
New Water Well – Zone 1 (Phase I)						$600,000	$700,000
Cast Iron Main Replacement						500,000	500,000
16-inch Transmission Main – Phase I			450,000	330,000			
Reservoir No. 2 – Chloramination Bldg.						390,000	
Reclaimed Water Line – Bloomfield/Flor.					325,000		
Reservoir Expansion – Zone 2					325,000		
Portable Generators – Wells 1 and 2				260,000			
16-inch Transmission Main – Phase II					260,000		
Install 6-inch Hydrants – Group 1					104,000		
Install 6-inch Hydrants – Group 2						104,000	
Install 6-inch Hydrants – Group 3							104,000
Replace MCC - Carmenita Underpass						52,000	
Total	5,800,000	3,600,000	2,450,000	1,590,000	2,014,000	1,646,000	1,304,000

Source of Funds

Source	FY 12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
I-5 JPA Freeway Expansion	$4,500,000	$1,000,000	$2,000,000	$1,000,000	$1,000,000		
2013 Water Revenue Bond Proceeds*	550,000	950,000					
Water Enterprise – Annual CIP Setaside[(1)]	750,000	750,000	450,000	590,000	1,014,000	$946,000	$750,000
Former Redevelopment Bond Proceeds[(2)]		900,000				700,000	554,000
Total	5,800,000	3,600,000	2,450,000	1,590,000	2,014,000	1,646,000	1,304,000

* *Preliminary; subject to change.*

(1) *Beginning in fiscal year 2012-13, the City expects to set aside $750,000 in the annual Enterprise budget for the construction of capital projects and, if not used in the budget year, will remain in the fund for future years' projects.*

(2) *Assumes proceeds of bonds issued by the Community Development Commission will be available with the approval of the State Department of Finance. If the Department of Finance does not approve the use, then the number of projects and/or scope will be reduced.*

Source: City of Santa Fe Springs.

Outstanding Enterprise Indebtedness

As of the date of issuance of the 2013 Bonds, the only indebtedness secured by the Net Revenues will be the 2005 Installment Payments and the 2013 Bonds.

FINANCIAL RESULTS OF THE WATER SYSTEM

Statement of Revenues, Expenses and Fund Balances

The table following presents a summary of the revenues, expenses, fund balances and debt service coverage of the Water System for fiscal years 2007-08 through 2011-12, based on information in the City's audited financial statements.

Table 9
SANTA FE SPRINGS WATER UTILITY
Statement of Revenues, Expenses and Coverage
Fiscal Years 2007-08 through 2011-12

	Audited 2007-08	Audited 2008-09	Audited 2009-10	Audited 2010-11	Audited 2011-12
Operating Revenues					
Charges for Services[1]	$8,718,483	$9,108,771	$9,030,484	$9,729,292	$11,470,781
Other [2]	130,181	103,788	134,985	123,315	277,610
Total Operating Revenues	8,848,664	9,212,559	9,165,469	9,852,607	11,748,391
Non-Operating Revenue					
Interest Earned	225,296	79,642	7,322	5,892	4,830
Other[3]	159,359	8,958	3,250	-	-
Total Non-Operating Revenue	384,655	88,600	10,572	5,892	4,830
Total Revenues	9,233,319	9,292,201	9,176,041	9,858,499	11,753,221
Operating Expenses					
Cost of Purchased Water	3,665,425	3,505,291	4,073,272	4,143,539	4,401,626
Administration (4)	1,341,773	1,797,098	1,832,569	1,525,293	1,395,356
Billing & Collection	680,994	796,678	707,674	722,957	772,094
Maintenance & Operations(5)	1,897,115	2,209,648	1,303,115	2,164,884	2,279,731
Total Operating Expenses	7,585,307	8,308,715	7,916,630	8,556,673	8,848,807
Net Revenues	1,648,012	992,444	1,259,411	1,301,826	2,904,414
Debt Service					
2003 Installment Payments	257,718	261,718	260,368	263,905	267,155
2005 Installment Payments	280,680	276,780	282,555	278,005	273,105
Total Debt Service	538,398	538,498	542,923	541,910	540,260
Estimated Coverage	3.06	1.85	2.32	2.41	5.38

(1) The increase in revenues in fiscal year 2011-12 is attributable to rate increases and increased water purchases by customers of the Enterprise.
(2) Figures include late payment fees and miscellaneous fees.
(3) Reflects Trunk Line Connection Fees
(4) This category reflects the costs of administrative oversight and establishing policies and standards, including labor for professional staff, liability insurance, intergovernmental memberships/dues, health department-related costs and general overhead.
(5) Maintenance and Operation include the costs of operating and maintaining water production and distribution facilities and infrastructure, including labor, utility, supplies, contractual services and overhead costs,

Source: City of Santa Fe Springs Audited Financial Statements.

Projected Operating Results and Debt Service Coverage

The following table sets forth the City's estimated projected operating results for the Enterprise for the fiscal years ending June 30, 2013 through June 30, 2017. The projection reflects a number of assumptions including the following:

Growth: The projections assume no change in the Enterprise's rate base.

Interest earnings: The projections assume 0.5% interest earnings on available fund balances and 0.5% interest earnings on amounts in the Reserve Account.

Rate adjustments: The projections assume annual service increases of 5%.

Expenses: It is assumed annual operation and maintenance expenses of the Enterprise – including personnel expenses, non-personnel expenditures and water purchase costs -- will increase 5% per year.

The financial forecast represents the City's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

Table 10
SANTA FE SPRINGS WATER UTILITY
Projected Revenues, Expenses and Coverage
Fiscal Years 2012-13[(1)] through 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Operating Revenues					
Charges for Services	$12,044,320	$12,646,536	$13,278,863	$13,942,806	$14,639,946
Other	291,491	306,065	321,368	337,437	354,309
Total Operating Revenues	12,335,811	12,952,601	13,600,231	14,280,243	14,994,255
Non-Operating Revenue					
Interest Earned	5,072	5,325	5,591	5,871	6,164
Total Non-Operating Revenue	5,072	5,325	5,591	5,871	6,164
Total Revenues	12,340,882	12,957,926	13,605,822	14,286,114	15,000,419
Operating Expenses					
Cost of Purchased Water	4,621,707	4,852,793	5,095,432	5,350,204	5,617,714
Administration	1,465,124	1,538,380	1,615,299	1,696,064	1,780,867
Billing & Collection	810,699	851,234	893,795	938,485	985,409
Maintenance & Operations	3,258,743	3,421,680	3,592,764	3,772,403	3,961,023
Total Operating Expenses	10,156,273	10,664,087	11,197,291	11,757,156	12,345,013
Net Revenues	2,184,609	2,293,839	2,408,531	2,528,958	2,655,406
Debt Service					
2003 Installment Payments	260,093				
2005 Installment Payments	278,205	277,955	282,143	278,893	280,393
2013 Bonds Debt Service*	XXX	XXX	XXX	XXX	XXX
Total Debt Service*	538,298	541,048	542,981	542,421	541,341
Estimated Coverage*	4.06	4.24	4.44	4.66	4.91

* Preliminary; subject to change.
(1) Estimated actual results for fiscal year 2012-13.
Source: City of Santa Fe Springs.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2013 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2013 Bonds and the order presented does not necessarily reflect the relative importance of the various risks. Potential investors in the 2013 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2013 Bonds. There can be no assurance that other considerations will not materialize in the future.

Net Revenues; Rate Covenant

Net Revenues are dependent upon the demand for water sales, which can be affected by population factors, conservation efforts, weather impacts, economic conditions and more stringent drinking water regulations. This is particularly true because, under the Enterprise's current rate structure, approximately 82% of the average service charge for a typical single-family residence is based on consumption. There can be no assurance that water service demand will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for water could require an increase in rates or charges in order to comply with the rate covenant contained in the Indenture. The Authority's ability to meet its rate covenant is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the 2013 Bonds and any Additional Bonds and Parity Obligations.

Authority Expenses

There can be no assurance that expenses of the Authority will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in quality standards, increases in the cost of imported water (see Table 1) and increases in the cost of operation or other expenses could require substantial increases in rates or charges in order to comply with the rate covenant in the Indenture. Such rate increases could drive down demand for water and related services or otherwise increase the possibility of nonpayment of the 2013 Bonds.

Environmental Regulation

The kind and degree of water treatment is regulated, to a large extent, by the federal government and the State of California. Treatment standards set forth in federal and state law control the operations of the Enterprise and mandate its use of technology. If the federal government, acting through the Environmental Protection Agency, or the State of California, acting through the Department of Health Services, or additional federal or state legislation, should impose stricter water quality standards upon the Enterprise (either on purchased water or on groundwater), or if any of the Authority's collector wells were to be considered to be under the influence of surface water (and therefore subject to regulations regarding surface water), the Authority's expenses could increase accordingly and rates and charges would have to be increased to offset those expenses.

It is not possible to predict the direction which federal or state regulation will take with respect to drinking water quality standards, although it is likely that both will impose more stringent standards with attendant higher costs.

Articles XIIIC and XIIID of the California Constitution

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

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

> "(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
> (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
> ...
> (6) A charge imposed as a condition of property development.
> (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D."

Property-Related Fees and Charges. Under Article XIIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

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

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

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

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

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

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

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works,

provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Articles XIIIC and XIIID and the Authority's Water Rates and Charges. The Enterprise's current water rates (see "THE ENTERPRISE") were adopted by resolution of the City Council following notice to property owners and a public hearing held at least 45 days after the notice had been mailed, in compliance with the *Bighorn* decision.

The City and the Authority believe that the Enterprise's water rates and charges do not constitute "taxes" under Article XIIIC as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIIIC, they are "property-related fees imposed in accordance with the provisions of Article XIIID" (and are also charges for a "property-related service" as defined in subsection 2(g) of Article XIIID) and because, as described in subsection 1(e)(2) of Article XIIIC, they are charged for water service, "a specific government service or product provided directly to the payor that is not provided to those not charged."

Conclusion Related to Water Rates and Charges. It is not possible to predict how courts will further interpret Article XIIIC and Article XIIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the Authority's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the 2013 Bonds.

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

Issues Relating to the Lease Agreement. As described in "THE AUTHORITY AND THE LEASE," the Authority is obligated to make Lease Payments from Surplus Revenues. The holdings in *Bighorn* and *Fresno* make clear that the Authority's water service charges are property-related fees or charges that must comply with Article XIIID. This means that the revenues derived from these charges may not exceed the cost to the Authority to provide the related services. To the Authority's knowledge, no California court has considered whether the kinds of payments that the Authority makes to the City are a cost of providing the related service. If a court were to conclude that the Lease Payments are not a cost of providing the service of the Enterprise, then the Authority might be required to revise its rates and charges to exclude these payments and the Authority could be required to rebate to its customers the amount of any rates and charges in excess of the cost of service.

The City and the Authority believe that, if a court were to conclude that the Lease Payments are not a cost of providing the service of the Enterprise and if the Authority were required to rebate to its customers the amount of any rates and charges in excess of the cost of service, the Authority's reimbursement obligation would not materially adversely impact the availability of Net Revenues to pay debt service on the 2013 Bonds.

In addition, if a court were to conclude that the Authority's water rates constitute taxes under Article XIIIC because the Lease Payments are not a cost of providing the service of the Enterprise, the Authority could be required to seek voter approval of its water rates. In such event, the City and the Authority would use best efforts to restructure the Lease Agreement to avoid the requirement for voter approval of the water rates.

Seismic and Environmental Considerations

The City, like all California communities, is subject to unpredictable seismic activity, fires or floods. If there were a severe seismic, flood or fire event in the City, there could be substantial damage to and interference with the City, including the Enterprise, which could impact the receipt of Gross Revenues, increase Operation and Maintenance Costs and adversely affect the Authority's ability to pay debt service on the 2013 Bonds.

Seismic Hazards. There are no known major faults in the Santa Fe Springs city limits, however, there are several faults in the Santa Fe Springs area that potentially could result in damage to buildings, roads, bridges, and property within the City in the event of an earthquake.

Historically, California and the Los Angeles basin have always been seismically active. There are approximately ten faults which impact the seismic characteristics of the Los Angeles basin. Six of these faults have been classified as "active" faults by the California Division of Mines and Geology. The five "'active"' faults which have the most direct impact on the City are the following:

Whittier-Elsinore Fault is approximately two miles north of the City. This northwest trending fault continues eastward from the Alhambra area through the Santa Ana Mountains to the Mexican border. The fault has historically experienced moderate activity, having produced numerous magnitude 4 earthquakes and a few at magnitude 5. The largest historical earthquake on this fault occurred in 1976 and had a magnitude of 4.2. The maximum credible earthquake for this fault is estimated to be of magnitude 7.0

Norwalk Fault is generally known only from subsurface information and is approximately two miles south of the City. It is believed that a magnitude 4.7 earthquake occurred on the Norwalk Fault in 1929.

Newport-Inglewood Fault is approximately nine miles southwest of the City. The fault consists of an echelon series of northwest trending faults reaching from the southern edge of the Santa Monica mountains south-eastward to the offshore area near Newport Beach. High historic seismic activity is suggested by numerous shocks greater than magnitude 4 and by the historic magnitude 6.3 Long Beach earthquake centered off-shore near Newport Beach in 1933. This fault is considered to be capable of generating a 7.0 magnitude earthquake within the next 50 to 100 years.

Sierra Madre Fault System is located approximately 25 miles north of the City, and forms a prominent 50-mile long east-west structural zone on the south side of the San Gabriel Mountains. A 5.8 magnitude earthquake occurred on the fault in 1991, seven miles north of the City of Monrovia. It is estimated that a 7.0 magnitude earthquake is credible on this fault system.

San Andreas Fault is widely recognized as the longest and most active fault in the State. The northwest to southeast-trending fault has been mapped continuously from

Cape Mendocino to the Gulf of California, a distance, of over 700 miles. The south-central segment of the fault is approximately 37 miles east of the City. The San Andreas Fault has produced two 8 plus magnitude earthquakes: one in 1857 at Cajon pass, central segment and one in 1906 in northern California, the northern segment. The south-central segment is estimated to have a 30 percent chance of producing a 7.5 magnitude event by the year 2018. The maximum credible earthquake is estimated to be magnitude 8.5.

Historically, a number of earthquakes have affected the Santa Fe Springs area. Since 1812, almost 20 earthquakes having Richter Magnitude between 4.7 and 7.9 have occurred in the Santa Fe Springs area. Earthquake insurance is available but many property owners elect not to purchase it.

Flooding Hazards. The Whittier Narrows Dam is located five miles northwest of the City. The dam is an earth-filled structure constructed in 1956 by the U.S. Army Corps of Engineers. Under conditions of catastrophic failure, dam flows would follow a southerly path that cross through the City, including portions of the Norwalk Boulevard Redevelopment Project. The City has identified a Flood Inundation Evacuation Plan that identifies six major evacuation routes.

Considerations Relating to Industrial Use of Property in the City

Because of the exploitation of the large oil reservoir discovered beneath the City and the history of chemical production in the City, portions of the City were contaminated by hazardous materials.

Methane gas is associated with the underground oil reservoir. In addition, there is methane gas associated with the seven closed landfills in the City. Grading and construction create a risk of methane leakage. Methane gas is non-toxic, but highly explosive at certain concentrations. The City adopted a Methane Ordinance, which requires all new and existing buildings in methane zones to have either an underground barrier or a detection system to protect those living or working near methane gas. As a result, the City believes the risk of methane leakage in the City is insignificant.

Future Parity Obligations

As described in "SECURITY FOR THE 2013 BONDS" above, the Indenture permits the Authority and the City to issue Additional Bonds and incur further Parity Obligations, which would be payable on a parity with the payment of debt service of the 2013 Bonds and the 2005 Installment Payments. In the event of a decline in Net Revenues available to pay debt service on the 2013 Bonds, the existence of Additional Bonds or Parity Obligations could adversely affect the Authority's ability to pay debt service on the 2013 Bonds.

Limitations on Remedies Available to Bond Owners

The ability of the Authority or the City to comply with its covenants under the Indenture, including the covenants regarding water rates, and to generate Net Revenues sufficient to pay principal of and interest on the 2013 Bonds may be adversely affected by actions and events outside of the control of the Authority and the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and

charges. Furthermore, any remedies available to the owners of the 2013 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Indenture, the rights and obligations under the 2013 Bonds and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2013 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Loss of Tax-Exemption on 2013 Bonds

As discussed under the caption "TAX MATTERS," interest on the 2013 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2013 Bonds were issued, as a result of future acts or omissions of the Authority in violation of its covenants in the Indenture. In addition, current and future legislative proposals, if enacted into law, may cause interest on the 2013 Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals. Should such an event of taxability occur, the 2013 Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2013 Bonds or, if a secondary market exists, that any 2013 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2013 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986 (the "**Code**") that must be satisfied subsequent to the issuance of the 2013 Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2013 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2013 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each 2013 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded. Owners of 2013 Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such 2013 Bonds.

In the further opinion of Bond Counsel, interest on the 2013 Bonds is exempt from California personal income taxes.

Owners of the 2013 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2013 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2013 Bonds other than as expressly described above.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the 2013 Bonds, the form of which opinion is set forth in Appendix E. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall, as Disclosure Counsel. Fulbright & Jaworski LLP is acting as Underwriter's counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the 2013 Bonds. Neither the Authority nor the City is aware of any litigation pending or threatened questioning the political existence of the Authority or contesting the City or the Authority's power to fix water rates and charges, or the power of the City Council or the Board of Directors or in any way questioning or affecting:

(i) the proceedings under which the 2013 Bonds are to be issued;

(ii) the validity of any provision of the 2013 Bonds or the Indenture;

(iii) the pledge of Net Revenues by the Authority under the Indenture; or

(iv) the titles to office of the present members of the City Council or the Board of Directors.

There is no litigation pending, with service of process having been accomplished, against the Authority which if determined adversely to the Authority would, in the opinion of the Authority, materially impair the ability of the Authority to pay principal of and interest on the 2013 Bonds as they become due.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the 2013 Bonds, Grant Thornton LLP, of Minneapolis, Minnesota (the "**Verification Agent**"), will deliver a report stating that it has reviewed and confirmed the mathematical accuracy of certain computations relating to the adequacy of the securities deposited with the Escrow Agent, and the interest thereon to pay principal of and interest due on the 2003 Bonds on _____, 2013 and to pay the redemption price of the 2003 Bonds maturing on and after May 1, 2014 upon their call and redemption on _____, 2013.

RATINGS

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("**S&P**"), has assigned its municipal bond rating of "_____" to the 2013 Bonds.

These ratings reflect only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with the rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Authority and the City have provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2013 Bonds may have an adverse effect on the market price or marketability of the 2013 Bonds.

CONTINUING DISCLOSURE

The Authority will covenant for the benefit of owners of the 2013 Bonds to provide certain financial information and operating data relating to the Authority and the Enterprise by not later than nine months after the end of the Authority's fiscal year, or March 31 of each year based on the Authority's current fiscal year-end of June 30), commencing March 31, 2014 with the report for the 2012-13 fiscal year (the "**Annual Report**") and to provide notices of the occurrence of certain enumerated events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events by the Authority is set forth in "APPENDIX C – Form of Continuing Disclosure Certificate."

City staff is responsible for compliance with the continuing disclosure undertakings of the City, the Santa Fe Springs Public Financing Authority and the Community Development Commission of the City of Santa Fe Springs. These entities failed in a number of instances during the past five years to comply with material obligations under their continuing disclosure undertakings, including the filing of information required to be included in annual reports, the filing of audited financial statements, the filing of notices related to bond insurer downgrades and the filing of notices related to downgrades of underlying ratings.

The City will retain a third-party dissemination agent to assist with its ongoing disclosure and believes it has established procedures to ensure compliance with its obligations under the Continuing Disclosure Certificate related to the 2013 Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), has entered into a Bond Purchase Agreement with the Authority under which it will purchase the 2013 Bonds at a purchase price of $_____, which is equal to the principal amount of the 2013 Bonds ($_____), plus a net original issue premium of $_____, less an underwriter's discount of $_____).

The Underwriter will be obligated to take and pay for all of the 2013 Bonds if any are taken. The Underwriter intends to offer the 2013 Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

PROFESSIONAL FEES

In connection with the issuance of the 2013 Bonds, fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the 2013 Bonds: Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel; the Underwriter; Fulbright & Jaworski LLP, as Underwriter's counsel; and U.S. Bank National Association, as Trustee.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the Board of Directors of the Authority and the City Council of the City.

SANTA FE SPRINGS WATER UTILITY AUTHORITY

_____

Authorized Representative

CITY OF SANTA FE SPRINGS

_____

Authorized Representative

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY OF SANTA FE SPRINGS AND THE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2012

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
SANTA FE SPRINGS WATER UTILITY AUTHORITY
2013 Water Revenue Bonds

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the SANTA FE SPRINGS WATER UTILITY AUTHORITY (the "Authority") in connection with the execution and delivery of the bonds captioned above (the "Bonds"). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of May 1, 2013 (the "Indenture"), by and among the City of Santa Fe Springs (the "City"), the Authority and U.S. Bank National Association, as trustee.

The Authority covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the Authority's fiscal year (currently March 31 based on the Authority's fiscal year end of June 30).

"*Dissemination Agent*" means U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the Authority in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2014, with the report for the 2012-13 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Authority's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder.

(b) If the Authority does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Authority shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) The Authority's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained

in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Authority for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

1. Information in the form of Table 9 of the Official Statement concerning operating revenues and expenses of the Authority's Enterprise for the then-preceding fiscal year, including net revenues of the Enterprise and debt service coverage

2. The amount of water production in the then-preceding fiscal year in the form of Table 1 of the Official Statement.

3. A description of any Additional Bonds issued or Parity Obligations incurred during the then-preceding fiscal year.

4. Updated tables for the then-preceding fiscal year in the form of Tables 3, 4 and 6 of the Official Statement.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Authority shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the Authority or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the Authority or an obligated person, or the sale of all or substantially all of the assets of the Authority or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Authority acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Authority shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Authority obtains knowledge of the occurrence of any of these Listed Events, the Authority will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Authority will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States

Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. Any Dissemination Agent may resign by providing 30 days' written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in

which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Authority fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Authority hereunder, and shall not be deemed to be acting in any fiduciary capaAuthority for the Authority, the Bond holders or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and the holders and

beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 20__

SANTA FE SPRINGS WATER UTILITY AUTHORITY

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:
U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Santa Fe Springs Water Utility Authority

Name of Issue: Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds

Date of Issuance: _____, 2013

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Authority dated _____, 2013. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

_____

By: _____
Its: _____

APPENDIX D

GENERAL INFORMATION REGARDING THE CITY OF SANTA FE SPRINGS

Information contained in this Appendix A is presented as general background data. The Bonds are payable solely from the Tax Revenues and other sources as described in this Official Statement. The taxing power of the City, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds. See "SECURITY FOR THE BONDS" in this Official Statement for a description of the security for the Bonds.

General Information

The City of Santa Fe Springs is centrally located between Los Angeles, Long Beach and Orange County. It is a well-planned community with numerous park sites, and miles of landscaped medians and parkways. The area is highly developed and offers convenient access to transportation corridors and social and cultural amenities.

Background

The urban development of Santa Fe Springs began in the early 1950's as the result of a planned effort by a coalition of the business community and local residents. During the ensuing years, community pressures resulted in incorporation of the City on May 15, 1957. The new City covered 4.9 square miles and contained a population of 11,787. Santa Fe Springs now encompasses 9 square miles and has a population of approximately 16,500. About 84% of the City's total area is zoned for commercial and industrial use.

Santa Fe Springs operates as a general law City under the council-manager form of government. Five City Council members are elected at large for alternating four-year terms. The Mayor is selected annually from among their number by members of the City Council. There are 12 standing committees, boards and commissions which provide input to the City Council. Among these are the General Plan and Community Development Advisory Committee, the Planning Commission, and the Traffic Commission. The City received All-America City Awards from the National Municipal League in 1959 and 1971.

Community Services

Fire protection is provided by a 66-member Fire Department operating from four stations strategically located throughout the community. Santa Fe Springs has a Class 2 fire insurance classification, which incorporates a Class 1 rating for the Water System. Paramedics, an Environmental Protection Bureau, a joint-city hazardous material response team and a Mobile Emergency Disaster Unit are maintained by the Fire Department. Mutual Aid Fire Assistance Pacts with surrounding cities are in effect.

The City's community-based approach to law enforcement blends contract Whittier Police Department officers with City public safety officers. Together, the police and public safety officers work out of the City owned 6,300 square foot Police Services Center and provide dedicated police and municipal code enforcement. An area headquarters for the California Highway Patrol is located within Santa Fe Springs.

Cultural, leisure, and social programs are provided by the City's Department of Community Services. The Recreation Services Division provides year-round activities for City residents of all ages and interests, and has a full-time professional staff, assisted by part-time specialists.

The City operates 16 parks, giving Santa Fe Springs the local distinction of "the City of Parks." Parks serve both the residents and business community with passive and active recreation, and provide a peaceful place to relax and bring children to play. Santa Fe Springs contains 126 acres of open space land. The City has two facilities that are on the National Register for Historic Places, the Clarke Estate and Heritage Park. The Clarke Estate was designed by renowned architect Irving Gill. Both of these facilities are available for public and private use and are popular choices for wedding events.

The City Library houses over 90,000 books, magazines, videos, compact discs and pamphlets accessible through an automated catalogue. The Library conducts various children's programs, and offers literacy services for adults and children and Metro Business Services for specialized business needs, and operates library stations in the City's two senior centers.

The City's Family and Human Services Division provides a range of human services including social work, counseling, intake and referral, employment assistance, child care services and programs for seniors.

The City is served by nine hospitals located in the surrounding area. Presbyterian Intercommunity Hospital in Whittier is a teaching hospital affiliated with the USC School of Medicine. Many medical centers offering a variety of specialist services are in the vicinity.

Population

The following chart indicates historic population estimates of the City, the County and the state during the past five calendar years.

CITY OF SANTA FE SPRINGS
2008 through 2012 Population Estimates

Year	Santa Fe Springs	Los Angeles County	State of California
1980	14,520	7,477,503	23,667,902
1990	15,520	8,863,164	29,760,021
2000	17,438	9,519,338	33,871,648
2008	16,281	9,785,474	36,704,375
2009	16,177	9,801,096	36,966,713
2010	16,206	9,822,121	37,223,900
2011	16,432	9,847,712	37,427,946
2012	16,516	9,884,632	37,678,563

Sources: State of California, Department of Finance, as of January 1.

Employment and Industry

The seasonally adjusted unemployment rate in Los Angeles County remained unchanged over the month at 10.2% in December 2012 from a revised 10.2% in November

2012 and was below the rate of 12.0% one year ago. Civilian employment increased by 20,000 to 4,346,000 in December 2012, and unemployment grew by 5,000 to 494,000 over the month. The civilian labor force increased by 24,000 over the month to 4,839,000 in December 2012. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the county was 10.2% in December 2012.

The California seasonally adjusted unemployment rate was 9.8% in December 2012, 9.8% in November 2012, and 11.2% a year ago in December 2011. The comparable estimates for the nation were 7.8% in December 2012, 7.8% in November 2012, and 8.5% a year ago.

The area of the City is included in the Los Angeles-Long Beach-Glendale Metropolitan Division, which is comprised of Los Angeles County. The County civilian labor force figures are shown in the following table. These figures are County-wide and may not necessarily reflect employment trends in the City.

LOS ANGELES COUNTY
Annual Average Labor Force
Employment by Industry Group

	2008	2009	2010	2011	2012
Civilian Labor Force	4,934,800	4,904,300	4,910,500	4,924,400	4,858,500
Employment	4,565,500	4,335,200	4,291,400	4,318,900	4,321,200
Unemployment	369,300	569,000	619,100	605,500	537,300
Unemployment Rate	7.5%	11.6%	12.6%	12.3%	11.1%
Wage and Salary Employment: [1]					
Agriculture	6,900	6,200	6,200	5,500	5,500
Natural Resources and Mining	4,400	4,100	4,100	4,000	4,100
Construction	145,200	117,300	104,500	103,500	107,800
Manufacturing	434,500	389,200	373,200	365,400	359,600
Wholesale Trade	223,700	204,500	203,300	207,200	208,400
Retail Trade	416,500	387,000	386,000	390,900	397,200
Trans., Warehousing, Utilities	163,100	151,200	150,600	149,900	150,800
Information	210,300	191,200	191,500	195,600	199,100
Financial and Insurance	153,900	142,300	137,800	137,500	140,100
Real Estate, Rental & Leasing	79,400	73,800	71,700	71,900	74,600
Professional and Business Services	582,600	529,800	527,500	540,400	558,100
Educational and Health Services	505,800	514,600	522,000	534,800	546,400
Leisure and Hospitality	401,600	385,600	384,800	392,800	406,300
Other Services	146,100	137,900	136,700	135,000	134,300
Federal Government	51,100	48,700	51,600	49,000	47,900
State Government	82,400	82,000	80,700	82,700	84,400
Local Government	470,300	465,200	447,300	433,500	427,400
Total All Industries [2]	4,077,600	3,830,300	3,779,300	3,799,600	3,851,900

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) May not add due to rounding.
Source: State of California Employment Development Department.

The table below lists the major employers in the Los Angeles County area. Major private employers in the Los Angeles area include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and Los Angeles County.

COUNTY OF LOS ANGELES
Major Employers
(Listed Alphabetically)
February 2013

Employer Name	Location	Industry
AHMC Healthcare Inc	Alhambra	Hospitals
All Nations Church	Lake View Terrace	Churches
American Honda Motor Co Inc	Torrance	Alternative Fuels
California Institute of Tech	Pasadena	Schools-Universities & Colleges Academic
California State-Northridge	Northridge	Schools-Universities & Colleges Academic
Cedars-Sinai Medical Ctr	West Hollywood	Hospitals
Century Plaza Towers	Los Angeles	Office Buildings & Parks
Contractor State License Ctr	Burbank	Insurance
Edison Carrier Solutions	Rosemead	Fiber Optics-Equipment & Systems (Mfrs)
FX NETWORKS LLC	Los Angeles	Television-Cable & CATV
Kaiser Sunset	Los Angeles	Hospitals
LAC & USC MEDICAL CTR	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	City Government-Executive Offices
Long Beach Memorial Med Ctr	Long Beach	Hospitals
Los Angeles County Sheriff	Monterey Park	Sheriff
Los Angeles Police Dept	Los Angeles	Police Departments
Nestle USA Inc	Glendale	Food Products & Manufacturers
Pomona Valley Hospital Med Ctr	Pomona	Hospitals
Pro Parts	Canoga Park	Automobile Parts & Supplies-Retail-New
Providence Holicross Med Ctr	Sylmar	Health Services
Santa Monica College	Santa Monica	Schools-Universities & Colleges Academic
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
UCLA	Los Angeles	Schools-Universities & Colleges Academic
UCLA Health System	Los Angeles	Schools-Universities & Colleges Academic
Walt Disney Co	Burbank	Motion Picture Producers & Studios

Source: State of Califomia Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2013 1st Edition.

Below is a list of the top ten employers in the City.

Major Employers of the City of Santa Fe Springs
As of March 2013

Company Name	Products	Employees
The Vons Companies, Inc.	Grocery Receiving/Shipping	785
McMaster-Carr Supply Company	Industrial Hardware Supply	706
Presto Food Products, Inc.	Grocery Stores	460
Southern Wine & Spirits	Alcoholic Beverage Distributor	422
L. A. Specialty Produce Co.	Distr. of Produce & Related Items	409
Shaw Diversified Services, Inc.	Carpet Mfg	355
Vance & Hines, Inc.	Light Mfg. Motorcycle	320
Trojan Battery	Storage Batteries	305
Performance Team	Trucking and Warehousing	302
Mike Thompson's Rec Veh	Motorhome and RV Retail	276

Source: City of Santa Fe Springs, Finance Dept.

Business and Industry

The City aggressively pursues new business and has appointed a liaison to act as a single point of contact for the business community. The Santa Fe Springs Chamber of Commerce and Industrial League is the 7th largest Chamber of Commerce in Los Angeles County.

With approximately 3,800 of the City's 4,560 acres zoned industrial or commercial, Santa Fe Springs is an employment center for the surrounding communities. The City estimates that 95,000 people commute daily into the City to work in one of the 3,000 to 3,200 businesses operating in Santa Fe Springs.

There are three commercial areas in Santa Fe Springs. The Santa Fe Springs Promenade is located at the west-end of the City on Telegraph Road and encompasses 53 townhomes and 115,000 square feet of retail and office space. The City's Police Services Center is located within the Promenade.

Located at the east-end of the City on Telegraph Road are Santa Fe Springs Plaza and the Gateway Plaza at Santa Fe Springs. The Santa Fe Springs Plaza is a 166,162 square foot retail center anchored by Food 4 Less grocery store and is undergoing a significant expansion and remodel. The Gateway Plaza has completed a major rehabilitation and is anchored by a Target Store, a Walmart, Sav-On Drugs and LA Fitness Center.

The Santa Fe Springs Marketplace is located at the north end of the City. The Marketplace is anchored by a Food 4 Less grocery store, a Rite Aid pharmacy, Payless Shoes, and IHOP restaurant. The center was renovated in 1992 and encompasses approximately 155,000 square feet of retail space.

In the past two decades, a number of national and international firms have moved into the City: Day-Lee Meats, Inc., a division of 7-Eleven Stores; US Motor Works, LLC; U.S.-Nippon Meats Packers, Inc.; Federal Express; Spicers Paper Co.; Tangram Interiors; The Gas Company; Farmers Insurance; State Farm Insurance; Target Specialty Products; Nissan Forklift of Santa Fe Springs; Salvation Army; Yellow Freight Systems; Vans (Shoes) Inc.; Xerox; BF Goodrich; Carbon Products; McKesson Drug Company; Trojan Battery Company; Wilsonart International; Del Monte; TMX Aerospace; Soco Lynch; Sun Lee; Famsa, Inc.; Southern Wine and Spirits; Nishimoto; and Tyco.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

During the first three quarters of calendar year 2011, the total taxable transactions in the City were $1,436,667,000, an 8.08% increase over the total taxable transactions of $1,329,220,000 that were reported in the City during the first three quarters of calendar year 2010. A summary of historic taxable sales within the City during the past five years for which information is available is shown in the following table. Annual figures are not yet available for 2011.

CITY OF SANTA FE SPRINGS
Taxable Transactions
(Dollars In Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2006	1,423	$819,919	5,000	$2,313,816
2007	1,506	742,375	5,171	2,261,203
2008	1,724	605,473	5,376	2,238,797
2009 (1)	3,398	490,020	5,308	1,769,061
2010 (1)	3,813	458,713	5,702	1,783,685

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: State of California, Board of Equalization.

During the first three quarters of calendar year 2011, the total taxable transactions in the County were $92,554,538,000, an 8.19% increase over the total taxable transactions of $85,544,504,000 that were reported in the County during the first three quarters of calendar year 2010. A summary of historic taxable sales within the City during the past five years for which information is available is shown in the following table. Annual figures are not yet available for 2011.

LOS ANGELES COUNTY
Taxable Transactions
(Dollars in Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2006	142,512	$95,554,193	295,701	$136,162,552
2007	142,380	96,095,711	290,344	137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009 (1)	175,461	78,444,115	264,928	112,744,727
2010 (1)	182,491	82,175,416	271,293	116,942,334

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: State of California, Board of Equalization.

Building Permit Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2007 through 2011.

CITY OF SANTA FE SPRINGS
Building Permit Valuation
For Calendar years 2007 through 2011
(Valuation in Thousands of Dollars)

	2007	2008	2009	2010	2011
Permit Valuation					
New Single-family	$ 0.0	$ 0.0	$12,145.6	$21,697.0	$ 5,195.4
New Multi-family	0.0	0.0	0.0	1,400.2	0.0
Res. Alterations/Additions	4,360.8	3,829.3	2,659.9	1,312.2	4,243.6
Total Residential	4,360.8	3,829.3	14,805.5	24,409.4	9,439.0
New Commercial	2,455.0	5,144.7	1,200.0	0.0	0.0
New Industrial	5,060.0	2,004.0	0.0	600.0	4,950.0
New Other	7,141.4	7,282.4	1,678.7	3,920.6	0.0
Com. Alterations/Additions	28,001.7	30,071.4	26,083.0	54,193.8	34,340.1
Total Nonresidential	$42,658.1	$44,502.4	$28,961.6	$58,714.3	$39,290.1
New Dwelling Units					
Single Family	0	0	46	72	15
Multiple Family	0	0	0	5	0
TOTAL	0	0	46	77	15

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF LOS ANGELES
Building Permit Valuation
For Calendar years 2007 through 2011
(Valuation in Thousands of Dollars)

	2007	2008	2009	2010	2011
Permit Valuation					
New Single-family	$2,047,773.3	$1,134,121.1	$798,305.0	$922,092.0	$1,026,679.4
New Multi-family	2,101,560.8	1,409,062.3	521,793.7	810,621.4	1,225,553.4
Res. Alterations/Additions	1,898,228.2	1,411,332.6	1,073,157.9	1,109,768.6	1,431,581.5
Total Residential	5,956,562.3	3,954,515.0	2,393,256.6	2,842,482.0	3,683,814.3
New Commercial	1,858,923.4	1,517,965.4	513,381.3	521,995.6	612,800.9
New Industrial	108,827.3	134,587.0	40,084.0	55,772.9	135,976.2
New Other	766,205.8	680,228.1	462,139.0	436,807.8	286,119.7
Com. Alterations/Additions	2,005,199.0	2,157,857.2	1,657,939.6	1,662,362.9	1,774,207.9
Total Nonresidential	$4,739,155.4	$4,490,637.8	2,673,543.9	2,676,939.1	2,809,104.7
New Dwelling Units					
Single Family	7,509	3,539	2,131	2,439	2,338
Multiple Family	12,854	10,165	3,522	5,029	8,052
TOTAL	20,363	13,704	5,653	7,468	10,390

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of Los Angeles, the State and the United States for the period 2007 through 2011.

COUNTY OF LOS ANGELES
Effective Buying Income
2007 through 2011

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2007	City of Santa Fe Springs	$274,440	$46,786
	Los Angeles County	202,646,560	43,710
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Santa Fe Springs	$280,273	$47,663
	Los Angeles County	206,127,855	44,653
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Santa Fe Springs	$290,750	$48,549
	Los Angeles County	207,077,609	45,390
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Santa Fe Springs	$261,955	$44,664
	Los Angeles County	196,757,991	43,133
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Santa Fe Springs	$246,263	$44,719
	Los Angeles County	197,831,465	43,083
	California	814,578,458	47,062
	United States	6,438,704,664	41,253

Source: The Nielsen Company (US), Inc.

Utilities

Utility Services in the City are furnished by the following suppliers:

Water: City of Santa Fe Springs (servicing approximately 85% of the City), San Gabriel Valley Water Company and other private water companies.

Gas and Electric: Gas and Electric service are provided by The Gas Company and Southern California Edison Company, respectively.

Transportation

Two interstate highways intersect at Santa Fe Springs, providing access to all segments of the extensive Southern California freeway network. Interstate 5 (Santa Ana Freeway) connects Los Angeles County with Orange County and San Diego County to the south and extends north through California's Central Valley to the Pacific Northwest. Interstate 605 (San Gabriel River Freeway) connects with the San Diego, Riverside, Santa Ana, Pomona and San Bernardino Freeways. The cities of Norwalk and Santa Fe Springs opened a Metrolink commuter rail transportation center in June 1995.

Scheduled air passenger and cargo service is available at Los Angeles International Airport, 25 miles west, Long Beach Municipal Airport, 15 miles south, Orange County Airport, 25 miles southeast, and Ontario International Airport, 30 miles northeast. All airports are accessible by freeway.

Deepwater shipping to coastal and global points is available at Los Angeles Harbor and the Port of Long Beach, which combined is the third largest shipping port facility in the world. Located 18 miles south of the City, these adjoining marine terminals are easily reached via interconnecting freeways. Also, the construction of the Alameda Train Corridor will provide greater access from the ports to the City of Santa Fe Springs.

Education

Public education in the City is provided by four elementary school districts, one high school district, and two unified (grades K-12) school districts. These districts are: Little Lake City School District, Los Nietos School District, South Whittier School District, Whittier City School District, Whittier Union High School District and Norwalk-La Mirada Unified School District.

Within the city limits are three public elementary schools, one intermediate school and one high school. In addition, three private or parochial schools offer instruction in the elementary, intermediate, and high school grades.

Public education beyond high school is available at Rio Hondo Community College in Whittier and at Cerritos Community College in Norwalk. These are two-year institutions offering both vocational and academic programs.

Five campuses of the State University and College System are located in Los Angeles County, including the headquarters location in nearby Long Beach. Campuses are at Los Angeles, Northridge, Pomona, Long Beach and Dominguez Hills. California State University, Fullerton is about 15 miles southeast of the City.

Los Angeles County is the location of such well-known institutions as the University of California at Los Angeles (UCLA), the University of Southern California (USC), Occidental

College, Whittier College, Pepperdine University, the Claremont Colleges, and the California Institute of Technology at Pasadena.

Investment Portfolio

The City's Director of Finance submits a monthly investment report to the City Council. According to the Director of Finance's monthly report for the month ended March 31, 2013, the City had invested funds as set forth in the table below.

CITY OF SANTA FE SPRINGS
Investment Portfolio Summary
(as of February 28, 2013)

Investment Type	Market Value	Par Value	Maturity Date	Coupon Rate	YTM at Cost	YTM at Market
Local Agency Investment Fund	$13,788,330	$13,768,146	N/A	N/A	N/A	N/A
Certificate of Deposit	240,000	240,000	9/9/13	1.08%	1.08%	1.08%
Total	$14,028,330	$14,008,146				

Source: *City of Santa Fe Springs.*

The average annual yield of the City's investment portfolio for fiscal year 2011-12 was 0.382%.

Retirement Benefits

The City contributes to the California Public Employees Retirement System ("**CalPERS**"), an agent multiple-employer public employee defined pension benefit plan for the miscellaneous employees and a cost-sharing multiple-employer public employee defined pension benefit plan for the public safety employees that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

All full-time employees are eligible to participate in PERS. Part-time employees are not eligible to participate in the PERS retirement system but participate in a defined contribution plan. Benefit provisions and all other requirements are established by State statute and City ordinance.

Participants are required to contribute 9% for public safety employees and 8% for miscellaneous employees of their annual covered salary. The City contributes the required contributions of the miscellaneous and public safety employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amount necessary to fund the benefits for its members, using the actuarial rates recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2012, was 23.422% for

miscellaneous employees and 38.469% for safety. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. Starting in fiscal year 2011-12, employees have started to pay a portion of their PERS contributions. Starting July 1, 2013, the final stage of the phase-in, employees will pay 8% (miscellaneous) and 9% (safety).

The funded status of the miscellaneous plan based on the June 30, 2011, actuarial valuation is as follows (in thousands):

Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability % of Payroll
$134,061	97,015	$37,046	72.4%	$11,143	332.5%

The funded status of the miscellaneous plan based on a June 30, 2011 market valuation is as follows (in thousands):

Actuarial Accrued Liability	Market Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability % of Payroll
$134,061	$85,850	$48,210	64.0%	$11,143	432.7%

The following table presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF SANTA FE SPRINGS
Required Supplementary Information
Schedule of Funding Progress for Public Employees Retirement System
(most recent data available)
Miscellaneous Plan
(Dollar Amounts in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Normal Accrued Liability	(b-a) Unfunded/(Overfunded) Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a % of Covered Payroll
6/30/09	$91,351	$121,214	$29,863	75.4%	$13,076	228.4%
6/30/10	94,443	127,068	32,625	74.3	11,621	280.7
6/30/11	97,015	134,061	$37,046	72.4	11,143	332.5

For fiscal year ended June 30, 2012, the City's annual pension cost of $5,047,199 was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45%; and (c) 3.25% cost of living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of PERS assets was determined using a technique that smooth the effect of short-term volatility in the market value of investments over a 15-year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortaization of approximately 6% of unamortized gains and losses each year. The actuarial assumptions used for the funded status included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration ranging from 3.30% to 14.20% and (c) 3.00% cost of living adjustment. Both (a) and (b) include an inflation component of 2.75%.

The following is a summary of information for PERS for a three-year period ending each June 30:

Three-Year Trend Information for PERS (Dollar Amounts in Thousands)

Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$4,676	100%	-
2011	4,047	100	-
2012	5,047	239%	$7,027

Part-time Employees. The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan was created in accordance with Internal Revenue Code Section 457. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and the City Council resolved to match the employees' contributions of 3.75%. The City's contribution for each employee (and interest earned by the accounts) is fully vested immediately.

For the year ended June 30, 2012, the City's covered payroll for part-time employees was $2,049,386. The City made employer contributions of $76,852 (3.75% of covered payroll), and employees contributed $79,561.

Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and are not included in the financial statements in accordance with GASB Statement No. 32.

Reduction in CalPERS Discount Rate. On March 14, 2012, the CalPERS Board voted to reduce its discount rate, which rate is attributable to its expected price inflation and investment rate of return (net of administrative expenses), from 7.75% to 7.5%. As a result of such discount rate decrease, among other things, (i) the amounts of CalPERS member state

and schools employer contributions will increase by 1.2 to 1.6% for Miscellaneous plans and 2.2 to 2.4% for Safety plans beginning in fiscal year 2012-13 and (ii) the amounts of CalPERS member public agency contributions will increase by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans beginning in fiscal year 2013-14. More information about the CalPERS discount rate adjustment can be accessed through CalPERS's web site at www.calpers.ca.gov/index.jsp?bc=/about/press/pr-2012/mar/discount-rate.xml. *The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.*

The CalPERS Board adjustment has been undertaken in order to address underfunding of the CalPERS funds, which arose from significant losses incurred as a result of the economic crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. The City is unable to predict what the amount of CalPERS liabilities will be in the future, or the amount of the CalPERS contributions which the City may be required to make.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**") and that will also amend various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual CalPERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their CalPERS pension benefits. PEPRA will apply to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with CalPERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the City, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of CalPERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

CalPERS predicts that the impact of AB 340 on employers, including the City, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, CalPERS notes that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about AB 340 can be accessed through PERS's website at www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST. *The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.*

The City is unable to predict what the amount of CalPERS liabilities will be in the future or the amount of the CalPERS contributions which the City may be required to make, all as a result of the implementation of AB 340, and as a result of negotiations with its employee associations.

Other Post-Employment Benefits

Plan Description. The City contributes to the California Employers' Retiree Benefit Trust ("**CERBT**"), an agent multiple-employer public employee defined postemployment benefit plan. The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements.

Eligibility. Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) with 5 years or service and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at June 30, 2011, the date of the most recent actuarial valuation:

	Management	Miscellaneous	Fire	Total
Retirees and beneficiaries	51	91	63	205
Active plan members	34	117	52	203
Total	85	208	115	408

These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The contribution is based on projected pay-as-you-go financing requirements The City's contribution rate was $1,332 per month per retiree toward all premiums in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. For the year ended June 30, 2012, the City contributed $1,943,999 to the plan. Plan members receiving benefits contributed $20,099 (approximately 1% of total premiums) through their required contribution.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit ("**OPEB"**) cost (expense) is calculated based on the annual required contribution of the employer ("**ARC**"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The City's Net OPEB obligation as of June 30, 2012, was $6.6 million The Annual Required Contribution (ARC) as of June 30, 2012, was $4.42 million.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (dollar amounts are in thousands):

Annual required contribution	$ 4,422
Interest on net OPEB obligation	296
Adjustment to annual required contribution	(472)
Annual OPEB cost (expense)	4,246
Contributions made	(2,926)
Increase in net OPEB obligation	1,320
Net OPEB Obligation, Beginning of Year	5,264
Net OPEB Obligation, End of Year	$ 6,584

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009-10 through 2011-12 were as follows (dollar amounts are in thousands):

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
6/30/10	$3,643	39.9%	3,899
6/30/11	3,895	65.0	5,264
6/30/12	4,246	68.9	6,584

Funding Status and Progress. The City has elected to join the CERBT, which provides a means to pre-fund OPEB obligations. The City makes an annual contribution to the CERBT, pays benefits either directly to retirees or through PEMHCA during the year, and then seeks reimbursement for these payas- you-go expenses from the CERBT. The City's funding policy is to contribute consistently an amount at least equal to the pay-as-you-go-costs plus a percent of the difference between the ARC and pay-as-you-go. This percent is 10% for the 2008/09 fiscal year, increasing by 10% each year to 100% of the ARC for fiscal year 2017/18 and thereafter.

For the year ended June 30, 2012, the City made a contribution of $982,000 to the CERBT.

As of June 30, 2011, the most recent valuation date, the actuarial accrued liability for benefits was $47.02 million, and the actuarial value of assets was $911,000, resulting in an unfunded actuarial accrued liability (UAAL) of $46.109 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 1.9% percent. The covered payroll (annual payroll of active employees covered by the plan) was $17.925 million and the ratio of the UAAL to the covered payroll was 257% percent.

CITY OF SANTA FE SPRINGS
Required Supplementary Information
Schedule of Funding Progress for Postemployment Benefits
(most recent data available)
(Dollar Amounts in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Normal Accrued Liability	(b-a) Unfunded/(Overfunded) Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a % of Covered Payroll
6/30/07	$0	$39,737	$39,737	0.0%	$20,167	196.0%
6/30/09	191	42,413	42,222	0.45	20,484	206.0
6/30/11	911	47,020	46,109	1.9	17,925	257.0

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the longterm perspective of the calculations.

The actuarial method used to determine the actuarial value of assets is the 5-year smoothing with 80% and 120% market value corridor. The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5.60% discount rate. The valuation includes a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years with a closed amortization. It is assumed the City's payroll will increase 3.25% per year. The medical trend rate represents the long-term expected growth of medical benefits paid by the plan.

The following table sets forth the trend assumption used for the valuation:

	Pre-Medicare Eligible		Post-Medicare Eligible	
Year	HMO	PPO	HMO	PPO
2012/13	7.1%	7.5%	7.3%	7.7%
2013/14	8.5	8.5	8.9	8.9
2014/15	8.0	8.0	8.3	8.3
2015/16	7.5	7.5	.7.8	7.8
2016/17	7.5	7.5	7.8	7.8

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the 2013 Bonds, payment of principal, interest and other payments on the 2013 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2013 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the 2013 Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the 2013 Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2013 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2013 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2013 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of

securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

INDENTURE OF TRUST

by and among

SANTA FE SPRINGS WATER UTILITY AUTHORITY,

CITY OF SANTA FE SPRINGS

And

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of May 1, 2013

Relating to

$[Bond Amount]
Santa Fe Springs Water Utility Authority
2013 Water Revenue Bonds

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Exhibit A Form of 2013 Bond

INDENTURE OF TRUST

This INDENTURE OF TRUST (the "Indenture"), dated as of May 1, 2013, is by and among the SANTA FE SPRINGS WATER UTILITY AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), the CITY OF SANTA FE SPRINGS, a general law city duly organized and existing under the laws of the State of California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America with a corporate trust office in Los Angeles, California, being qualified to accept and administer the trusts hereby created (the "Trustee");

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of July 1, 2009, by and between the City of Santa Fe Springs (the "City") and the Community Development Commission of the City of Santa Fe Springs (the "Commission"), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of financing and refinancing public capital improvements of the Authority; and

WHEREAS, to acquire public capital improvements (the "2003 Improvements") of benefit to the City's water system and facilities (the "Enterprise") the City entered into an Installment Sale Agreement (the "2003 Installment Sale Agreement"), dated as of October 1, 2003, by and between the City and the Santa Fe Springs Public Financing Authority (the "Financing Authority") and, to finance the 2003 Improvements for sale to the City the Financing Authority issued its 2003 Water Revenue Bonds, Series A, in the principal amount of $4,265,000 (the "2003 Financing Authority Bonds"), secured by installment payments to be made by the City pursuant to the 2003 Installment Sale Agreement; and

WHEREAS, in order to achieve interest rate savings, the City desires to cause the repayment in full of the 2003 Installment Sale Agreement and, thereby, refund in full and defease the 2003 Financing Authority Bonds; and

WHEREAS, to refinance certain public capital improvements (the "2005 Improvements") of benefit to the Enterprise the City entered into an Installment Sale Agreement (the "2005 Installment Sale Agreement"), dated as of May 1, 2005, by and between the City and the Financing Authority and, to refinance the 2005 Improvements for sale back to the City, the Financing Authority issued its 2005 Water Revenue Bonds, Series A, in the principal amount of $3,705,000 secured by installment payments to be made by the City pursuant to the 2005 Installment Sale Agreement; and

WHEREAS, the City leased the City's Enterprise to the Authority pursuant to that certain Water Enterprise Lease Agreement, dated as of July 1, 2009 (the "Lease"), by and between the Authority and the City; and

WHEREAS, to assist the City in repaying the 2003 Installment Sale Agreement and to finance additional public capital improvements to the Enterprise, the Authority has determined to issue its Santa Fe Springs Water Utility Authority 2013 Water Revenue

Bonds (the "2013 Bonds") in the aggregate principal amount of $[Bond Amount] pursuant to this Indenture; and

WHEREAS, the debt service on the 2013 Bonds will be payable by the Authority from Net Revenues (as defined herein) of the Enterprise on a parity with the installment payments under the 2005 Installment Sale Agreement payable by the Authority, on behalf of the City, as provided in the Lease; and

WHEREAS, the Authority has determined that in order to provide for the authentication and delivery of the 2013 Bonds, to establish and declare the terms and conditions upon which the 2013 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority hereby certifies that all acts and proceedings required by law necessary to make the 2013 Bonds, when executed by the Authority, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. All capitalized terms used herein which are defined in the Lease and not defined herein shall have the meanings specified in the Lease.

"Additional Revenues" means, with respect to the issuance of any Parity Obligations, any or all of the following amounts:

(a) An allowance for Net Revenues from any additions or improvements to or extensions of the Enterprise to be made with the proceeds of such Parity Obligations and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year or for any more recent consecutive 12 month period selected by the Authority, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36 month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a qualified independent engineer employed by the Authority; and

(b) An allowance for Net Revenues arising from any increase in the charges made for service from the Enterprise which has become effective (or adopted but not yet effective) prior to the incurring of such Parity Obligations but which, during all or any part of the latest Fiscal Year or for any more recent consecutive twelve (12) month period selected by the Authority, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or twelve (12) month period, all as shown by the certificate or opinion of an Independent Accountant or Independent Fiscal Consultant employed by the Authority.

"Additional Bonds" means bonds or other obligations payable from Net Revenues and ranking on a parity with the Bonds authorized to be issued under Section 3.05 pursuant to a Supplemental Indenture.

"Agreement" means that certain Joint Exercise of Powers Agreement, dated as of July 1, 2009, by and between the City and the Commission, as hereafter duly amended and supplemented from time to time, creating the Authority for the purposes, among other things, of leasing and operating the Water System and of assisting the City and the Commission in the financing and refinancing of Public Capital Improvements (as such term is defined in the Bond Law).

"Annual Debt Service" means, for each Bond Year with respect to each of the Bonds, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, including from mandatory sinking fund payments.

"Authority" means the Santa Fe Springs Water Utility Authority, a joint powers authority duly organized and existing under the Agreement and the laws of the State.

"Authorized Denomination" means denominations of $5,000 or any integral multiple thereof.

"Authorized Representative" means: (a) with respect to the Authority, its Chairperson, Vice Chairperson, Executive Director, Treasurer, Secretary or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chairperson and filed with the City and the Trustee; and (b) with respect to the City, its Mayor, City Manager, City Clerk, Treasurer, Finance Director or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by its Mayor or City Manager and filed with the Trustee.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, San Francisco, California, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Fund" means the fund by that name established pursuant to Section 5.03.

"Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title I of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

"Bond Year" means each twelve-month period extending from May 2 in one calendar year to May 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall extend from the Closing Date to May 1, 201_, with respect to the 2013 Bonds.

"Bonds" means the 2013 Bonds authorized by, and at any time Outstanding pursuant to, this Indenture or any Supplemental Indenture, and any Additional Bonds authorized by, and at any time Outstanding pursuant to, this Indenture and any Supplemental Indenture.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State of California, or in any state in which the Trust Office is located, are closed. If any payment hereunder is due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such previous day.

"City" means the City of Santa Fe Springs, a municipal corporation organized under the laws of the State.

"Closing Date" means the date of delivery of the Bonds to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986, as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with the Tax Regulations.

"Commission" means the Community Development Commission of the City of Santa

Fe Springs, a public body corporate and politic organized under the laws of the State, and any successor thereto.

"Costs of Issuance" means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds and the application of the proceeds of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority and the City, initial fees and expenses of the Trustee and its counsel, title insurance premiums, municipal bond insurance premiums and other costs of credit enhancement, appraisal fees, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate relating to the 2013 Bonds, executed by the Authority as of the Closing Date and acknowledged by U.S. Bank National Association, as dissemination agent.

"Debt Service" means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of all Outstanding Serial Bonds coming due and payable by their terms in such period; (b) the minimum principal amount of all Outstanding Term Bonds scheduled to be redeemed by operation of mandatory sinking account deposits in such period; and (c) the interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if they are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Enterprise" means, collectively, the entire water treatment, production, storage and distribution system owned or operated by the City or the Authority, including but not limited to all facilities, properties and improvements at any time owned or operated by the City or the Authority for the collection, treatment and supply of water to residents served thereby, whether within or without the City, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the City or the Authority.

"Event of Default" means any of the events specified in Section 7.01.

"Federal Securities" means any of the following:

1. Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized in accordance with the laws of the State)

2. Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations

- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority, as its official fiscal year period.

"Gross Revenues" means all gross charges received for, and all other gross income and receipts derived by the City or the Authority from, the ownership and operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to investment earnings thereon and Refundable Credits, if any; but *excluding* (a) connection charges, (b) the proceeds of any ad valorem property taxes levied for the purpose of paying general obligation bonds of the City relating to the Enterprise, and (c) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City levied for the purpose of paying special assessment bonds or special tax obligations of the City or the Authority relating to the Enterprise.

"Guaranteed Investment Contracts" means investment agreements which allow for withdrawals at such times as required by this Indenture with providers whose unsecured obligations are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

"Indenture" means this Indenture of Trust as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom (a) is in fact independent and not under domination of the Authority; (b) does not have any substantial interest, direct or indirect, in the Authority, and (c) is not connected with the Authority as an officer or employee of the Authority but who may be regularly retained to make annual or other audits of the books of or reports to the Authority.

"Independent Fiscal Consultant" means any fiscal consultant or firm of such fiscal consultants appointed and paid by the Authority, and who, or each of whom (a) is in fact independent and not under domination of the Authority; (b) does not have any substantial interest, direct or indirect, in the Authority, and (c) is not connected with the Authority as an officer or employee of the Authority but who may be regularly retained to make annual or other audits of the books of or reports to the Authority.

"Information Services" means "EMMA" or the "Electronic Municipal Market Access" system of the Municipal Securities Rulemaking Board; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Authority may designate in a written certificate of the Authority delivered to the Trustee.

"Installment Payments" means the amounts payable by the City pursuant to Section 4.4 of the 2005 Installment Sale Agreement.

"Interest Account" means the account by that name established in the Bond Fund pursuant to Section 5.03.

"Interest Payment Date" means May 1 and November 1 of each year, commencing November 1, 2013.

"Lease" means the Water Enterprise Lease Agreement, dated July 1, 2009, by and between the Authority and the City, relating to the lease of the Enterprise by the Authority from the City, as amended from time to time.

"Letter of Representations" means the letter of the Authority and the Trustee delivered to and accepted by DTC (or such other applicable Securities Depository) on or prior to the issuance of the Bonds in book entry form setting forth the basis on which DTC (or such other applicable Securities Depository) serves as depository for the Bonds issued in book entry form, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Securities Depository.

"Maximum Annual Debt Service" means, as of the date of any calculation and with respect to the Annual Debt Service, Installment Payments or any additional Parity Obligations, as the case may be, the maximum sum obtained for the current or any future Bond Year during the term of the 2005 Installment Sale Agreement or term of this Indenture by totaling the following amounts for such Bond Year:

(a) the aggregate amount of the Annual Debt Service and Installment Payments coming due and payable in such Bond;

(b) the principal amount of all additional Parity Obligations, if any, coming due and payable by their terms in such Bond Year; and

(c) the amount of interest which would be due during such Bond Year on the aggregate principal amount of all additional Parity Obligations, if any, which would be outstanding in such Bond Year if such Parity Obligations are retired as scheduled; *provided, however*, that with respect to any Parity Obligations which bear interest at a variable rate, such interest shall be calculated at an assumed rate equal to the average rate of interest per annum for each of the five previous whole calendar years as shown by the J. J. Kenny Index (or, in the event and to the extent such index is not maintained for all or any portion of such period, any similar index of variable rate interest for tax-exempt obligations as may be selected by the City.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

"Operation and Maintenance Costs" means the reasonable and necessary costs and expenses paid by the City for maintaining and operating the Enterprise, including but not limited to (a) costs of acquisition of water to be supplied to the Enterprise, (b) costs of electricity and

other forms of energy supplied to the Enterprise, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order and (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Enterprise, but in all cases excluding (i) debt service payable on obligations incurred by the City or the Authority with respect to the Enterprise, including but not limited to the Annual Payments, Installment Payments and payments on any additional Parity Obligations, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

"Original Purchaser" means Stifel, Nicolaus & Company, Incorporated, as the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 12.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.01, including Bonds (or portions thereof) described in Section 12.09; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

"Owner" or "Bondholder," whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"Parity Obligations," means leases, loan agreements, installment sale agreements, bonds, notes or other obligations issued or incurred by the Authority or the City that have a lien on the Net Revenues on a parity with the Bonds, including the 2005 Installment Sale Agreement and any Additional Bonds.

"Permitted Investments" means any of the following:

1. Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized in accordance with the laws of the State.)

2. Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

3. Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank

4. Obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System

5. U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-I" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

6. Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

7. Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including such funds for which the Trustee or an affiliate provides investment advice or other services;

8. Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph 2 above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified

public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

9. Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

10. Guaranteed Investment Contracts; and

11. The Local Commission Investment Fund ("LAIF") of the State of California, created pursuant to section 16429.1 of the California Government Code.

"Principal" or "Principal Amount" means, as of any date of calculation, the principal amount of the Bonds.

"Principal Account" means the account by that name established in the Bond Fund pursuant to Section 5.03.

"Principal Payment Date" means each May 1 of each year, commencing May 1, 20__.

"Project Fund" means the fund by that name established pursuant to Section 5.09.

"Qualified Independent Consultant" means a person or a firm who or which engages in the business of advising the management of public agencies concerning the operation and financing of public utilities, including water systems, and which person or firm, by reason of his or its knowledge and experience, has acquired a reputation as a recognized consultant. Such Qualified Independent Consultant may include a person or firm rendering professional engineering or accounting services in addition to his or its occupation as a public utility consultant and may include any person or firm regularly employed by the Authority or the City as a consultant to the Authority or the City.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company, deposited with the Trustee pursuant to this Indenture, provided that all of the following requirements are met: (i) at all times during the term of such letter of credit or surety bond, the long-term credit rating of such bank is within the highest rating category of Moody's and S&P, or the claims paying ability of such insurance company is rated within the highest rating category of A.M. Best & Company and S&P; (ii) such letter of credit or surety bond has a term which ends no earlier than the last Interest Payment Date of the series of Bonds to which the Reserve Requirement applies; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to this Indenture; and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in this Indenture, including the replenishment of the Interest Account and/or the Principal Account.

"Rate Stabilization Fund" means any fund established and held by the Authority or the City as a fund for the stabilization of rates and charges imposed by the Authority and the City with respect to the Enterprise, which fund is established, held and maintained in accordance with Section 5.10(c).

"Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

"Redemption Fund" means the fund by that name established pursuant to Section 5.08.

"Refundable Credits" means the amounts (if any) which are payable to the issuer of Build America Bonds by the federal government under Section 6431 of the Code, which the issuer of such Build America Bonds elects to receive under Section 54AA(g)(1) of the Code, or the amounts payable to an issuer by the federal government as a subsidy with respect to the payment of debt service on obligations of the issuer under any similar provisions of the Code which may be hereafter enacted.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.06 for the registration and transfer of ownership of the Bonds.

"Reserve Account" means the account by that name in the Bond Fund established pursuant to Section 5.03.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the least of: (i) 100% of the Maximum Annual Debt Service on the Bonds for the then current or every subsequent Bond Year; (ii) 125% of average Annual Debt Service on the Bonds for the then current and every subsequent Bond Year, and (iii) 10% of the issue price (as defined pursuant to section 148 of the Code) of the Bonds.

"Revenue Fund" means the Revenue Fund held by the City, on behalf of the Authority, pursuant to Section 5.01(b) into which the Authority is required to deposit all Gross Revenues of the Enterprise. The term "Revenue Fund" has the same meaning as the "Utility Fund" as used in the 2005 Installment Sale Agreement and has the same meaning as the "Water Fund" as used in the Lease.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, its successors and assigns.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax: (212) 855-7320 or 855-1000, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

"Serial Bonds" means the Bonds not subject to redemption from mandatory sinking fund payments.

"Sinking Account" means the account by that name in the Bond Fund established pursuant to Section 5.06.

"State" means the State of California.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically

authorized hereunder.

"2003 Bonds" means the Santa Fe Springs Public Financing Authority 2003 Water Revenue Bonds, Series A, issued in the initial principal amount of $4,265,000 secured by installment payments to be made by the City pursuant to the 2003 Installment Sale Agreement

"2003 Installment Sale Agreement" means the Installment Sale Agreement, dated as of October 1, 2003, by and between the City and the Santa Fe Springs Financing Authority, as amended from time to time.

"2005 Installment Sale Agreement" means the Installment Sale Agreement, dated as of May 1, 2005, by and between the City and the Santa Fe Springs Financing Authority, as amended from time to time.

"2013 Bonds" means the Bonds issued pursuant to Section 2.01.

"Tax Regulations" means temporary and permanent regulations promulgated under or with respect to sections 103 and 141 through 501 inclusive, of the Code.

"Term Bonds" means the 2013 Bonds maturing on May 1, 20__ and May 1, 20__, respectively, and any Additional Bonds payable from moneys on deposit in the Sinking Account.

"Trustee" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

"Trust Office" means the corporate trust office of the Trustee at the address set forth in Section 12.07, or such other office designated by the Trustee from time to time and such office as the Trustee may designate in writing to the Authority from time to time as the place for transfer, registration, surrender, exchange or payment of the Bonds.

"Water Enterprise Management Agreement" means that certain Enterprise Management Agreement, dated July 1, 2009, by and between the City and the Authority, as hereafter duly amended and supplemented from time to time.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the City means, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its corresponding Authorized Representative. 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.

Section 1.02. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter; masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture: the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE 2013 BONDS

Section 2.01. Authorization of 2013 Bonds. The Authority pursuant to the Bond Law hereby authorizes the issuance hereunder of the 2013 Bonds, which shall constitute special obligations of the Authority, for the purpose of refinancing the 2003 Installment Sale Agreement [and financing certain capital improvements to the Enterprise]. The 2013 Bonds are hereby designated the "Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds." The aggregate principal amount of Bonds initially issued and Outstanding under this Indenture shall equal $[Bond Amount]. This Indenture constitutes a continuing agreement with the Trustee and the Owners from time to time of the 2013 Bonds to secure the full payment of the principal of and interest on all the 2013 Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the 2013 Bonds. The 2013 Bonds shall be issued in fully registered form without coupons in Authorized Denominations. The 2013 Bonds shall initially be registered in the name of Cede & Co., as nominee of DTC, New York, New York, and shall be evidenced by one 2013 Bond for each of the maturities in the principal amounts set forth below. DTC is hereby appointed depository for the 2013 Bonds, and registered ownership may not thereafter be transferred except as set forth in Section 2.04. The 2013 Bonds shall mature on May 1 in the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below.

Maturity Date (May 1)	Principal Amount	Interest Rate (%)	Maturity Date (May 1)	Principal Amount	Interest Rate (%)

[To Come]

Interest on the 2013 Bonds calculated based on a 360-day year of twelve (12) thirty-day months and shall be payable on each Interest Payment Date, commencing November 1, 2013, to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail to the Owner at the address of such Owner as its appears on the Registration Books; provided however, that payment of interest or principal may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of 2013 Bonds in the aggregate principal amount of $1,000,000 or more who shall furnish written wire instructions to the Trustee prior to the applicable Record Date. Principal of any 2013 Bond shall be paid by check or wire of the Trustee upon presentation and surrender thereof at the Trust Office. Principal of and interest on the 2013 Bonds shall be payable in lawful money of the United States of America.

Each 2013 Bond shall be dated the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before October 15, 2013, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any 2013 Bond, interest thereon is in default, such 2013 Bond shall bear interest from the Interest Payment

Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Transfer of Bonds. Subject to Section 2.05, any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Transfer of any Bond shall not be permitted by the Trustee during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. Whenever any Bonds or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of like tenor, interest rate, maturity and aggregate principal amount in Authorized Denominations. The Trustee may require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Section 2.04. Use of Securities Depository.

(a) The Bonds shall be initially registered as provided in Section 2.02. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(1) to any successor of Cede & Co., as nominee of DTC, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) hereof (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of DTC or a substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) to any substitute depository, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(iv) in the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, a new Bond for each maturity shall be authenticated and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the Authority.

(v) in the case of any transfer pursuant to clause (iii) of subsection

(a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, new Bonds shall be authenticated and delivered in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested in such a Written Request of the Authority, subject to the limitations of Section 2.02 hereof, provided, the Trustee shall not be required to deliver such Bonds within a period less than sixty (60) days from the date of receipt of such a Request of the Authority. After any transfer pursuant to this subsection, the Bonds shall be transferred pursuant to Section 2.03.

The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility nor shall they have any liability for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Bonds.

(vi) so long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(vii) notwithstanding anything to the contrary contained herein, so long as the Bonds are registered as provided in this Section 2.04, payment of principal of and interest on the Bonds shall be made in accordance with the Letter of Representations delivered to DTC with respect to the Bonds.

Section 2.05. Exchange of Bonds. Any Bond may be exchanged at the Trust Office for a like aggregate principal amount of Bonds of other authorized denominations and of like maturity. Exchange of any Bond shall not be permitted during the period established by the Trustee for selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to Article IV. The Trustee shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.06. Registration Books. The Trustee will keep or cause to be kept, at the Trust Office, sufficient records for the registration and transfer of ownership of the Bonds, which shall at all reasonable times be open to inspection during regular business hours by the Authority and the Owners with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

Section 2.07. Form and Execution of Bonds. The 2013 Bonds shall be substantially in the form attached hereto as Exhibit A and hereby made a part hereof. The

2013 Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chairperson or Executive Director and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Commission, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the 2013 Bonds shall cease to be such officer before the 2013 Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such 2013 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any 2013 Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such 2013 Bond such individual shall not have been such officer.

Only such of the 2013 Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the 2013 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.08. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Trust Office and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds, Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series, tenor, and Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and the Trustee and, if such evidence be satisfactory to them and indemnity for them satisfactory to the Authority and the Trustee shall be given, the Authority, at the expense of the Owner of such lost, destroyed or stolen Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof) upon receipt of the aforementioned indemnity. The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.09 and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section 2.09 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual

obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.10. CUSIP Numbers. The Trustee and the Authority shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee nor the Authority shall be liable for any inaccuracies in such numbers.

ARTICLE III

ISSUANCE OF 2013 BONDS AND APPLICATION OF PROCEEDS

Section 3.01. Issuance and Delivery of the 2013 Bonds. At any time after the execution of this Indenture, the Authority may execute and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver 2013 Bonds in the aggregate principal amount of $Bond Amount].

Section 3.02. Application of the Proceeds of the 2013 Bonds. The net proceeds received from the sale of the 2013 Bonds in the amount of $_____ shall be deposited in trust with the Trustee, who shall forthwith set aside such proceeds as follows:

(a) The Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund;

(b) The Trustee shall deposit the amount of $_____ in the Reserve Fund, being the amount of the Reserve Requirement;

(c) The Trustee shall transfer the amount of $_____ to U.S. Bank National Association, as escrow bank under the 2003 Bonds Escrow Deposit and Trust Agreement, dated as of May 1. 2013, providing for the repayment of the 2003 Installment Sale Agreement and the refunding and defeasance of the 2003 Bonds; and

(d) The Trustee shall deposit the remaining balance of such proceeds in the amount of $_____ in the Project Fund.

The Trustee may, in its discretion, establish additional accounts in its books and records to facilitate the transfer of moneys

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance relating to the 2013 Bonds upon submission of Written Requisitions of the Authority stating 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. Any such payment shall be made by check or wire transfer in accordance with the payment instructions set forth in the applicable Written Requisition or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by the Authority with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein. The Trustee has no obligation at any time to monitor the applications of any moneys paid pursuant to a Written Requisition of the Authority. Ninety days after the Closing Date, or upon the earlier Written Request of the Authority, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Project Fund and the Costs of Issuance Fund shall be closed.

Section 3.04. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings

taken by the Authority or the Trustee with respect to or in connection with the or the Water Enterprise Management Agreement. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

Section 3.05. Issuance of Additional Bonds. In addition to the 2013 Bonds, the Authority may, by Supplemental Indenture adopted pursuant to Section 9.01, issue Additional Bonds payable from Gross Revenues on a parity with the 2013 Bonds and secured by a lien upon and pledge of Net Revenues equal to the lien and pledge securing the 2013 Bonds, and the Authority may issue and the Trustee may authenticate and deliver the Additional Bonds, in such principal amount and for such lawful purpose or purposes (including refunding of any Bonds issued hereunder and then Outstanding) as shall be determined by the Authority in said Supplemental Indenture, but only upon compliance with the following specific conditions, which are hereby made conditions precedent to the issuance of any Additional Bonds:

(a) The Authority shall not be in default under this Indenture or any Supplemental Indenture or under the 2005 Installment Sale Agreement.

(b) (i) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the Authority for the most recent completed Fiscal Year for which audited financial statements are available, or for any more recent consecutive twelve (12) month period selected by the Authority at its option, in either case verified by a certificate or opinion of an Independent Account or Independent Fiscal Consultant, plus the Additional Revenues, at least equal one hundred twenty percent (120%) of the amount of Maximum Annual Debt Service with respect to the Bonds, Installment Payments and all Parity Obligations then outstanding (including the Additional Bonds then proposed to be issued or incurred). (ii) For purposes of this paragraph, the amount of any Refundable Credits that the Authority expects to receive in a Fiscal Year shall be excluded from the amount of Gross Revenues for such Fiscal Year, but shall be included as a credit against the applicable amount of principal of and interest on the Additional Bonds or any other Parity Obligations coming due in such Fiscal Year. (iii) The Authority may add to Net Revenues moneys transferred from the Rate Stabilization Fund to the Revenue Fund during that Fiscal Year, *except* that the calculation of Net Revenues may not include transfers from the Rate Stabilization Fund to the extent that such additional moneys would be required to cause Net Revenues to equal or exceed 100% of Annual Debt Service for outstanding Bonds, including the proposed Additional Bonds, for that Fiscal Year.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds shall require that the Reserve Account be increased, if and to the extent necessary, promptly upon the receipt of the proceeds of the sale of such Additional Bonds to an amount at least equal to the Reserve Requirement; provided, however, that such increase may be provided by one or more Qualified Reserve Account Credit Instruments. Said deposit may be made from such proceeds or any other source, as provided in said Supplemental Indenture. In addition, the Supplemental Indenture may establish a subaccount in the Reserve Account with respect to such Additional Bonds in order to satisfy the requirements of the Code or of a credit provider.

(d) Such Additional Bonds shall be payable as to principal annually on May 1 of each year in which principal falls due and shall be payable as to interest semiannually on May 1 and November 1 of each year, provided that the first installment of interest may be payable on either May 1 or November 1 and shall be for a period of not longer than twelve months as shall be

specified in the Supplemental Indenture providing for the issuance of such Additional Bonds.

(e) The Authority shall deliver to the Trustee a Written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsections (a), (b), (c) and (d) of this Section 3.05 above have been satisfied.

Section 3.06. Parity Obligations. The Authority may issue or incur Parity Obligations, other than Additional Bonds (which shall be issued pursuant to Section 3.05) during the term of the Bonds only if:

(a) no Event of Default has occurred and is continuing under this Indenture and any Supplemental Indenture or under the 2005 Installment Sale Agreement;

(b) (i) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the Authority for the most recent completed Fiscal Year for which audited financial statements are available, or for any more recent consecutive twelve (12) month period selected by the Authority at its option, in either case verified by a certificate or opinion of an Independent Accountant or Independent Fiscal Consultant, plus the Additional Revenues, at least equal one hundred twenty percent (120%) of the amount of Maximum Annual Debt Service with respect to the Bonds and all Parity Obligations then outstanding (including the Parity Obligations then proposed to be issued or incurred);

(ii) For purposes of this Section 3.06, the amount of any Refundable Credits that the Authority expects to receive in a Fiscal Year shall be excluded from the amount of Gross Revenues for such Fiscal Year, but shall be included as a credit against the applicable amount of Installment Payments and principal of and interest on such Parity Obligations or any other Parity Obligations coming due in such Fiscal Year.

(iii) The Authority may add to Net Revenues moneys transferred from the Rate Stabilization Fund to the Revenue Fund during that Fiscal Year, *except* that the calculation of Net Revenues may not include transfers from the Rate Stabilization Fund to the extent that such additional moneys would be required to cause Net Revenues to equal or exceed 100% of Annual Debt Service for outstanding Bonds and any Parity Obligations, including the proposed Parity Obligations, for that Fiscal Year.

(c) Upon the issuance of such Parity Obligations a reserve fund shall be established for such Parity Obligations in an amount at least equal to the lesser of (i) Maximum Annual Debt Service on such Parity Obligations, or (ii) the maximum amount then permitted under the Code; and

(d) The City shall deliver to the Trustee a Written Certificate certifying that the foregoing conditions have been met.

ARTICLE IV

REDEMPTION OF 2013 BONDS

Section 4.01. Terms of Redemption.

(a) Mandatory Sinking Account Redemption. The 2013 Bonds maturing May 1, 20__ and May 1, 20__ are Term Bonds. The Term Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedules on May 1 in each year, commencing May 1, 20__ and May 1, 20__, respectively, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to subsection (b) below, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

Schedule of Mandatory Sinking Account Payments
Term Bonds Maturing May 1, 20__

Redemption Date (May 1)	Principal Amount

[To Come]

Schedule of Mandatory Sinking Account Payments
Term Bonds Maturing May 1, 20__

Redemption Date (May 1)	Principal Amount

[To Come]

* Maturity

In lieu of such redemption, the Trustee may apply amounts in the Sinking Account to the purchase of Term Bonds 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 may be directed by the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Term Bonds, as set forth in a Written Request of the Authority. The par amount of Term Bonds so purchased by the Authority in any twelve-month period immediately preceding any mandatory Sinking Account redemption date in the table above will be credited towards and will reduce the principal amount of Term Bonds required to be redeemed on the succeeding Principal Payment Date.

(b) Optional Redemption. The 2013 Bonds maturing on or after May 1, 20__

shall be subject to optional redemption, as a whole or in part on any date prior to the maturity thereof, at the option of the Authority, on or after May 1, 20__, from funds derived by the Authority from any source, at a redemption price equal to the principal amount of the 2013 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

Section 4.02. Selection of 2013 Bonds for Redemption. Whenever provision is made in Section 4.01 of this Indenture for the redemption of less than all of the 2013 Bonds, the Trustee shall select the 2013 Bonds to be redeemed from all 2013 Bonds or such given portion thereof not previously called for redemption, pro rata by maturity or, at the election of the Authority set forth in a Written Request of the Authority, filed with the Trustee, from such maturities as the Authority shall determine, and by lot within a maturity in any manner which the Trustee, in its sole discretion, shall deem appropriate and fair. Any such determination shall be deemed conclusive. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

Section 4.03. Notice of Redemption. The Authority shall give the Trustee notice of its determination to redeem any 2013 Bonds in accordance with Section 4.01(b) or (c) not less than 60 days and no more than 90 days prior to the date fixed for redemption. Notice of redemption shall be mailed by first class mail, postage prepaid, not less than 30 nor more than 60 days before any redemption date, to respective Owners of any 2013 Bonds designated for redemption at their addresses appearing on the Registration Books, and by first class mail, facsimile or electronic mails, to the Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the 2013 Bonds (or all 2013 Bonds of a single maturity or series) are to be redeemed, the CUSIP numbers and (if less than all 2013 Bonds of a maturity are redeemed) Bond numbers of the 2013 Bonds to be redeemed, the maturity or maturities of the 2013 Bonds to be redeemed and in the case of 2013 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said 2013 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2013 Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of 2013 Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

The Authority has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the 2013 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Section 4.04. Partial Redemption of 2013 Bonds. Upon surrender of any 2013 Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or 2013 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed

portion of the 2013 Bonds surrendered.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2013 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2013 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2013 Bonds so called for redemption shall cease to accrue, said 2013 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said 2013 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All 2013 Bonds redeemed pursuant to the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Transfers to Bond Fund.

(a) Pledge of Net Revenues. All of the Net Revenues and any other amounts held in any of the funds or accounts under this Indenture, are hereby irrevocably pledged, charged and assigned to the punctual payment of the principal of and interest on the Bonds and to the punctual payment of any Parity Obligations, and except as otherwise provided herein the Net Revenues and such other funds shall not be used for any other purpose so long as any of the Bonds remain Outstanding. Such pledge, charge and assignment shall constitute a first lien on the Net Revenues and such other moneys for the payment of the principal of and interest on the Bonds in accordance with the terms hereof and for the payment of any Parity Obligations. All Net Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall be paid by the Authority to the Trustee pursuant hereto.

(b) Deposits Into Revenue Fund; Transfers to Bond Fund. The Revenue Fund has been heretofore established by the City and is held by the City, on behalf of the Authority, pursuant to the Lease. The Authority hereby agrees and covenants to deposit all of the Gross Revenues, including Refundable Credits, if any, immediately upon receipt in the Revenue Fund. The Authority shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. On or before the fifth Business Day preceding each Interest Payment Date, all remaining moneys in the Revenue Fund shall be set aside by the Authority in the following respective special funds in the following order and withdrawn only for the purposes hereinafter authorized in this Section:

(i) to the Trustee for deposit into the Bond Fund the amount equal to (i) the aggregate amount of interest coming due and payable on the Bonds on the next succeeding Interest Payment Date; plus (ii) one-half of the aggregate amount of the principal coming due and payable on the next succeeding Principal Payment Date, which payments shall be made on a parity basis with any outstanding Parity Obligations, including, without limitation, in compliance with the applicable provisions of the 2005 Installment Sale Agreement; and

(ii) to the Trustee for deposit in the Reserve Account, the amount, if any, required to restore the balance in the Reserve Account to the Reserve Requirement, the notice of which deficiency shall have been given by the Trustee to the Authority pursuant to Section 5.07 hereof, which deposits shall be made on a parity with the requirements of any reserve fund established with respect to any Parity Obligations, as applicable.

Amounts remaining in the Revenue Fund immediately after making the transfers required to be made pursuant to this Section 5.01(b) shall be released to the Authority free and

clear of the lien of this Indenture, to be used by the Authority for any lawful purpose including but not limited to making lease payments pursuant to the Lease.

Section 5.02. Covenant Regarding Net Revenues. The Authority shall manage, conserve and apply the Net Revenues on deposit in the Revenue Fund in such a manner that all deposits required to be made pursuant to the preceding Section 5.01 will be made at the times and in the amounts so required.

Section 5.03. Creation of Bond Fund and Accounts Therein; Allocation of Net Revenues. There are hereby created the following funds and accounts to be held and administered by the Trustee pursuant to this Indenture: the Bond Fund, and, within the Bond Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and, within the Reserve Account, a 2013 Subaccount. One or more additional subaccounts may be created in the Reserve Account as may be provided in a Supplemental Indenture providing for the issuance of Additional Bonds. On or about the fifth Business Day preceding each date on which interest on or principal of the Bonds becomes due and payable, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all Bonds then Outstanding.

(b) The Trustee shall deposit in the Principal Account, the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus, deposit to the Sinking Account, the aggregate amount of the mandatory Sinking Account payment required to be paid for Outstanding Term Bonds on the next succeeding Principal Payment Date, until the balance in said accounts are equal to said respective aggregate amounts of such principal and mandatory Sinking Account payments.

(c) The Trustee shall deposit in the Reserve Account the amount, if any, required to restore the balance in the Reserve Account to the Reserve Requirement, the notice of which deficiency shall have been given by the Trustee to the Authority pursuant to Section 5.07 hereof.

(d) The Trustee shall transfer any remaining amounts in the Bond Fund to the Authority for any lawful use with respect to the Enterprise.

Section 5.04. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.05. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

Section 5.06. Application of Sinking Account. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Bonds pursuant to Section 4.01(a).

Section 5.07. Application of Reserve Account. All amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of (a) paying interest on or principal of the Bonds, when due and payable to the extent that moneys deposited in the Interest Account or Principal Account, respectively, are not sufficient for such purpose, (b) paying the redemption price of Term Bonds to be redeemed pursuant to Section 4.01(a) in the event that amounts on deposit in the Sinking Account are not sufficient for such purpose, and (c) making the final payments of principal of and interest on the Bonds. On the date on which all Bonds shall be retired hereunder or provision made therefor pursuant to Article X, all moneys then on deposit in the Reserve Account shall be withdrawn by the Trustee and paid to the Authority for use by the Authority for any lawful purpose. If as of the first (1st) day of the month preceding any Interest Payment Date there shall be any deficiency in the Reserve Account (whether due to a payment therefrom or due to the fluctuation in market value of securities credited thereto, or otherwise), the Trustee shall promptly notify the Authority in writing of the amount of such deficiency and the Authority shall pay to the Trustee the amount of such deficiency as provided in Section 5.01(b) hereof. Semiannually, on or before each Interest Payment Date, the Trustee shall value the Reserve Account at fair market value and any amounts on deposit in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Interest Account of the Bond Fund.

The Reserve Requirement may be satisfied by crediting to the Reserve Account and to any applicable subaccount in the Reserve Account moneys or a Qualified Reserve Account Credit Instrument or any combination thereof, which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement. Upon deposit of such Qualified Reserve Account Credit Instrument, the Trustee shall transfer any excess amounts then on deposit in the Reserve Account in excess of the Reserve Requirement into a segregated account of the Bond Fund, which monies shall be applied upon written direction of the Authority either (i) to the payment within one year of the date of transfer of capital expenditures of the Authority permitted by law, or (ii) to the redemption of Bonds on the earliest succeeding date on which such redemption is permitted hereby, and pending such application shall be held either not invested in investment property (as defined in section 148(b) of the Code), or invested in such property to produce a yield that is not in excess of the yield on the Bonds; *provided, however,* that the Authority may by written direction to the Trustee cause an alternative use of such amounts if the Authority shall first have obtained a written opinion of nationally recognized bond counsel substantially to the effect that such alternative use will not adversely affect the exclusion pursuant to section 103 of the Code of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

Section 5.08. Application of Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds to be redeemed pursuant to Section 4.01(b); provided, however, that at any time prior to selection for redemption of any such Bonds, the Trustee may apply such amounts to the purchase of Bonds 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 shall be directed pursuant to a Written Request of the Authority, except that the

purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Section 5.09. Application of Project Fund. The Trustee shall establish and maintain the Project Fund, amounts in which shall, upon receipt of a Written Request of the Authority (which may be in the form of a facsimile promptly confirmed by first class mail thereof), be withdrawn by the Trustee and used solely for public capital improvements of the Authority and the City, namely capital projects of the Enterprise. Such Written Request of the Authority shall be signed by an Authorized Representative of the Authority and shall include the following information with respect to each payment to be made: (1) the sequential requisition number, (2) the name and address of the person, firm, corporation or agency to which payment is due or has been made, (3) the amount to be paid, (4) identification of the item to which such payment is to be applied, and (5) that each obligation mentioned therein is a proper charge against the Project Fund and has not been the basis of any previous withdrawal from the Project Fund. Any such payment shall be made by check or wire transfer in accordance with the payment instructions set forth in the applicable Written Request or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by the Authority with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein. Investment earnings on money in the Project Fund shall be deposited by the Trustee, from time to time when available, in the Project Fund. Upon receipt of a Written Request of the Authority (which may be in the form of a facsimile confirmed promptly by first class mail thereof), money remaining in the Project Fund shall be transferred to the Bond Fund and used as provided herein or as directed by the Authority.

One or more additional subaccounts may be created in the Project Fund as may be provided in a Supplemental Indenture providing for the issuance of Additional Bonds.

Section 5.10. Rates and Charges.

(a) Covenant Regarding Gross Revenues. The Authority and the City shall fix, prescribe, revise and collect rates, fees and charges for the Enterprise as a whole for the services and improvements furnished by the Enterprise during each Fiscal Year that are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues that are sufficient to pay the following amounts in the following order of priority:

(i) all anticipated Operation and Maintenance Costs of the Enterprise for such Fiscal Year;

(ii)(A) Debt Service payments as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Debt Service payments are payable from the proceeds of the Bonds or from any other source of legally available funds of the Authority that have been deposited with the Trustee for such purpose prior to the commencement of such Fiscal Year;

)B) The Installment Payments and the principal of and interest on any other Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Installment Payments or such principal and interest on other Parity Obligations are payable

from the proceeds of the Bonds or Parity Obligations, or from any other source of legally available funds of the City or the Authority which have been deposited with the Trustee for such purpose prior to the commencement of such Fiscal Year;

(iii) the amount, if any, required to restore the balance in the Reserve Account to the full amount of the Reserve Requirement or the reserve fund established with respect to any Parity Obligations; and

(iv) all other payments required to meet any other obligations of the Authority that are charges, liens, encumbrances upon, or which are otherwise payable, from Gross Revenues during such Fiscal Year.

(b) Covenant Regarding Net Revenues. In addition, the Authority and the City shall fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each Fiscal Year which are sufficient to yield Net Revenues for the Enterprise, which are at least equal to 120% of the total Debt Service payments, Installment Payments and payments on other Parity Obligations coming due and payable in such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (1) any transfers into the Revenue Fund in that Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues, as provided in subsection (c) of this Section 5.10, and (2) any deposits into the Rate Stabilization Fund in that Fiscal Year are deducted from the amount of Net Revenues, but only to the extent such deposits are made from Gross Revenues received by the Authority during that Fiscal Year.

(c) Rate Stabilization Fund. The Authority or the City shall have the right at any time following the payment in full of the 2005 Installment Sale Agreement (as provided in Section 4.2 thereof) to establish a fund to be held by either of them and administered in accordance with this Section 5.10(c), for the purpose of stabilizing the rates and charges imposed by the Authority and the City with respect to the Enterprise. From time to time Authority and the City, or either of them, may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Debt Service payments. The Rate Stabilization Fund shall be accounted for as a separate fund, although amounts credited to it may be commingled with other funds of the Authority or the City, as applicable.

The Authority or the City, as applicable, may, but is not be required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit or cause to be deposited, as the case may be, such amounts in the Revenue Fund in any Fiscal Year for the purpose of paying Debt Service payments or payments on Parity Obligations coming due and payable in such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Revenue Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year (except as otherwise provided herein), and will be applied for the purposes of the Revenue Fund. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not otherwise secure Debt Service payments or payments on Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the Authority or the City, be applied for any other lawful purposes. The Authority and City has the right at any time to withdraw any or all amounts deposited by the Authority or the City, as applicable, in and remaining on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the Authority or the City, as applicable.

(c) Treatment of Refundable Credits. For purposes of compliance with the covenants contained in this Section 5.10, the amount of any Refundable Credits that the Authority expects to receive in a Fiscal Year shall be excluded from the amount of Gross Revenues for such Fiscal Year, but shall be included as a credit against the applicable amount of debt service on Parity Obligations coming due in such Fiscal Year.

Section 5.11. Budget and Appropriation of Debt Service Payments. So long as any Bonds remain Outstanding, the Authority covenants that it shall adopt and make all necessary budgets and appropriations of the Debt Service payments from the Net Revenues. In the event any Debt Service payment requires the adoption by the Authority of any supplemental budget or appropriation, the Authority shall promptly adopt the same. The covenants on the part of the Authority contained in this Section 5.11 shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the Authority to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Authority to carry out and perform the covenants and agreements in this Section 5.11.

Section 5.12. Special Obligation of the Authority; Obligations Absolute. The Authority's obligation to pay the Debt Service payments and any other amounts coming due and payable hereunder shall be a special obligation of the Authority limited solely to the Net Revenues. Under no circumstances shall the Authority be required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Debt Service payments, nor shall any other funds or property of the Authority be liable for the payment of the Debt Service payments and any other amounts coming due and payable hereunder.

The obligations of the Authority to make the Debt Service payments from the Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the Authority or the Trustee of any obligation with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the Authority by the Trustee. Until such time as all of the Debt Service payments and all other amounts coming due and payable hereunder shall have been fully paid or prepaid, the Authority (a) will not suspend or discontinue payment of any Debt Service payments or such other amounts, and (b) will perform and observe all other agreements contained in this Indenture, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Authority or the Trustee to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Indenture.

Section 5.13. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments. Moneys (if any) in the Reserve Account shall be invested in Permitted Investments maturing, except in the case of Permitted Investments qualifying as Guaranteed Investment Contracts, no later than five (5) years from the date of investment. Such investments shall be directed by the Authority pursuant to a Written Request of the

Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such directions from the Authority, the Trustee shall invest any such moneys in Permitted Investments described in clause 7 of the definition thereof. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder, including the Project Fund, shall be deposited in the Bond Fund, provided, however, that all earnings on the investment of amounts in the Reserve Account shall be retained therein to the extent required to maintain the Reserve Requirement, and, to the extent not so required, such amounts shall be deposited, when available, in the Bond Fund. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee, or its affiliate, may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.13.

The Trustee may sell at the best price reasonably obtainable, or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from any such Permitted Investment.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority will not receive such confirmations to the extent permitted by law. The Trustee will provide to the Authority periodic cash transaction statements that include detailed information for all investment transactions made by the Trustee under this Indenture.

The Trustee may make any investments authorized hereunder through the Trustee's own bond or investment department or trust investment department, or those of its parent or any affiliate.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 5.14. Valuation of Investments. For the purpose of determining the amount in any fund or account, the value of Permitted Investments credited to such fund or account shall be valued by the Trustee on or before each Interest Payment Date at the market value thereof (excluding any accrued interest). The Trustee may utilize computer pricing services as are available to it in making such valuations. Any deficiency in a fund or account resulting from a decline in market value shall be restored by the Authority no later than the next scheduled valuation date. A Qualified Reserve Account Credit Instrument shall be valued at the maximum amount that can be drawn on such a Qualified Reserve Account Credit Instrument.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment; Compliance with Documents. The Authority shall punctually pay or cause to be paid the principal of and interest on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture. In the event that for any reason the Authority is unable to perform its covenants and agreements under this Indenture, because of premature termination of the Lease or otherwise, the City shall, on behalf of the Authority, punctually pay or cause to be paid the principal of and interest on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof and hereof, but only out of Net Revenues and other assets pledged for such payment as provided in this Indenture, and the City will, on behalf of the Authority, faithfully observe and perform all of the conditions, covenants and requirements of this Indenture.

Section 6.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Net Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture with respect to the Bonds and Parity Obligations. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes, which are payable on a basis subordinate to the payment of Debt Service on the Bonds and the payment of Parity Obligations.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Net Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, use reasonable efforts to defend, preserve and protect said pledge and assignment of Net Revenues and other assets and all the rights of the Owners under this Indenture against all claims and demands of all persons

whomsoever.

Section 6.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds and all funds and accounts established pursuant to this Indenture. The Trustee shall, upon the written request of the Owner of any of the Outstanding Bonds, provide a copy of the monthly statements relating to the Bonds at the expense of such Owner. Such books of record and account shall be available for inspection by the Authority or the City during business hours and under reasonable circumstances.

The Authority shall at all times keep, or cause to be kept, proper books of record and account prepared in accordance with industry standards in which complete and accurate entries shall be made of all transactions made by it relating to Net Revenues and all funds and accounts established pursuant to this Indenture. The Authority shall cause to be performed a component audit of the Enterprise within 180 days of the end of each Fiscal Year.

Section 6.06. Continuing Disclosure. The Authority, or the City on behalf of the Authority, hereby covenants and agrees that it will comply with and carry out all of the provisions of its Continuing Disclosure Certificate with respect to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Indenture, failure of the Authority to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Bondholder may take such actions, as provided in the Continuing Disclosure Certificate, as may be necessary and appropriate to cause the Authority to comply with its obligations under such Continuing Disclosure Certificate.

Section 6.07. Covenants to Maintain Tax-Exempt Status. The Authority and the City covenant as follows in this Section:

(a) Private Business Use Limitation. The Authority and the City shall assure that the proceeds of the 2013 Bonds are not used in a manner which would cause the 2013 Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) Federal Guarantee Prohibition. The Authority and the City may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2013 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(c) No Arbitrage. The Authority and the City may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2013 Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the 2013 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(d) Maintenance of Tax Exemption. The Authority and the City shall take all actions necessary to assure the exclusion of interest on the 2013 Bonds from the gross income of the Owners of the 2013 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The Authority and the City shall calculate or cause to be calculated all amounts of Excess Investment Earnings which are required to be rebated to the United States of America under Section 148(f) of the Code, at the times and in the manner required under the Code. The Authority shall pay when due an amount equal to Excess Investment Earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Code. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of 6 years following the retirement of the 2013 Bonds, records of the determinations made under this subsection (e).

Section 6.08. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.09. Protection of Security and Rights of Owners. The Authority will preserve and protect the security of the Bonds and the Owners. From and after the date of issuance of any Bonds, such Bonds shall be incontestable by the Authority.

Section 6.10. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

Section 6.11. Maintenance, Utilities, Taxes and Assessments. So long as any Bonds remain Outstanding, all improvement, repair and maintenance of the Enterprise shall be the responsibility of the Authority, and the Authority shall pay for or otherwise arrange for the payment of all utility services supplied to the Enterprise, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Enterprise resulting from ordinary wear and tear.

The Authority shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority affecting the Enterprise or its interest or estate therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Authority shall be obligated to pay only such installments as are required to be paid so long as any Bonds remain Outstanding as and when the same become due.

The Authority may, at the Authority's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Authority that, in its opinion, by nonpayment of any such items, the interest of the Owners of the Bonds hereunder will be materially adversely affected, in which event the Authority shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment, in form satisfactory to the Trustee.

Section 6.12. Operation of Enterprise. The Authority covenants and agrees and, in the event that for any reason the Authority is unable to perform its covenants and agreements under this Indenture, because of premature termination of the Lease or otherwise, the City covenants and agrees, to operate the Enterprise in an efficient and economical manner and to operate, maintain and preserve the Enterprise in good repair and working order. The Authority and the City covenant that, in order to fully preserve and protect the priority and security of the Bonds, the Authority or the City, as applicable, shall pay from the Gross Revenues, and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Enterprise which, if unpaid, may become a lien or charge upon the Gross Revenue prior or superior to the lien granted hereunder, or which may otherwise impair the ability of the Authority to pay the Debt Service payments in accordance herewith.

Section 6.13. Public Liability and Property Damage Insurance. The Authority shall maintain or cause to be maintained, so long as any Bonds remain Outstanding, but only if and to the extent available at reasonable cost from reputable insurers, a standard comprehensive general insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, assignees and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Enterprise. Said policy or policies shall provide coverage in such liability limits and shall be subject to such deductibles as shall be customary with respect to works and property of a like character. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the Authority or the City, and may be maintained in whole or in part in the form of self-insurance by the Authority or the City, in the form of the participation by the Authority or the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which such proceeds shall have been paid.

Section 6.14. Casualty Insurance. The Authority shall procure and maintain, or cause to be procured and maintained, so long as any Bonds remain Outstanding, but only in the event and to the extent available from reputable insurers at reasonable cost, casualty insurance against loss or damage to any improvements constituting any part of the Enterprise, covering such hazards as are customarily covered with respect to works and property of like character. Such insurance may be subject to deductible clauses which are customary for works and property of a like character. Such insurance may be maintained as part of or in conjunction with any other casualty insurance carried by the Authority and may be maintained in whole or in part in the form of self-insurance by the Authority, subject to the provisions of Section 6.15, or in the form of the participation by the Authority in a joint powers agency or other program providing pooled insurance. All amounts collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair, rebuild or replace such damaged or destroyed portion of the Enterprise, and to the extent not so applied or to the extent the Authority determines it is not economically feasible or in the best interests of the Authority to so repair, rebuild or replace such damaged or destroyed portion of the Enterprise, shall be applied to redeem the Bonds pro rata with other Parity Obligations.

Section 6.15. Insurance Net Proceeds; Form of Policies. The Authority shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease. The Authority shall annually on or before December 1 deliver to the Trustee a

certificate to the effect that the Authority has complied with the requirements of Sections 6.13 and 6.14 hereof. In the event that any insurance required pursuant to Sections 6.13 or 6.14 shall be provided in the form of self-insurance, the Authority shall file with the Trustee annually, within ninety (90) days following the close of each Fiscal Year, a statement of an independent actuarial consultant identifying the extent of such self-insurance and stating the determination that the Authority maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the Authority, the Authority shall not be obligated to make any payment with respect to any insured event except from Revenue or from such reserves.

Section 6.16. Eminent Domain. Any amounts received as awards as a result of the taking of all or any part of the Enterprise by the lawful exercise of eminent domain, at the election of the Authority (evidenced by a Written Certificate of the Authority filed with the Trustee and the Authority) shall either (a) be used for the lease, acquisition or construction of improvements and extension of the Enterprise, or (b) be applied to redeem the Bonds pro rata with other Parity Obligations.

Section 6.17. Restriction on Sale of Enterprise. The Authority covenants that, so long as any Bonds remain Outstanding, the Authority will not sell, lease, encumber or otherwise dispose of any substantial portion of the Enterprise to another public entity (other than the City), unless the proceeds of such sale, lease, encumbrance or other disposal shall be adequate, and shall be used, to discharge this Indenture as provided in Article X hereof. For purposes of this covenant, a "substantial portion" of the Enterprise shall consist of more than five percent (5%) of the book value of the Enterprise. Nothing in this covenant shall be construed to restrict the sale, lease, encumbrance or otherwise disposition by the Authority of less than a substantial portion of the Enterprise, provided that such sale, lease, encumbrance or otherwise disposition is determined by the Authority to be necessary or desirable for the improvement, expansion or repair of the Enterprise, and the proceeds of such sale are used either to fund such improvement, expansion or repair of the Enterprise, or to redeem a portion of the Bonds pursuant to Section 4.01(b) hereof.

Section 6.18. Covenant to Maintain Lease; Premature Termination of the Lease . The Authority and the City covenant that, so long as any Bonds remain Outstanding, neither party shall cause the Lease to be terminated, and each party shall do or cause to be done all further acts and things, in each case, as may be proper or reasonably necessary, to ensure the enforceability thereof. Notwithstanding the obligations of the Authority and the City to maintain the Lease, in the event the Lease shall, nevertheless, be terminated prematurely, the City shall faithfully fulfill all of its covenants set forth in Section 6.01 and shall have all of the rights and benefits contained in this Indenture, including, without limitation, the rights to issue Additional Bonds, enter into parity Installment Sale Agreements and to issue or incur other Parity Obligations hereunder.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

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

(a) Default in the due and punctual payment of the principal of any Bond when and

as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for mandatory sinking fund redemption, by declaration or otherwise. No effect shall be given to payments made under the Insurance Policy for purposes of this subsection.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable. No effect shall be given to payments made under the Insurance Policy for purposes of this subsection.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City and the Authority by the Trustee; provided, however, that, subject to Section 11.02, if in the reasonable opinion of the Authority the default stated in the notice (other than a default in the payment of any fees and expenses owing to the Trustee) can be corrected, but not within such thirty (30) day period, such default shall not constitute an Event of Default hereunder if the Authority shall commence to cure such default within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a federal or state court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the Federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any federal or state court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Upon the occurrence and during the continuance of any Event of Default the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding, the Trustee shall, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority shall deposit with the Trustee a sum sufficient to pay all of the principal of and interest on the Bonds having come due prior to such declaration, with interest on such overdue principal and interest calculated at the net effective rate of interest per annum then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, together with interest thereon at the prime rate of the Trustee then in effect, and any and all other defaults that have been noticed (other than payment defaults) to the Trustee (other than in the payment of the principal of and interest on the Bonds having come due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee or the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding may, by written notice to the Authority and to the Trustee, on behalf of the Owners of all of the Outstanding Bonds, rescind and annul such declaration and its consequences. However, 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 7.02. Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture and all other funds then held by the Trustee hereunder shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of fees, charges and expenses of the Trustee (including fees and disbursements of its counsel and financial consultants) incurred in and about the performance of its powers and duties under this Indenture; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Section 7.03. Other Remedies; Rights of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy, in addition to the remedy specified in Section 7.01, at law or in equity to enforce the payment of the principal of and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture. Such available remedies shall include the right to seek specific performance of the Authority's obligations hereunder.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of a majority in aggregate principal amount of Outstanding Bonds and indemnified as provided in Section 8.06, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VII, as the Trustee, being advised by counsel, shall deem in the interests of the Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Section 7.04. Power of Trustee to, Control Proceeding. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the

Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact. Trustee's counsel shall not be deemed under any circumstances to be counsel to the Owners. Communications between the Trustee and Trustee's counsel shall deemed confidential and privileged entitled to all protection under the law.

Section 7.05. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenue and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 7.06. Non-Waiver. Nothing in this Article VII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Net Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds 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 power and remedy conferred upon the Trustee or Owners by the Bond Law or by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

Section 7.07. Rights and Remedies of Owners. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity acceptable to the Trustee in its sole discretion against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after

such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) the Trustee has not received any inconsistent direction during such 60-day period from the Owners of a majority in aggregate principal amount of the Outstanding Bonds.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 7.08. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture and no implied duties or covenants whatsoever shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a corporate trustee would exercise or use under the circumstances.

(b) The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and the Authority shall remove the Trustee if at any time requested to do so by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding or their attorneys duly authorized in writing, or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 8.01, 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 of 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 a successor Trustee by an instrument in writing. Any such removal shall be made upon at least thirty (30) days' prior written notice to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and by giving the Owners notice of such resignation by mail at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly 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 by the successor Trustee pursuant to the terms hereof. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the Authority shall petition any federal or state 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 Indenture, shall signify its acceptance of such appointment by executing and delivering to the Authority 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 Written Request of the Authority 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 Indenture 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 Authority 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 Authority shall mail or cause the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Owners at the respective addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under this Indenture shall be a corporation or association organized and doing business under the laws of any state or the United States of America or the District of Columbia, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least Seventy-Five Million Dollars ($75,000,000), and subject to supervision or examination by federal or State agency, so long as any Bonds are Outstanding. If such corporation publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining agency above referred to then for the purpose of this subsection (e), the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 8.01.

Section 8.02. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 8.01 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 recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not and does not assume responsibility or liability for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or the Bonds, nor shall the Trustee incur any responsibility or liability in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it and expressly disclaims any obligation to make any such undertaking. The Trustee shall only be responsible for the representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own gross negligence. The Trustee may become the Owner of Bonds 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 a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by

a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder, or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder, other than a payment default unless and until the trust administrator of this Indenture shall have received written notice thereof at the Trust Office in accordance with this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it, nor shall have any duty or obligation to monitor continuing notice filing requirements, if any.

(f) No provision of this Indenture 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 is not assured to its satisfaction that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; provided, however, that if the Trustee shall advance any such funds at anytime the Trustee shall be entitled to immediate reimbursement at the highest rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents or attorneys or receivers and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed in good faith by it hereunder.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee such security or indemnity acceptable to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy; and provided further that in the event the Trustee shall act, the scope of its obligations and duties thereunder shall not thereby be deemed, under any circumstances, to be expanded.

(i) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in

accordance with the provisions hereof.

(j) The Trustee makes no representation or warranty, expressed or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority of the Enterprise. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Enterprise.

(k) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, direction, requisition, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with its counsel with regard to legal questions, and the opinion of such counsel or counsel to the Authority shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by this Indenture 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 Written Certificate, Written Request or Written Requisition of the Authority and such Written Certificate, Written Request or Written Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written Certificate, Written Request or Written Requisition, 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 deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in their respective possession and shall be subject at all reasonable times to the inspection of the Authority and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Compensation and Indemnification. Absent any fee agreement between the Trustee and the Authority to the contrary, the Authority shall pay to the Trustee (solely from Revenue) from time to time the compensation for all services rendered under this Indenture and also all reasonable expenses and disbursements, incurred in and about the performance of its powers and duties under this Indenture. In the event the Trustee advances its own funds for the payment of the Bonds or for the protection or benefit of the Owners of the Bonds, the Authority shall promptly reimburse the Trustee for such advances with interest at the maximum rate allowed by law.

The Authority and the City shall indemnify, defend and hold harmless the Trustee and its officers, directors, agents and employees, against any loss, liability or expense incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. As security for the performance of the obligations of the Authority under this Section 8.06, the Trustee shall have a lien prior to the lien of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of or interest on particular Bonds. The rights of the Trustee and the obligations of the Authority under this Section 8.06 shall survive the resignation or removal of the Trustee or the discharge of the Bonds and this Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Authority and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, exclusive of Bonds disqualified as provided in this Indenture, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Net Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such Net Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding, or (iii) modify any of the rights or obligations of the Trustee hereunder without its written consent thereto. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) This Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Owners, including, without limitation, for any one or more of the following purposes:

(i) add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to limit or surrender any right or power herein reserved to or conferred upon the Authority;

(ii) make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Owners, in the opinion of Bond Counsel;

(iii) to modify, amend or supplement this Indenture 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;

(iv) modify, amend or supplement this Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income under the Code;

(v) to provide for the issuance of Additional Bonds, and to provide the terms and conditions under which such Additional Bonds may be issued, subject to and in accordance with the provisions of Section 3.05; or

(vi) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bonds.

(e) Notice of any modification hereof or amendment hereto (other than pursuant to subsections (b)(v) or (b)(vi)) shall be given by the Authority to each rating agency which then maintains a rating on the Bonds, at least fifteen (15) days prior to the effective date of the related Supplemental Indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Owners of Bonds 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 Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the 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 Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Trust Office, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same series and maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article IX shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. Any portion or all of the Outstanding Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority with respect to such Bonds:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or non-callable Federal Securities in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Trustee for cancellation.

If the Authority shall also pay or cause to be paid all other sums payable hereunder, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge such Bonds and this Indenture with respect to such Bonds), and notwithstanding that any of such Bonds shall not have been surrendered for payment; this Indenture and the pledge of Net Revenues and other assets made under this Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under this Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, the Trustee shall be authorized to take such actions and execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Authority has determined to pay and discharge in part. In the event all Outstanding Bonds are paid as provided in this Section 10.01, the Trustee shall pay over, transfer, assign or deliver to the Authority all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of any Bonds not theretofore surrendered for such payment or redemption and after payment of amounts due to the Trustee under this Indenture.

Section 10.02. Discharge of Pledge of Net Revenues. Upon the deposit with the Trustee, in trust, at or before maturity, of money or non-callable Federal Securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then the pledge of Net Revenues in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any

manner whatsoever, and such Bonds, upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or non-callable Federal Securities in the necessary amount to pay or redeem any Bonds, the money or non-callable Federal Securities so to be deposited or held may include money or non-callable Federal Securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV 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 of such Bonds, all unpaid interest and premium, if any, thereon to the redemption date; or

(b) non-callable Federal Securities, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the Authority and the Trustee, provide money sufficient to pay the principal of and interest and premium, if any, on the Bonds to be paid, as such principal and interest become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such money to the payment of such principal of and interest and premium, if any, on such Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above).

In the event of an advance refunding to pay or redeem any Bonds, the Authority shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or this Indenture, if no separate escrow agreement is utilized), the terms of the escrow agreement or this Indenture, if applicable, shall be controlling.

Section 10.04. Unclaimed Funds. Notwithstanding any provisions of this Indenture, and subject to applicable provisions of State law, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of such Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when such Bonds became due and payable, shall be repaid to the

Authority free from the trusts created by this Indenture and at the request of the Trustee an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Trustee with respect to claims of Owners of Bonds which have not yet been paid, 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 Authority as aforesaid, the Trustee shall (at the cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Net Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Bonds or Net Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority that may be made available to it for such purposes.

Section 11.02. Limitation of Rights to Parties, Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture 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 Authority, the Trustee and the Owners of the Bonds.

Section 11.03. Funds and Accounts. Any fund or account required by this Indenture 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 and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture 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. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and, upon written request of the Authority, deliver a certificate of such destruction to the Authority.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds 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 Indenture and such

invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by the recipient (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority:	Santa Fe Springs Water Utility Authority 11710 East Telegraph Road Santa Fe Springs, California 90670 Attention: Executive Director
If to the City:	City of Santa Fe Springs 11710 East Telegraph Road Santa Fe Springs, California 90670 Attention: City Manager
If to the Trustee:	U.S. Bank National Association 120 S. San Pedro Street, Suite 400 Los Angeles, California 90012 Attention: Corporate Trust Department

Section 11.08. Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Indenture 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 Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Indenture.

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 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 Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2013 Bond shall bind every future Owner of the same 2013 Bond and the Owner of every 2013 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, unless all outstanding Bonds are then so owned or held, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 12.09 if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds. 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. Upon request of the Trustee, the Authority shall specify to the Trustee those Bonds which are disqualified pursuant to this Section 12.09.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed 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 Bonds entitled thereto, *subject, however,* to the provisions of Section 10.04 hereof, but without any liability for interest thereon.

Section 11.11. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee and the registered Owners of the 2013 Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation in this Indenture, and any covenant, condition or stipulation hereof, all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the registered Owners of the 2013 Bonds.

Section 11.12. Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.13. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority 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 Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.14. Execution in Several Counterparts. This Indenture 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 Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.15. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the Santa Fe Springs Water Utility Authority and the City of Santa Fe Springs have caused this Indenture to be signed in their name by its Executive Director and Mayor, respectively, and U.S. Bank National Association, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SANTA FE SPRINGS WATER UTILITY AUTHORITY

By: _____
Executive Director

CITY OF SANTA FE SPRINGS

By: _____
Mayor

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

EXHIBIT A

FORM OF 2013 BOND

R-

$ ___

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

SANTA FE SPRINGS WATER UTILITY AUTHORITY
2013 WATER REVENUE BONDS

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
	May 1, 20_	_____, 2013	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The Santa Fe Springs Water Utility Authority, a joint powers authority, duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before October 15, 2013, in which event it shall bear interest from the Dated Date specified above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate per annum specified above, payable semiannually on May 1 and November 1, in each year, commencing November 1, 2013 (collectively, the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof are payable upon presentation and surrender hereof at the corporate trust office (the "Trust Office") of U.S. Bank National Association (the "Trustee"). Interest hereon is payable by check of the Trustee mailed by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee prior to such Record Date by a Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States of America designated by such Registered Owner in such written request.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds (the "Bonds"), in an aggregate principal amount of $[Bond Amount] all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Law"), and pursuant to an Indenture of Trust, dated as of May 1. 2013, by and among the Authority, the City of Santa Fe Springs and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Net Revenues (as defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Authority to finance additional facilities of the Enterprise and to refund and defease certain obligations of the City.

This Bond and the interest hereon and all other Bonds and the interest thereon (to the extent set forth in the Indenture) are special obligations of the Authority, and are payable from, and are secured by a charge and lien on the Net Revenues (as defined in the Indenture). As and to the extent set forth in the Indenture, all of the Net Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest on the Bonds on a parity with any Additional Bonds or Parity Obligations (as such terms are defined in the Indenture) issued or incurred by the Authority under the Indenture.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

The Bonds maturing on May 1, 20__ and May 1, 20__ are Term Bonds and are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on May 1 in each year, commencing May 1, 20__ and May 1, 20__, respectively, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with. interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to optional redemption, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

Schedule of Mandatory Sinking Fund Payments
Term Bonds Maturing May 1, 20__

Redemption Date (May 1)	Principal Amount

[To Come]

Schedule of Mandatory Sinking Fund Payments
Term Bonds Maturing May 1, 20__

Redemption Date (May 1)	Principal Amount

[To Come]

* Maturity

The Bonds maturing on or after May 1, 20__ shall be subject to optional redemption, as a whole or in part on any date prior to the maturity thereof, at the option of the Authority, on or after May 1, 20__, from funds derived by the Authority from any source, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

The Bonds are subject to mandatory redemption as a whole, or in part, on any date, pro rata by maturity and by lot within a maturity, (in a manner determined by the Trustee) from moneys deposited in the Redemption Fund to the extent insurance proceeds received with respect to the Enterprise are not used to repair, rebuild or replace the Enterprise pursuant to the Indenture, or to the extent of condemnation proceeds received with respect to the Enterprise and elected by the Authority to be used for such purpose pursuant to the Indenture, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as defined in the Indenture) shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of

the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations. Transfer or exchange of this Bond will not be permitted during the period established by the Trustee for selection of Bonds for redemption or if this Bond has been selected for redemption.

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

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Bond Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Bond Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Indenture.

IN WITNESS WHEREOF, the Santa Fe Springs Water Utility Authority has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairperson and Secretary, all as of the Dated Date specified above.

SANTA FE SPRINGS WATER UTILITY AUTHORITY

By: _____
Chairperson

Attest:

_____
Secretary

_____

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____, 2013

U.S. BANK NATIONAL ASSOCIATION

_____

By: Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- as tenants in common	UNIF GIFT MIN ACT	Custodian
TEN ENT -- as tenants by the entireties	(Cust) - (Minor) under Uniform Gifts to Minors	
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	Act_____ (State)	

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(FORM OF ASSIGNMENT)

For value received, the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and does hereby irrevocably constitute and appoint attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.	Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

2003 BONDS ESCROW DEPOSIT AND TRUST AGREEMENT

by and among the

SANTA FE SPRINGS PUBLIC FINANCING AUTHORITY,

THE CITY OF SANTA FE SPRINGS

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank

Dated as of May 1, 2013

Relating to
$4,265000
Santa Fe Springs Public Financing Authority
2003 Water Revenue Bonds, Series A

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EXHIBIT A SCHEDULE OF FEDERAL SECURITIES
EXHIBIT B SCHEDULE OF 2003 AUTHORITY BONDS DEBT SERVICE

2003 BONDS ESCROW DEPOSIT AND TRUST AGREEMENT

This 2003 BONDS ESCROW DEPOSIT AND TRUST AGREEMENT is dated as of the May 1, 2013 (this "Agreement"), by and among the SANTA FE SPRINGS PUBLIC FINANCING AUTHORITY, a Joint Powers Authority, organized and existing under the laws of the State of California (the "Authority"), the CITY OF SANTA FE SPRINGS, a municipal corporation duly organized and existing under the laws of the State of California (the "City") and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow holder hereunder (the "Escrow Bank") and as trustee with respect to the hereinafter described 2003 Bonds (hereinafter referred to in such capacity as the "2003 Bonds Trustee"):

W I T N E S S E T H:

WHEREAS, the City of Santa Fe Springs (the "City") and the Redevelopment Agency of the City of Santa Fe Springs (the "Agency"), as predecessor to the Community Development Commission of the City of Santa Fe Springs, have heretofore entered into a Joint Exercise of Powers Agreement, dated August 24, 1989, establishing the Santa Fe Springs Public Financing Authority (the "Authority") for the purpose of, among other things, of providing financing and refinancing for public capital improvements of public entities, including the City and the Agency;

WHEREAS, the City pursuant to an Installment Sale Agreement, dated as of May 1, 2003 (the "2003 Installment Sale Agreement"), between the City and the Authority purchased certain improvements (the "Improvements") to the City's water system and facilities (the "Water Enterprise") from the Authority;

WHEREAS, the Authority financed the cost of the Improvements with the proceeds of its 2003 Water Revenue Bonds, Series A (the "2003 Authority Bonds") issued pursuant to an Indenture of Trust, dated as of May 1, 2003 (the "2003 Authority Bonds Indenture"), by and between the Authority and the Escrow Bank as 2003 Bonds Trustee under the 2003 Authority Bonds Indenture;

WHEREAS, the City desires to refinance its installment payment obligations under the 2003 Installment Sale Agreement and proposes to implement such refinancing by the prepayment in full to the Authority of the purchase price of the Improvements in accordance with the 2003 Installment Sale Agreement;

WHEREAS, the City leased the Enterprise to the Santa Fe Springs Water Utility Authority (the "Water Utility Authority") pursuant to that certain Water Enterprise Lease Agreement, dated as of July 1, 2009 (the "Lease"), by and between the Authority and the City;

WHEREAS, to provide funds to the City to prepay its installment payment obligations under the 2003 Installment Sale Agreement, the Water Utility Authority has determined to issue its Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds (the "2013 Bonds");

WHEREAS, the Authority will use the proceeds of the City's prepayment of its installment payment obligations under the 2003 Installment Sale Agreement to refund and pay in full the outstanding 2003 Authority Bonds;

WHEREAS, the 2003 Installment Sale Agreement contains provisions permitting prepayment of installment payments in full at any time and the 2003 Authority Bonds Indenture contains provisions relating to the refunding of the 2003 Authority Bonds and the discharge of the 2003 Authority Bonds Indenture upon the deposit with the Escrow Bank, as the 2003 Authority Bonds Trustee, of Federal Securities and cash sufficient to pay when due the principal, interest and any early redemption premiums due and to become due on the 2003 Authority Bonds on and prior to the maturity date or redemption date thereof, and the City and the Authority wish to make such a deposit with the Escrow Bank and to enter into this Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited;

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Agreement; and

WHEREAS, upon the making the deposit described above with the Escrow Bank, the City and the Authority desire to evidence the discharge of the 2003 Bonds Indenture and satisfaction of the 2003 Installment Sale Agreement;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Federal Securities. Federal Securities (as defined in Section 5 hereof) means the United States Treasury Securities deposited in the 2003 Bonds Escrow Fund pursuant to the provisions of this Agreement, which the City and the Authority confirm to be Defeasance Obligations within the meaning of such term in Section 10.03 of the 2003 Authority Bonds Indenture and are Federal Securities within the meaning of such term in Section 9.1 of the 2003 Installment Sale Agreement.

Section 2. Appointment of Escrow Bank. The City and the Authority hereby appoint the Escrow Bank, as escrow holder for all purposes of this Agreement and in accordance with the terms and provisions of this Agreement, and the Escrow Bank hereby accepts such appointment.

Section 3. Establishment of 2003 Bonds Escrow Fund. The Escrow Bank agrees to establish and maintain a special trust account designated the "2003 Bonds Escrow Fund," which shall be held by the Escrow Bank, as a segregated fund separate and distinct from all other funds and accounts held by the Escrow Bank, in trust as security for the payment of the principal of and redemption premium and interest on the 2003 Authority Bonds.

Section 4. Deposit of Funds. Concurrently with the issuance and delivery of the 2013 Bonds, the City shall cause the Water Utility Authority to transfer from the proceeds of the 2013 Bonds to the Escrow Bank for deposit into the 2003 Bonds Escrow Fund in immediately available funds the amount of $_____. In addition, the City and the Authority hereby direct the Escrow Bank, as the 2003 Bonds Trustee, to transfer in immediately available funds (concurrently with the issuance and delivery of the 2013 Bonds) (i) from the Reserve Account established by the 2003 Bonds Indenture for the 2003 Authority Bonds (the "2003 Bonds

Reserve Account") to the 2003 Bonds Escrow Fund the amount of $_____ and (ii) from the Bond Fund established by the 2003 Bonds Indenture for the 2003 Authority Bonds (the "2003 Bonds Bond Fund") to the 2003 Bonds Escrow the amount of $_____, for a total deposit into the 2003 Bonds Escrow Fund of $_____.

The City and the Authority hereby represent and warrant that the total amount of $_____ of immediately available funds deposited in the 2003 Bonds Escrow Fund represents a prepayment of the full amount payable by the City with respect to the 2003 Installment Sale Agreement.

Section 5. Application of Deposit. Of the total amount of $_____ deposited in the 2003 Bonds Escrow Fund pursuant to Section 4 hereof, $_____ shall be invested by the Escrow Bank in the federal securities described in Exhibit A, attached hereto and hereby made a part hereof (the "Federal Securities"), and $_____ shall be held as cash. The City and the Authority hereby direct the Escrow Bank to acquire the Federal Securities for deposit in the 2003 Bonds Escrow Fund.

After the Escrow Bank shall have paid or have made provision for payment of all principal of and interest and redemption premiums on the 2003 Authority Bonds as provided in Section 6 hereof, the Escrow Bank shall promptly transfer to the trustee for the 2013 Bonds any surplus amounts remaining in the 2003 Bonds Escrow Fund to be used solely to pay debt service on the 2013 Bonds.

Section 6. Instructions as to Application of Deposit, Call and Redemption of 2003 Authority Bonds. The total amount of Federal Securities and cash held in the 2003 Bonds Escrow Fund pursuant to Section 5 hereof shall be deemed to be and shall constitute prepayments permitted to be made by the City to the 2003 Installment Sale Agreement to pay in full all principal, interest and redemption premium on the 2003 Authority Bonds and to discharge the 2003 Bonds Indenture pursuant to Article X thereof. In accordance with said Article X, the City and the Authority hereby irrevocably direct and instruct the Escrow Bank to apply the maturing principal amount of the Federal Securities to pay the principal of and interest on the 2003 Authority Bonds as the same shall become due and payable on or before _____ 2013, and to pay all principal, interest and redemption premium due and payable upon call and redemption of the 2003 Authority Bonds prior to maturity on _____, 2013, the date of early redemption of the 2003 Authority Bonds, all as more particularly set forth in Exhibit B, attached hereto and hereby made a part hereof. For such purpose of call and redemption prior to maturity, the City and the Authority hereby instruct the Escrow Bank, as the 2003 Bonds Trustee, and the Escrow Bank, as the 2003 Bonds Trustee, hereby agrees to give notice of redemption of the 2003 Authority Bonds, such notice of redemption to be given timely for redemption of the 2003 Authority Bonds on _____, in accordance with the further applicable provisions of the 2003 Bonds Indenture.

Further, in accordance with said Article X, this Agreement shall constitute the Request of the Authority and Written Certificate of the Authority irrevocably instructing the 2003 Bonds Trustee to pay the 2003 Authority Bonds and confirming that all conditions precedent to the discharge and satisfaction of the obligations of the Authority under the 2003 Bonds Indenture have been met. The undersigned Executive Director of the Authority is an "Authorized Representative" of the Authority with the meaning of such term in the 2003 Bonds Indenture. Further, by its signature hereto, the Escrow Bank acknowledges receipt of an opinion of bond counsel with respect to the discharge of the 2003 Authority Bonds, as required by Section 10.03 of the 2003 Bonds Indenture.

Further, the City hereby directs the Escrow Bank, as 2003 Bonds Trustee to file timely on behalf of the City a notice of material event with the Municipal Securities Rule Making Board with respect to the refunding and defeasance of the 2003 Authority Bonds.

_____, certified public accountants and an Independent Accountant within the meaning of the 2003 Bonds Indenture and the 2003 Installment Sale Agreement, has confirmed, in its report, dated _____, 2013, to the 2003 Bonds Trustee, the City and the Authority that the deposit in the 2003 Bonds Escrow Fund of such Federal Securities, together with interest to accrue thereon, will be fully sufficient to pay the principal of and interest on the 2003 Authority Bonds as the same shall become due and payable on or before _____, 2013, and to redeem and pay the principal of and interest and redemption premium on all 2003 Authority Bonds in full on _____, 2013, the date of early redemption of the 2003 Authority Bonds.

Section 7. Amounts Remaining in Funds and Accounts. After making the transfers from the 2003 Bonds Reserve Fund and the 2003 Bonds Bond Fund directed in Section 4, the City and the Authority hereby direct the Escrow Bank, as the 2003 Bonds Trustee, to transfer all amounts remaining (if any), in any of the funds and accounts established by the 2003 Bonds Indenture for the 2003 Authority Bonds to the trustee for the 2013 Bonds to be used solely to pay debt service on the 2013 Bonds including transfer of any amounts received by the 2003 Bonds Trustee after the date of delivery of the 2013 Bonds.

Section 8. Application of Certain Terms of 2003 Bonds Indenture. All of the terms of the 2003 Bonds Indenture relating to the call and redemption of the 2003 Bonds prior to maturity and to the making of payments of principal, interest and early redemption premiums on the 2003 Bonds, as applicable, are incorporated in this Agreement as if set forth in full herein. The provisions of the 2003 Bonds Indenture relating to the resignation and removal of the 2003 Bonds Trustee are also incorporated in this Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 9. No Substitution of Federal Securities. No substitution of the Federal Securities initially deposited in the 2003 Bonds Escrow Fund pursuant to Section 5 is permitted.

Section 10. Compensation to Escrow Bank. The City shall pay or cause the Authority to pay the Escrow Bank full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, redemption costs and expenses, legal fees and expenses, which fees and expenses shall include the allocated costs and disbursements of in-house counsel (to the extent such counsel's services are not redundant of services provided by external counsel to Escrow Bank) and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Federal Securities after the date hereof, pursuant to separate agreement between the City, the Authority and the Escrow Bank. Such compensation shall not affect the right of Escrow Bank, as Trustee for the 2003 Authority Bonds, to compensation for its duties (including but not limited to, exchanges and transfers of 2003 Authority Bonds), under the 2003 Bonds Indenture. Under no circumstances shall amounts deposited in the 2003 Bonds Escrow Fund be deemed to be available for said purposes prior to the payment in full of all of the principal of, interest and early redemption premiums on the 2003 Authority Bonds in accordance with Section 6 hereof.

Section 11. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the

performance of its duties under this Agreement unless the City or the Authority shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the City or the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement. The Escrow Bank shall not be required to act upon any oral instructions but may request that such instruction be given in writing.

The City and the Authority covenant to indemnify and hold harmless the Escrow Bank against any loss, liability or expense, including legal fees and expenses, which fees and expenses shall include the allocated costs and disbursements of in-house counsel (to the extent such counsel's services are not redundant of services provided by external counsel to Escrow Bank) in connection with the performance of any of its duties hereunder, except the Escrow Bank shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct. Such indemnification shall survive the termination and discharge of this Agreement or the removal or resignation of the Escrow Bank.

The Escrow Bank undertakes only such duties as are expressly and specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Escrow Bank. The Escrow Bank shall not be responsible for any of the recitals or representations made herein other than that the Escrow Bank is qualified to accept and administer the trusts created hereunder. The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal of, interest and early redemption premiums on the 2003 Authority Bonds. The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Bank may consult with counsel of its own choice and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

Except as otherwise provided in this Agreement, whenever in the administration of this Agreement the Escrow Bank 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, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of any authorized representative of the City or the Authority, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof. The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified, in acting or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Bank signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

Section 12. Discharge of 2003 Bonds Indenture and Satisfaction of Prior Installment Sale Agreement. Upon making the deposit as provided in Section 4 hereof, the 2003 Bonds Indenture and the lien and all rights and interests of the Authority and of the 2003 Authority Bonds granted thereby, shall be discharged. In addition, upon making such deposit, the 2003 Installment Sale Agreement and all rights and interests of the Authority and all obligations of the City with respect to the Improvements as provided therein, shall be satisfied. The City, the Authority and the 2003 Bonds Trustee agree to execute and deliver, at the expense of the City or the Authority, such instruments of release and discharge as may be necessary or convenient (including instruments of reconveyance), and forthwith the estate, right, title and interest of the

2003 Bonds Trustee in the trust estate created by the 2003 Bonds Indenture shall cease and terminate.

Section 13. Amendment. This Agreement may be amended by the parties hereto, with the consent of Financial Security Assurance Inc, as insurer of the 2005 Authority Bonds, if such amendment shall be for the purpose of curing or correcting any ambiguous or defective provision hereof, but only, in either case, if there first shall have been filed with the Escrow Bank a written opinion of bond counsel stating that such amendment will not cause interest on the 2003 Authority Bonds or the 2005 Authority Bonds to become includable in gross income for federal tax purposes.

Section 14. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City, the Authority and the Escrow Bank hereby declare that they would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof would have been authorized irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 15. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 17. Notices. All notices, instructions, accounting and other communications under this Agreement shall be in writing and shall be deemed duly given to the parties hereto if sent by U.S. Postal Service mail, upon actual receipt after deposit thereto, postage prepaid and addressed as follows:

If to the City:	City of Santa Fe Springs 11710 East Telegraph Road Santa Fe Springs, California 90670
If to the Authority:	Santa Fe Springs Public Financing Authority 11710 East Telegraph Road Santa Fe Springs, California 90670
If to the Escrow Bank:	U.S. Bank National Association 120 S, Pedro Street, Suite 400 Los Angeles, CA 90012 Attention: Corporate Trust Department

IN WITNESS WHEREOF, the Authority, the City and the Escrow Bank have each caused this Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF SANTA FE SPRINGS

By: _____
City Manager

SANTA FE SPRINGS PUBLIC FINANCING AUTHORITY

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION, *as Escrow Bank*

By _____
Authorized Officer

EXHIBIT A

SCHEDULE OF FEDERAL SECURITIES

Type	Maturity Date	Principal Amount	Interest	Price	Cost	Accrued Interest	Purchase Price

EXHIBIT B

SCHEDULE OF 2003 AUTHORITY BONDS DEBT SERVICE

Date	Principal	Principal Redeemed	Interest	Premium	Total

FIRST AMENDMENT TO WATER ENTERPRISE LEASE AGREEMENT

Dated as of May 1, 2013

By and between

SANTA FE SPRINGS WATER UTILITY AUTHORITY,
As Lessee

And the

CITY OF SANTA FE SPRINGS,
As Lessor

FIRST AMENDMENT TO WATER ENTERPRISE LEASE AGREEMENT

THIS FIRST AMENDMENT TO WATER ENTERPRISE LEASE AGREEMENT, dated as of May 1, 2013 (the "First Amendment"), is by and between the SANTA FE SPRINGS WATER UTILITY AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "Authority"), and the CITY OF SANTA FE SPRINGS, a general law city and municipal corporation duly organized and existing under the laws of the State of California (the "City"),

WITNESSETH:

WHEREAS, the City-owned water system and facilities (the "Enterprise") was leased to the Authority pursuant to that certain Water Enterprise Lease Agreement, dated as of July 1, 2009 (the "Lease Agreement"), by and between the Authority and the City; and

WHEREAS, to acquire public capital improvements (the "2003 Improvements") of benefit to the City's water system and facilities (the "Enterprise") the City entered into an Installment Sale Agreement (the "2003 Installment Sale Agreement"), dated as of October 1, 2003, by and between the City and the Santa Fe Springs Public Financing Authority (the "Financing Authority") and, to finance the 2003 Improvements for sale to the City the Santa Fe Springs Public Financing Authority (the "Financing Authority") issued its 2003 Water Revenue Bonds, Series A, in the principal amount of $4,265,000 (the "2003 Financing Authority Bonds"), secured by installment payments to be made by the City pursuant to the 2003 Installment Sale Agreement; and

WHEREAS, in order to achieve interest rate savings, the City desires to cause the repayment in full of the 2003 Installment Sale Agreement and, thereby, refund in full and defease the 2003 Financing Authority Bonds; and

WHEREAS, to assist the City in repaying the 2003 Installment Sale Agreement [and to finance additional public capital improvements to the Enterprise], the Authority has determined to issue its Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds (the "2013 Bonds") in the aggregate principal amount of $[Bond Amount] pursuant to an Indenture of Trust, dated as of May 1, 2013, by and among the City, the Authority and U.S. Bank National Association, as trustee (the "2013 Indenture"); and

WHEREAS, to refinance certain public capital improvements (the "2005 Improvements") of benefit to the Enterprise the City entered into an Installment Sale Agreement (the "2005 Installment Sale Agreement"), dated as of May 1, 2005, by and between the City and the Financing Authority and, to refinance the 2005 Improvements for sale back to the City, the Financing Authority issued its 2005 Water Revenue Bonds, Series A, in the principal amount of $3,705,000 secured by installment payments to be made by the City pursuant to the 2005 Installment Sale Agreement; and

WHEREAS, the debt service on the 2013 Bonds will be payable by the Authority from Net Revenues (as defined on the 2013 Indenture) of the Enterprise on a parity with the installment payments payable by the City on the 2005 Installment Sale Agreement; and

WHEREAS, the Authority and the City desire to amend the Lease Agreement to provide for the payment of debt service on the 2013 Bonds as an additional obligation of the Authority and the City under the Lease Agreement; and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Lease Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained herein and in the Lease Agreement, the Lease Agreement is hereby amended as follows:

Section 1. Article 1 of the Lease Agreement is hereby amended to add new definitions and to amend certain existing definitions, as follows.

"2013 Bonds" means the Santa Fe Springs Water Utility Authority 2013 Water Revenue Bonds issued in the initial aggregate principal amount of $_____.

"2013 Indenture" means the Indenture of Trust, dated as of May 1, 2013, by and among the City, the Authority and U.S. Bank National Association, as trustee, providing for the issuance of the 2013 Bonds.

"Installment Sale Agreements" means collectively the 2005 Installment Sale Agreement and any future parity installment sale obligations.

"Surplus Revenues" means, for any period, an amount equal to all of the Net Revenues minus (i) the amount required to be paid under the Installment Sale Agreements during such period, (ii) the amount required to pay debt service on any obligations incurred by the Authority with respect to the Enterprise becoming payable during such period, including, without limitation, debt service on the 2013 Bonds, from "net revenues" as defined in the 2013 Indenture, and (iii) amounts set aside for capital replacements and improvements.

Section 2. Subsections (a) and (b) of Section 4.3 of the Lease Agreement are amended to read in full as follows.

(a) "Pledge of Surplus Revenues. All of the Surplus Revenues are hereby irrevocably pledged, charged and assigned by the Authority to the punctual payment of the Lease Payments and the Surplus Revenues and such other funds shall not be used for any other purpose (except capital improvements, including debt service on bonded indebtedness, including, without limitation, debt service on the 2013 Bonds, or other obligations incurred by the Authority in connection with the Enterprise, and other lawful purposes related to the Enterprise) so long as any of the Lease Payments remain unpaid. Such pledge, charge and assignment shall constitute a first lien on the Surplus Revenues and such other moneys for the payment of the Lease Payments in accordance with the terms hereof.

(b) Deposits Into Water Fund. There is hereby continued the City's existing Water Fund, which is to be held and administered by the City on behalf of the Authority pursuant to this Agreement. The Authority shall cause the City, and the City hereby agrees and covenants, to deposit all of the Gross Revenues immediately upon receipt in the Water Fund. The City shall, from the moneys in the Water Fund, make disbursements as required under the Section 4.5 (or such comparable section) of the Installment Sale Agreements and as required under the

provisions of the 2013 Indenture with respect to the 2013 Bonds. Amounts constituting Surplus Revenues in the Water Fund shall be used to make Lease Payments as such payments become due and payable.

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

CITY OF SANTA FE SPRINGS,
as Lessor

_____
City Manager

SANTA FE SPRINGS WATER UTILITY AUTHORITY, as Lessee

By: _____
Executive Director

Property Tax Administration Fee Settlements with Counties

Background: Last November, the Supreme Court agreed with 47 plaintiff cities in Los Angeles County in *City of Alhambra v. County of Los Angeles*[1], and reject a calculation method used by many county auditors across the state that has resulted in tens of millions of dollars in excessive PTAF charged annually to cities in connection with the 2004 Sales Tax "Triple Flip" and the "Vehicle License Fee (VLF) Swap." The Legislature stipulated that counties could not charge additional fees to cities for the first two years of the Triple Flip and VLF Swap implementation, and that thereafter charges to cities could not exceed the actual cost of providing the services. In the case the Court opined that Los Angeles County had overcharged the cities because it charged more than its actual annual cost of administering the laws. (The League met with the county auditor-controllers before the suit and attempted to secure support for the position eventually adopted by the Court, but they declined).

Status of the Litigation: The *Alhambra* case is now back in Los Angeles County Superior Court. The remaining issues being resolved are: (1) the statute of limitations (1 year vs. 3 years); (2) the interest rate on PTAF owing to the cities; and (3) attorney's fees. We have been told by legal counsel for the cities that settlement discussions continue between the cities and the County, but it unclear whether a settlement can be reached so the parties are moving forward in the Superior Court as settlement discussions go on. We have also been informed that there is an additional lawsuit involving 9 cities in Los Angeles County who were not part of the *Alhambra* lawsuit.

Also, cities in Fresno County are also litigating this issue. After the cities received a favorable ruling in Fresno County Superior Court, the County appealed to Court of Appeal, where the matter is pending.

What Cities are Doing Statewide: Since November cities have been actively involved with their counties in how to address the *Alhambra* decision, and the results vary from county to county and city to city. Based on the information we have received, cities fall within one of the following categories:

- Several counties have voluntarily made reimbursement payments to cities within the counties or have promised to make payments (for example, Kern, San Diego, Placer, San Joaquin, San Luis Obispo). Other counties have represented that they never used the PTAF calculation methodology struck down by the Supreme Court (for example, Sutter County).
- Some counties have settled with the cities within the county (for example, Nevada).
- In some counties, settlement negotiations are presently occurring. Some of the cities in those counties entered into tolling agreements with their counties at the onset of the

[1] The League filed a friend of the court brief in support of the cities in the case.

Alhambra case to preserve the cities' right under the applicable statute of limitations to claim reimbursement, depending on the outcome of the case.

- Some cities are currently involved in active litigation or are considering initiating litigation.

Next Steps for Cities. The next steps for cities will vary from city to city. For cities currently involved in litigation, the outcome will depend on either a negotiated settlement or a final court judgment. For cities with tolling agreements, the next steps will depend on the outcome of settlement negotiations with the county. But these cities should be consulting with legal counsel regarding the terms of the agreement, which will vary from county to county, and may even vary from city to city within a county.

For the cities who are either not involved in litigation, do not have a settlement, or do not have a tolling agreement, some decisions are needed to be preserve the ability to claim excess PTAF withholding, at a minimum, for the prior 3 years (2010, 2011 and 2012).[1] By mid-April those cities either need to negotiate a settlement agreement with the county, enter into a tolling agreement pending finalization of settlement negotiations, or file a lawsuit. The reason for this is that PTAF is withheld in mid-April, or within several weeks thereafter, when property tax is distributed (although this may vary from county to county). Therefore, if a settlement agreement is not reached, a tolling agreement is not in place or a lawsuit has not been filed, under a 3-year statute of limitations, the city may lose the ability to seek reimbursement for improperly withheld PTAF in 2010. Cities should be consulting with legal counsel about necessary next steps.

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[2] A legal argument has been advanced in the *Alhambra* lawsuit that cities are entitled to claim for improperly withheld PTAF going back to 2007 regardless of the statute of limitations. (See Revenue & Taxation Code § 96.1). Cities should consult with their legal counsel regarding this argument.

PRESENTATION
Recognition of Whittier Police Officer Lilly Guzman

RECOMMENDATION

The Mayor may wish to call upon Director of Police Services Dino Torres, to assist with this presentation.

BACKGROUND

Each year Mothers Against Drunk Driving (MADD) and the California Office of Traffic Safety (OTS) hold an award ceremony to honor police officers in Los Angeles County that dedicate their enforcement efforts to taking drunk drivers off the road, thereby reducing the risk of injuries and death to the travelling public. For agencies with less than 150 police officers, an officer has to make at least 25 DUI arrests during the year in order to qualify for a MADD award. Officer Lily Guzman made 33 DUI arrests in 2012 and received a MADD award on March 21, 2013.

Thaddeus McCormack
City Manager

Attachment(s)
None.

Report Prepared By: Dino Torres, Police Services Date of Report: April 4, 2013

PROCLAMATION

Proclaiming the Week of April 14 through 20, 2013, as "National Library Week"

RECOMMENDATION

That the City Council proclaim the week of April 14 through 20, 2013, as "National Library Week." The Mayor may wish to call upon the City Clerk to read the proclamation. The Mayor will present the proclamation to the Santa Fe Springs Friends of the Library and Hilary Keith, Director of Library and Cultural Services.

BACKGROUND

This week, the Santa Fe Springs City Library joins libraries in schools, campuses and communities nationwide in celebrating National Library Week, a time to highlight the value of libraries, librarians, and library workers.

Libraries today are more than repositories for books and other resources. Often the hearts of their communities, campuses or schools, libraries are deeply committed to the places where their patrons live, work and study. Libraries are trusted places where everyone in the community can gather to reconnect and re-engage with each other to enrich and shape the community and address local issues.

Librarians work with elected officials, small business owners, students and the public at-large to discover what their communities' needs are and meet them. Whether through offering e-books and technology classes, materials for English-language learners, programs for job seekers or those to support early literacy, librarians listen to the community they serve, and they respond.

Service to the community has always been the focus of the library. While this aspect has never changed, libraries have grown and evolved in how they provide for the needs of every member of their community.

First sponsored in 1958, National Library Week is a national observance sponsored by the American Library Association (ALA) and libraries across the country each April.

Thaddeus McCormack
City Manager

Attachment
Proclamation

Report Submitted By: Hilary Keith
Library & Cultural Services Division
Community Services Department

Date of Report: April 5, 2013

***WHEREAS**, libraries are the heart of their communities, campuses, and schools; and*

***WHEREAS,** librarians work to meet the changing needs of their communities, including providing resources for everyone and bringing services outside of library walls; and*

***WHEREAS**, libraries and librarians bring together community members to enrich and shape the community and address local issues; and*

***WHEREAS**, librarians are trained, tech-savvy professionals, providing technology training and access to downloadable content like e-books; and*

***WHEREAS**, libraries offer programs to meet community needs, providing residents with resume writing classes, 24/7 homework help, and financial planning services from teens applying for student loans to older adults planning their retirement; and*

***WHEREAS**, libraries continuously grow and evolve in how they provide for the needs of every member of their community; and*

***WHEREAS**, libraries, librarians, library workers, and supporters across America are celebrating National Library Week;*

***NOW, THEREFORE**, be it resolved that I, Richard Moore, Mayor of the City of Santa Fe Springs, proclaim April 14 through 20, 2013 as*

"National Library Week"

and encourage all residents to visit the library this week to take advantage of the wonderful library resources available at your library. Communities matter at your library.

DATED this 11th day of April 2013

_____

MAYOR

ATTEST:

_____

DEPUTY CITY CLERK

City of Santa Fe Springs

City Council Meeting

April 11, 2013

APPOINTMENT TO BOARDS, COMMITTEES, COMMISSIONS

Committee	Vacancy	Councilmember
Beautification	3	González
Beautification	1	Moore
Community Program	2	Rios
Community Program	3	Rounds
Community Program	5	Trujillo
Family & Human Services	1	Moore
Historical	2	Rios
Historical	2	Rounds
Historical	2	Trujillo
Parks & Recreation	1	Moore
Parks & Recreation	1	Rios
Parks & Recreation	1	Trujillo
Senior Citizens Advisory	1	González
Senior Citizens Advisory	2	Rios
Senior Citizens Advisory	2	Rounds
Senior Citizens Advisory	3	Trujillo
Sister City	1	Moore
Sister City	1	Rios
Sister City	2	Rounds
Sister City	2	Trujillo

Recent Actions: Jeannette Wolfe was granted a three-month extension of Leave of Absence from the Sister City Committee; David Gonzales and Jose Avila were removed from the Parks & Recreation Committee: Brandy Ordway-Roach was removed from the Family & Human Services Committee.

Applications Received: Joshua Rojo – Youth Leadership Committee

Thaddeus McCormack
City Manager

Attachments:
Committee Lists
Prospective Member List

Report Submitted by: Anita Jimenez
Deputy City Clerk

Date of Report: April 4, 2013

Prospective Members for Various Committees/Commissions

Beautification
Marcus Hernandez

Community Program
Marcus Hernandez

Family & Human Services

Marcus Hernandez

Heritage Arts
Vaibhav Narang

Historical
Marcus Hernandez

Personnel Advisory Board

Parks & Recreation

Planning Commission
Vaibhav Narang

Senior Citizens Advisory

Sister City
Marcus Hernandez

Traffic Commission
Vaibhav Narang

Youth Leadership
Josahua Rojo

BEAUTIFICATION COMMITTEE

Meets the fourth Wednesday of each month, except July, Aug, Dec.
9:30 a.m., Town Center Hall

25

APPOINTED BY	NAME	TERM EXPIRATION YR.
Gonzalez	Vacant	(14)
	Irene Pasillas	(14)
	Vacant	(14)
	May Sharp	(13)
	Vacant	(13)
Moore	Juliet Ray	(14)
	Paula Minnehan	(14)
	Annie Petris	(13)
	Guadalupe Placensia	(13)
	Vacant	(13)
Rios	Mary Reed	(14)
	Charlotte Zevallos	(14)
	Vaibrav Narang	(14)
	Vada Conrad	(13)
	Sally Gaitan*	(13)
Rounds	Sadie Calderon	(14)
	Rita Argott	(14)
	Mary Arias	(13)
	Marlene Vernava	(13)
	Debra Cabrera	(13)
Trujillo	Mary Jo Haller	(14)
	Eleanor Connelly	(14)
	Margaret Bustos*	(14)
	Rosalie Miller	(13)
	A.J. Hayes	(13)

**Asterisk indicates person currently serves on three committees*

COMMUNITY PROGRAM COMMITTEE

Meets the third Wednesday in Jan., May, and Sept., at 7:00 p.m., in City Hall.

25

APPOINTED BY	NAME	TERM EXPIRATION YR.
Gonzalez	Jeanne Teran	(14)
	Miguel Estevez	(14)
	Kim Mette	(14)
	Cecilia Leader	(13)
	Frank Leader	(13)
Moore	Rosalie Miller	(14)
	Margaret Palomino	(14)
	Mary Jo Haller	(13)
	Lynda Short	(13)
	Bryan Collins	(13)
Rios	Francis Carbajal	(14)
	Mary Anderson	(13)
	Dolores H. Romero*	(13)
	Vacant	(14)
	Vacant	(13)
Rounds	Mark Scoggins*	(14)
	Marlene Vernava	(14)
	Vacant	(14)
	Vacant	(13)
	Vacant	(13)
Trujillo	Vacant	(14)
	Vacant	(14)
	Vacant	(14)
	Vacant	(13)
	Vacant	(13)

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FAMILY & HUMAN SERVICES ADVISORY COMMITTEE

Meets the third Wednesday of the month, except Jul., Aug., Sept., and Dec., at 5:30 p.m., Neighborhood Center

15 Residents Appointed by City Council
5 Social Service Agency Representatives Appointed by the Committee

APPOINTED BY	NAME	TERM EXPIRATION YR.
Gonzalez	Mercedes Diaz	(14)
	Josephine Santa-Anna	(14)
	Angelica Miranda	(13)
Moore	Arcelia Miranda	(14)
	Vacant	(13)
	Margaret Bustos*	(13)
Rios	Lydia Gonzales	(14)
	Manny Zevallos	(13)
	Gilbert Aguirre*	(13)
Rounds	Annette Rodriguez	(14)
	Janie Aguirre*	(13)
	Ted Radoumis	(13)
Trujillo	Dolores H. Romero*	(14)
	Gloria Duran*	(14)
	Alicia Mora	(13)

Organizational Representatives: Nancy Stowe
Evelyn Castro-Guillen
Elvia Torres
(SPIRITT Family Services)

**Asterisk indicates person currently serves on three committees*

HERITAGE ARTS ADVISORY COMMITTEE

Meets the Last Tuesday of the month, except Dec., at 9:00 a.m., at the Gus Velasco Neighborhood Center Room 1

9 Voting Members
6 Non-Voting Members

APPOINTED BY	NAME	TERM EXP.
Gonzalez	Gloria Duran*	6/30/2014
Moore	May Sharp	6/30/2014
Rios	Paula Minnehan	6/30/2014
Rounds	A.J. Hayes	6/30/2014
Trujillo	Amparo Oblea	6/30/2014

Committee Representatives

Beautification Committee	Marlene Vernava	6/30/2013
Historical Committee	Larry Oblea	6/30/2013
Planning Commission	Manuel Zevallos	6/30/2013
Chamber of Commerce	Tom Summerfield	6/30/2013

Council/Staff Representatives

Council	Richard Moore
Council Alternate	Laurie Rios
City Manager	Thaddeus McCormack
Director of Community Services	Maricela Balderas
Director of Planning	Wayne Morrell

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HISTORICAL COMMITTEE

Meets Quarterly - The 1st. Tuesday of Jan. and the first Tuesday of April, July, and Oct., at 5:30 p.m., Carraige Barn

Membership: 20

APPOINTED BY	NAME	TERM EXPIRATION YR.
Gonzalez	Ed Duran	(14)
	Gilbert Aguirre*	(13)
	Janie Aguirre*	(13)
	Sally Gaitan*	(13)
Moore	Astrid Gonzalez	(14)
	Tony Reyes	(14)
	Amparo Oblea	(13)
	Francine Rippy	(13)
Rios	Vacant	(14)
	Hilda Zamora	(14)
	Vacant	(13)
	Larry Oblea	(13)
Rounds	Vacant	(14)
	Vacant	(14)
	Mark Scoggins*	(13)
	Janice Smith	(13)
Trujillo	Vacant	(14)
	Alma Martinez	(14)
	Merrie Hathaway	(13)
	Vacant	(13)

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PARKS & RECREATION ADVISORY COMMITTEE

Meets the First Wednesday of the month, except Jul., Aug., and Dec., 7:00 p.m., Council Chambers.

Subcommittee Meets at 6:00 p.m., Council Chambers

Membership: 25

APPOINTED BY	NAME	TERM EXPIRATION YR.
Gonzalez	Jennie Carlos	(14)
	Frank Leader	(14)
	Brandy Ordway-Roach	(13)
	Raul Miranda, Jr.	(14)
	Vaibrav Narang	(13)
Moore	Jimmy Mendoza	(14)
	John Salgado	(14)
	Janet Rock	(13)
	Vacant	(13)
	Sheila Archuleta	(13)
Rios	Lynda Short	(14)
	Bernie Landin	(14)
	Vacant	(14)
	Sally Gaitan*	(13)
	Fred Earl	(13)
Rounds	Kenneth Arnold	(14)
	Richard Legarreta, Sr.	(14)
	Luigi Trujillo	(14)
	Angelica Miranda	(13)
	Mark Scoggins*	(13)
Trujillo	Miguel Estevez	(14)
	Andrea Lopez	(14)
	Vacant	(13)
	Jesus Mendoza	(13)
	Arcelia Miranda	(13)

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PERSONNEL ADVISORY BOARD

Meets Quarterly on an As-Needed Basis

5 (2 Appointed by City Council, 1 by Personnel Board, 1 by Firemen's Association, 1 by Employees' Association)

Terms: Four Years

APPOINTED BY	NAME	TERM EXPIRES
Council	Angel Munoz	6/30/2015
	Ron Biggs	6/30/2013
Personnel Advisory Board	Jim Contreras	6/30/2013
Firemen's Association	Wayne Tomlinson	6/30/2013
Employees' Association	Anita Ayala	6/30/2015

PLANNING COMMISSION

Meets the second Monday of every Month at 4:30 p.m., Council Chambers

5

APPOINTED BY	NAME
Gonzalez	Jaime Velasco
Moore	Manny Zevallos
Rios	Michael Madrigal
Rounds	Susan Johnston
Trujillo	Frank Ybarra

SENIOR CITIZENS ADVISORY COMMITTEE

Meets the Second Tuesday of the month, except Jul., Aug., Sep., and Dec., at 10:00 a.m., Neighborhood Center

25

APPOINTED BY	NAME	TERM EXPIRATION YR.
Gonzalez	Gloria Duran*	(14)
	Josephine Santa-Anna	(14)
	Vacant	(13)
	Janie Aguirre*	(13)
	Ed Duran	(13)
Moore	Yoshi Komaki	(14)
	Yoko Nakamura	(14)
	Paul Nakamura	(14)
	Astrid Gonzales	(13)
	Pete Vallejo	(13)
Rios	Vacant	(14)
	Louis Serrano	(14)
	Vacant	(14)
	Amelia Acosta	(13)
	Jessie Serrano	(13)
Rounds	Vacant	(14)
	Vacant	(14)
	Gloria Vasquez	(13)
	Lorena Huitron	(13)
	Berta Sera	(13)
Trujillo	Vacant	(14)
	Vacant	(14)
	Gilbert Aguirre*	(13)
	Margaret Bustos*	(13)
	Vacant	(13)

**Asterisk indicates person currently serves on three committees*

SISTER CITY COMMITTEE

Meets the First Monday of every month, except Dec., at 6:30 p.m., Town Center Hall, Mtg. Room #1. If the regular meeting date falls on a holiday, the meeting is held on the second Monday of the month.

25

APPOINTED BY	NAME	TERM EXPIRATION YR.
Gonzalez	Amanda Tomsick	(14)
	Kimberly Mette	(14)
	Jimmy Mendoza	(13)
	Dominique Velasco	(14)
	Lucy Gomez	(13)
Moore	Martha Villanueva	(14)
	Vacant	(14)
	Mary K. Reed	(13)
	Peggy Radoumis	(13)
	Jeannette Wolfe	(13)
Rios	Charlotte Zevallos	(14)
	Francis Carbajal	(14)
	Marlene Vernava	(13)
	Doris Yarwood	(13)
	Vacant	(13)
Rounds	Manny Zevallos	(14)
	Susan Johnston	(14)
	Vacant	(14)
	Ted Radoumis	(13)
	Vacant	(13)
Trujillo	Vacant	(14)
	Andrea Lopez	(14)
	Dolores H. Romero*	(13)
	Marcella Obregon	(13)
	Vacant	(13)

**Asterisk indicates person currently serves on three committees.*

TRAFFIC COMMISSION

Meets the Third Thursday of every month, at 6:00 p.m., Council Chambers

5

APPOINTED BY	NAME
Gonzalez	Ruben Madrid
Moore	Lillian Puentes
Rios	Sally Gaitan
Rounds	Ted Radoumis
Trujillo	Greg Berg

YOUTH LEADERSHIP COMMITTEE

Meets the First Monday of every month, at 6:30 p.m., Council Chambers

Membership: 20

APPOINTED BY	NAME	TERM EXPIRATION YR.
Gonzalez	Dominique Walker	()
	Victoria Molina	()
	Felipe Rangel	(14)
	Victor Garza	(14)
Moore	Destiny Cardona	(14)
	Gabriela Rodriguez	(13)
	Wendy Pasillas	(13)
	Daniel Wood	(13)
Rios	Precious Ramirez	(14)
	Danielle Garcia	(14)
	Marisa Gonzalez	(15)
	Ariana Gonzalez	(13)
Rounds	Drew Bobadilla	(13)
	Andrea Valencia	(13)
	Laurence Ordaz	(16)
	Lisa Baeza	(13)
Trujillo	Paul Legarreta	(17)
	Martin Guerrero	(13)
	Cameron Velasco	(16)
	Kevin Ramirez	(13)